The Girl Scouts, Hornets' Nest Council

Financial Statements

Year Ended December 31, 2025

FOARD
EST. 1964

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Girl Scouts, Hornets' Nest Council
Charlotte, North Carolina

Opinion
We have audited the accompanying financial statements of Girl Scouts, Hornets' Nest Council (the "Council" - a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts, Hornets' Nest Council as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Girl Scouts, Hornets' Nest Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts, Hornets' Nest Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

MEMBER: AMERICAN INSTITUTE OF CPAS & NORTH CAROLINA ASSOCIATION OF CPAS

Girl Scouts, Hornets' Nest Council
Charlotte, North Carolina

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of Girl Scouts, Hornets' Nest Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Girl Scouts, Hornets' Nest Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information
We have previously audited the Council's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.

February 22, 2026

GIRL SCOUTS, HORNETS' NEST COUNCIL

Statement of Financial Position

December 31, 2025, with prior year comparative totals

	December 31, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,591,882	$ 3,160,930
Pledges receivable, net	46,214	19,389
Other receivables	118,725	104,910
Inventory - Store	148,481	116,679
Prepaid expenses	51,215	41,591
Total Current Assets	***1,956,517***	***3,443,499***
Other Assets:		
Investments	4,779,480	3,364,804
Pledges receivable, net of current	4,810	4,910
Beneficial interest in assets held by others	564,240	525,410
Operating right-of-use asset	3,657	8,045
Land, buildings, and equipment, net	9,261,000	9,311,356
Total Other Assets	***14,613,187***	***13,214,525***
TOTAL ASSETS	***$ 16,569,704***	***$ 16,658,024***
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 64,837	$ 65,301
Deferred revenue	84,906	99,256
Accrued liabilities	81,264	157,895
Current portion of long-term debt	487,597	38,149
Current portion of operating lease liability	3,848	4,335
Total Current Liabilities	***722,452***	***364,936***
Long-Term Liabilities:		
Long-term debt, net of current portion, net of deferred financing costs	-	486,105
Operating lease liability, net of current portion	-	3,933
Total Long-Term Liabilities	***-***	***490,038***
Total Liabilities	***722,452***	***854,974***
Net Assets:		
Without donor restrictions	15,257,759	15,285,514
With donor restrictions	589,493	517,536
Total Net Assets	***15,847,252***	***15,803,050***
TOTAL LIABILITIES AND NET ASSETS	***$ 16,569,704***	***$ 16,658,024***

GIRL SCOUTS, HORNETS' NEST COUNCIL

Statement of Activities

Year Ended December 31, 2025, with prior year comparative totals

	Year ended December 31, 2025			Prior Year
	Without Donor Restrictions	With Donor Restrictions	TOTALS	Comparative Totals
REVENUES, GAINS AND OTHER SUPPORT				
Cookie Program:				
Sales	$ 4,520,187	$ -	$ 4,520,187	$ 4,609,476
Direct costs	(1,343,970)	-	(1,343,970)	(1,216,665)
Net Cookie Program Revenues	***3,176,217***	***-***	***3,176,217***	***3,392,811***
Fall Products Program:				
Sales	325,078	-	325,078	344,215
Direct costs	(196,977)	-	(196,977)	(206,935)
Net Fall Products Program Revenues	***128,101***	***-***	***128,101***	***137,280***
Store Merchandise:				
Sales	281,249	-	281,249	261,299
Direct costs	(158,568)	-	(158,568)	(144,891)
Net Store Merchandise Revenues	***122,681***	***-***	***122,681***	***116,408***
Program fees	113,714	-	113,714	174,930
United Way allocations and grants	-	15,000	15,000	15,000
Contributions and other grants	267,592	64,225	331,817	317,343
Investment income, net	708,793	29,663	738,456	479,067
Loss on disposal of property and equipment	(14,875)	-	(14,875)	-
Other income	18,859	-	18,859	18,317
Total Program Fees, Contributions, and Other Income	***1,094,083***	***108,888***	***1,202,971***	***1,004,657***
Net Assets Released from Restrictions:				
United Way	10,792	(10,792)	-	-
Other contributions and grants	17,789	(17,789)	-	-
Scholarships from beneficial interests	8,350	(8,350)	-	-
Total Net Assets Released from Restrictions	***36,931***	***(36,931)***	***-***	***-***
Total Revenue, Gains and Other Support, net	***4,558,013***	***71,957***	***4,629,970***	***4,651,156***
EXPENSES				
Program services	3,551,627	-	3,551,627	3,383,180
Management and general	889,513	-	889,513	831,041
Fund development	144,628	-	144,628	123,050
Total Expenses	***4,585,768***	***-***	***4,585,768***	***4,337,271***
CHANGE IN NET ASSETS	***(27,755)***	***71,957***	***44,202***	***313,885***
NET ASSETS, BEGINNING	***15,285,514***	***517,536***	***15,803,050***	***15,489,165***
NET ASSETS, ENDING	***$ 15,257,759***	***$ 589,493***	***$ 15,847,252***	***$ 15,803,050***

GIRL SCOUTS, HORNETS' NEST COUNCIL

Statement of Functional Expenses

Year Ended December 31, 2025, with prior year comparative totals

	Program Services							
	Girl Scout Leadership Experience	Membership Engagement	Camp and Outdoor Experience	Total Program Services	Management and General	Fund Development	TOTAL	Prior Year Comparative Total
Salaries, Benefits, and Payroll Taxes	$ 904,982	$ 715,347	$ 340,531	$ 1,960,860	$ 541,234	$ 108,587	$ 2,610,681	$ 2,485,150
Facilities and Maintenance	84,514	61,944	172,877	319,335	12,668	2,702	334,705	341,197
Purchased Services	43,318	25,266	11,263	79,847	114,136	3,584	197,567	152,662
Supplies	316,436	60,563	53,612	430,611	33,444	3,579	467,634	396,936
Telecommunications	15,428	14,975	8,543	38,946	19,385	2,001	60,332	64,233
Postage	6,463	2,998	367	9,828	3,162	631	13,621	19,987
Equipment Purchase, Rental, and Maintenance	11,123	30,824	19,494	61,441	18,150	10,601	90,192	97,406
Printing and Publications	8,224	483	1,544	10,251	37,017	-	47,268	52,954
Travel	22,597	13,847	12,149	48,593	7,792	1,741	58,126	52,529
Conferences and Meetings	4,053	1,962	36	6,051	7,878	990	14,919	17,144
Specific Assistance	70,984	38,277	13,412	122,673	-	-	122,673	123,415
Dues	580	617	1,800	2,997	2,700	641	6,338	12,544
Insurance	8,493	9,656	52,968	71,117	24,297	4,699	100,113	88,203
Bad Debts	1,530	-	-	1,530	-	-	1,530	4,216
Interest	196	244	21,180	21,620	92	31	21,743	23,115
Miscellaneous	70,633	42	2,891	73,566	55,206	1,753	130,525	96,775
Total	***1,569,554***	***977,045***	***712,667***	***3,259,266***	***877,161***	***141,540***	***4,277,967***	***4,028,466***
Depreciation and Amortization	14,618	20,465	257,278	292,361	12,352	3,088	307,801	***308,805***
TOTAL EXPENSES	***1,584,172***	***997,510***	***969,945***	***3,551,627***	***889,513***	***144,628***	***4,585,768***	***4,337,271***
Add: Direct costs deducted from revenue	1,699,515	-	-	1,699,515	-	-	1,699,515	1,568,491
TOTAL EXPENSES, NET	***$ 3,283,687***	***$ 997,510***	***$ 969,945***	***$ 5,251,142***	***$ 889,513***	***$ 144,628***	***$ 6,285,283***	***$ 5,905,762***

GIRL SCOUTS, HORNETS' NEST COUNCIL
Statement of Cash Flows
Year Ended December 31, 2025, with prior year comparative totals

	Year Ended December 31,	
	2025	2024
OPERATING ACTIVITIES		
Change in net assets	$ 44,202	$ 313,885
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Bad debt expense	1,530	4,216
Amortization of financing costs	1,214	1,214
Net change in fair value of investments	(470,148)	(184,468)
Net change in beneficial interest in assets held by others	(64,618)	(37,418)
Depreciation and amortization	306,587	307,591
Loss on disposal of property and equipment	14,875	-
Net operating lease	(32)	173
(Increase) decrease in assets:		
Pledges receivable	(28,255)	8,505
Other receivables	(13,815)	53,085
Inventory - Store	(31,802)	10,103
Prepaid expenses	(9,624)	4,919
(Increase) decrease in liabilities:		
Accounts payable	(464)	(43,342)
Deferred revenue	(14,350)	(11,226)
Accrued liabilities	(76,631)	(28,097)
Cash Flows From Operating Activities	***(341,331)***	***399,140***
INVESTING ACTIVITIES		
Proceeds from sales or maturities of investments	693,714	295,562
Distribution from beneficial interest in assets held by others	25,788	7,400
Contribution of beneficial interest in assets held by others	-	(98,716)
Purchases of investments	(1,638,242)	(794,173)
Purchases of land, buildings, and equipment	(271,106)	(321,368)
Cash Flows From Investing Activities	***(1,189,846)***	***(911,295)***
FINANCING ACTIVITIES		
Principal payments on long-term debt	(37,871)	(36,348)
Cash Flows From Financing Activities	***(37,871)***	***(36,348)***
NET CHANGE IN CASH EQUIVALENTS	***(1,569,048)***	***(548,503)***
CASH AND CASH EQUIVALENTS, BEGINNING	***3,160,930***	***3,709,433***
CASH AND CASH EQUIVALENTS, ENDING	***$ 1,591,882***	***$ 3,160,930***

NOTE A – ORGANIZATION AND NATURE OF BUSINESS

Organization
The Girl Scouts, Hornets' Nest Council (the "Council") is a nonprofit corporation, chartered by the Girl Scouts of the United States of America, which provides programs for girls ages 5 to 17 in the North Carolina counties of Mecklenburg, Anson, Rowan, Montgomery, Cabarrus, Union, and Stanly, and the South Carolina county of York.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Use of estimates
The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents
For purposes of the statements of cash flows, the Council considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, except funds included in long-term investments.

The Council maintains its cash and cash equivalents on deposit in various financial institutions. These balances are insured by the Federal Deposit Insurance Company (FDIC). Demand deposits with financial institutions exceed federally insured amounts throughout the year. Historically, the Council has not experienced any losses on such deposits.

The Council invests its excess cash in interest-bearing demand deposits and temporary cash management funds with various banks. These deposits have a maturity of 90 days or less and bear minimal risk. The Council has not experienced any losses on its deposits, accounts, or cash management funds.

Contributions and pledges receivable
Unconditional promises to give that are expected to be collected in the next year are recorded at their net realizable value. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. Conditional contributions whose conditions are met in the same reporting period in which they are received are reported as unconditional contributions.

Grant awards are evaluated by management and determined to be either unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be conditional contributions, revenue from grants are recorded at the time the conditions on which they depend have been met. During the year ended December 31, 2025, the Council has received no advance payments for conditional contributions. The Council provides an allowance for uncollectible pledges based on historical experience and other known factors. At December 31, 2025, the allowance for uncollectible pledges was $6,300.

Other receivables
Other receivables are stated at net realizable value. Management has determined no allowance for doubtful accounts is needed based on a review of individual accounts, historical experience, and current economic conditions. The receivables consist of cookie sales, grants receivable, and the Employee Retention Tax Credit (ERTC). All receivables are expected to be collected in the following fiscal year.

Inventory
Store inventory, consisting mostly of uniforms, badges, and other supplies, is valued at the lower of cost or net realizable value, with cost determined on an average cost basis.

Investments
Investments are presented in the financial statements at fair value determined in accordance with Topic 820, Fair Value Measurement, of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Council's investments include various types of investment securities which are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect amounts reported in the financial statements.

Beneficial interest in assets held by others
The majority of assets held by others represent endowments invested at the Foundation for the Carolinas (the "Foundation").

The Council has established the Girl Scouts Hornets' Nest Council Scholarship Fund (endowed designated fund) with the earnings to be used for scholarships for Girl Scouts attending an institution of higher learning. Distributions are determined by the Foundation using 4.75% of the average market value of the invested assets for the year ended December 31, 2025. Distributions related to this fund for the year ended December 31, 2025, were approximately $8,350. Until the amounts are spent by the Council, the distributions will remain in net assets with donor restrictions. The assets held by others are measured at fair value with the change recorded in the statements of activities as net assets with donor restrictions gains and losses. Additional contributions to the scholarship fund are reported as increases in net assets with donor restrictions in the period received.

A portion of the transfers were irrevocable, and the distributions are subject to the spending policy of the Foundation. The assets held by the Foundation are recorded at fair value and are invested in a commingled pool, which includes investments in large and small cap equity funds, international equities, hedge funds, alternative investments, and fixed income funds. The Council records its beneficial interest in assets held by the Foundation based on the estimated fair value as provided by the Foundation.

The Council has also established the Girl Scouts Hornets' Nest Council Camp Scholarship Fund (quasi-endowed fund) with the purpose of providing camp scholarships. The amounts held in this fund are restricted by the donor for the specific purpose of funding overnight camp scholarships, however, is not required by the donor to establish a donor endowment.

During a prior year, the Council was named beneficiary in a trust that is administered by Bank of America. Distribution is determined by the trustee and is recorded as investment income without donor restrictions in the accompanying financial statements. The trust is a perpetual trust and it provides for the Council's portion of income each year in perpetuity. The trust is valued at the amount equal to the percentage interest in the fair value of the underlying trust asset. At year-end, the value of the trust was $98,546.

Land, buildings, and equipment
Individual assets costing more than $3,500 with a useful life of 12 months or more are capitalized. Land, buildings, and equipment are stated at cost for purchased items and at estimated fair market value at the date received for donated items. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which range between 5 and 50 years. The cost of maintenance and repairs are charged to expense as incurred.

The cost and accumulated depreciation of land, buildings, and equipment are eliminated from the accounts upon disposal, and any resulting gain or loss is included in the change in net assets in the accompanying statements of activities. Long-lived assets held and used by the Council are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable.

Leases
In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). These new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Council applies Topic 842 in determining whether an arrangement is or contains a lease at the lease inception. An arrangement is considered to include a lease if it conveys the right to control the use of identified property, plant, or equipment for a period in excess of 12 months in exchange for consideration. The Council defines control of the asset as the right to obtain substantially all of the economic benefits from the use of the identified asset as well as the right to direct the use of the identified asset. The Council does not have any short-term leases with a lease term of 12 months or less.

The Council has one lease that is material to the financial statements and this lease is an operating lease, which is included as operating ROU asset and operating lease liability in the accompanying statements of financial position. ROU assets represent the Council's right to use leased assets over the term of the lease. Lease liabilities represent the Council's contractual obligation to make lease payments and are measured at the present value of future lease payments over the lease term. ROU assets are calculated at the present value of the future lease payments adjusted by and deferred rent liability. ROU assets and lease liabilities are recognized at the lease commencement date.

The Council uses the incremental borrowing rate to determine the present value of the future lease payments. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

The Council has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

Refundable advances and deferred revenue
Refundable advances represent advances from third parties that require the Council to achieve certain objectives. Should the Council not achieve these objectives, the funds would be returned to the third party. Deferred revenue represents program fees collected in advance of the services being performed and certain grants based on the provisions of the grant agreements. At December 31, 2025, the Council held no refundable advances or deferred revenue on its statement of financial position.

Deferred financing costs
In accordance with FASB ASU 2015-03, Interest- Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Cost, the Council presents debt issuance costs as a direct deduction from the face amount of the related borrowings, amortizes debt issuance costs using the effective interest method over the life of the debt, and records the amortization as a component of interest expense.

Net assets
Net assets of the Council and changes therein are classified and reported as follows:

> *Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations. From time to time, the board of directors may designate certain amounts to be utilized/invested to meet specific objectives of the Council. See Note H for additional information.

Net Assets With Donor Restrictions - Net assets subject to donor restrictions that are either restricted in perpetuity, time restricted, or restricted for certain purposes.

Contributions and other assets are recognized as increases in net assets with donor restrictions if they are pledged or received with donor stipulations that limit the use of the donation. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these donor restricted assets are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period in which they are received are reported as net assets without donor restrictions.

Contribution revenue

Contributions, including unconditional promises to give, are recognized as revenues in the period in which the Council becomes aware of the promise to give or receives the contribution. Contributions of assets other than cash are recorded at their estimated fair value.

Revenue recognition

Cookie and fall product sales, which consist of magazines, candy, and nuts, are recognized upon receipt of the deposits at the Council. Store sales and council service fees are recognized at the point of sale. Program fees and property rental fees are recognized at the point of sale unless the program or rental will not occur until the next fiscal year, then unearned program or rental revenue is reflected as Deferred Revenue on the statements of financial position. Cookie and fall product sales, store sales, council service fees, program fees, and property rental fees are all recognized as revenue at a point in time.

Donated services

The Council records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A number of unpaid volunteers, who serve in the capacity of board members, troop leaders, service unit managers and other leadership roles, have made significant contributions of their time in the furtherance of the Council's programs. The value of this contributed time is not reflected in these financial statements because it does not meet the above recognition criteria.

There were no contributed professional services for the year ended December 31, 2025.

Income tax status

The Council is a nonprofit organization as defined by Internal Revenue Code Section 501(c)(3) and, accordingly, is exempt from income taxes on all income related to its exempt purpose. Management believes that the Council continues to satisfy the requirements of a tax-exempt organization. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Council follows the FASB guidance on accounting for uncertainty in income taxes which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Council's policy is to record a liability for any tax position taken that is beneficial to the Council, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2025.

The Council filed for the ERTC during the year ended December 31, 2021. The Council received their claims during the year ended December 31, 2023, and 2022, and they still have one outstanding claim that is recorded as an other receivable for $21,850. These claims are subject to examination for three years once the claim is received.

Functional allocation of expenses
The costs of providing the various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs, such as depreciation, insurance, and departmental expenses charged to office support and corporate departments, have been allocated among the program and supporting services benefited based on staff utilization or management's estimates of time spent, square footage, or other various allocation methods appropriate to the type of expense.

Prior-year comparative totals
The financial statements include certain prior-year summarized information in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Council's 2024 financial statements, from which the summarized information was derived. Certain amounts shown as prior year amounts have been reclassified to conform to the presentation in the current-year financial statements.

NOTE C – PLEDGES RECEIVABLE

As of December 31, 2025, pledges receivable consist of the following:

United Way receivable	$	15,000
Other contributions receivable		36,024
Total Contributions and Grants Receivable	$	51,024

Pledges receivable are estimated to be collected as follows at December 31, 2025:

Due in one year or less	$	46,214
Due in two to five years		4,810
Total	$	51,024

NOTE D – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS AND INVESTMENTS

The composition of beneficial interest in assets held by others at December 31, 2025, is as follows:

Foundation – pooled investments	$	465,694
Perpetual trust – pooled investments		98,546
Total	$	564,240

The composition of investments at December 31, 2025 is fully invested in exchange traded funds.

The Council's investment income from beneficial interest in assets held by others and investments for the year ended December 31, 2025, is as follows:

Interest and dividends	$	238,805
Fees		(35,115)
Net change in value of beneficial interests		64,618
Net realized and unrealized gain (loss)		470,148
Total	$	738,456

NOTE E – FAIR VALUE MEASUREMENTS

U.S. GAAP requires fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

In determining fair value, the Council uses valuation approaches within the FASB ASC 820 fair value measurement framework and utilizes the end of reporting period for determining when transfers between levels are recognized. The following is a description of the valuation methodologies used for instruments measured at fair value and their classification within the hierarchy.

Exchange traded funds
Exchange traded funds listed on national markets or exchanges are valued at the last sales price, or if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

Beneficial interest in assets held by others
Such interest is recorded based on the estimated value of the Council's interest in the assets held by the Foundation. The Council's interest is classified within Level 3 of the valuation hierarchy.

The following tables set forth, by level within the fair value hierarchy, the Council's assets measured at fair value subsequent to initial recognition on a recurring basis.

	Level 1	Level 2	Level 3	Total
Exchange trade funds	$ 4,779,480	$ -	$ -	$ 4,779,480
Total Investments at Fair Value	$ 4,779,480	$ -	$ -	$ 4,779,480
Beneficial Interest in Assets Held by Others	$ -	$ -	$ 564,240	$ 564,240

The table below sets forth a summary of changes in the fair value of the Council's Level 3 assets for the year ended December 31, 2025:

Beginning balance	525,410
Scholarships from beneficial interests	$ (25,788)
Contributions	-
Investment return	64,618
Ending Balance	$ 564,240

NOTE F – LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment are comprised of the following as of December 31, 2025:

Land and improvements	$ 7,910,000
Buildings and camp fixtures	5,498,000
Furniture, fixtures, and equipment	1,029,000
Transportation equipment	257,000
Total	14,694,000
Less: Accumulated depreciation	(5,433,000)
Land, Buildings, and Equipment, Net	$ 9,261,000

NOTE G – LONG-TERM DEBT

Long-term debt at December 31, 2025, consisted of the following:

Description	
Facility No. 1: Payments due in monthly installments through February 2026, at which time the entire outstanding balance is due; interest rate is fixed rate of 3.89% per year, collateralized by real property "Administrative Facilities"	$ 487,597
Total Long-Term Debt	
Less: Current portion	487,597
Less: Deferred financing costs	-
Long-Term Debt, Net	$ 487,597

The long-term debt is scheduled to fully mature in February 2026, as the debt is required to be repaid in full by the end of February. The funds for the debt repayment have been designated by the Board and was fully paid off as of the date of the independent auditors' report.

NOTE H – NET ASSETS

Net assets without donor restrictions consisted of the following at December 31, 2025:

Board-designated for:		
Operating reserves	$	2,692,113
Debt repayment		487,597
Undesignated		12,078,049
Total	$	15,257,759
Portion Representing Net Equity in Land, Buildings, and Equipment (net of related debt)	$	8,773,403

Net assets with donor restrictions consisted of the following at December 31, 2025:

Subject to expenditure for specific purpose:		
Camp scholarships	$	205,930
Subject to passage of time:		
United Way		15,000
Pledges receivable - other		42,324
Grants receivable		22,500
Perpetual trust		98,546
Accumulated earnings and corpus of endowment Ffnds		205,193
Total	$	589,493

During the year ended December 31, 2025, net assets were released from donor restrictions due to the expiration of time and purpose restrictions as follows:

Donor restrictions accomplished:		
Camp scholarships	$	10,792
Time restrictions expired:		
United Way		15,000
Summer camp fund		2,620
Release for appropriated endowment returns		8,519
Total	$	36,931

NOTE I – SALES REVENUES AND COSTS

The following is a summary of sales revenue and related direct costs for the year ended December 31, 2025:

	Sales	Direct Costs	Net	Margin
Cookie Program	$ 4,520,187	$ 1,343,970	$ 3,176,217	$ 70%
Fall products	325,078	196,977	128,101	39%
Store merchandise	281,249	158,568	122,681	44%
Total	$ 5,126,514	$ 1,699,515	$ 3,426,999	$ 67%

NOTE J – EMPLOYEE BENEFIT PLAN

The Council has a defined contribution Retirement Savings Plan (the Plan) under Section 401(k) of the Internal Revenue Code. Employees may make pre-tax contributions not to exceed the amount set by law. The Council contributes a matching contribution as a percentage of salary up to a pre-determined percent of eligible employees. In addition, the Council may contribute a discretionary amount to eligible Plan participants. Employees are fully vested after four years of service. The Council's contributions to the Plan was approximately $54,600 in 2025.

NOTE K – LEASES

During October 2023, the Council entered into an operating lease for office equipment effective November 1, 2023. The lease is for a term of three years, through October 31, 2026.

As of December 31, 2025, the Council's leases consisted of one operating lease. The discount rate related to the lease was 4.79%. The following table provides additional quantitative information concerning the Council's leases.

Lease cost:	
Operating lease cost	$ 4,720
Other information:	
Operating cash flows from operating leases	$ 4,308

A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2025, is as follows:

Year Ending December 31	Amount
2026	$ 3,933
Total Undiscounted Lease Payments	3,933
Less: Imputed interest	(85)
Total Lease Liability	$ 3,848

NOTE L – RELATED PARTY TRANSACTIONS

The Council is an affiliate of Girl Scouts USA (GSUSA), which is a distributor of official Girl Scout paraphernalia. Membership dues, technology services, and inventory purchases from GSUSA totaled approximately $311,513 in 2025.

NOTE M – DONOR ENDOWMENT

The Council's endowment consists of an individual fund established for different purposes by donors. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law
The Board of Directors of the Council has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulations are added to the fund. In accordance with the Act, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Council and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Council.
7. The investment policies of the Council.

Endowments are held and invested at the Foundation. The endowments are classified as net assets with donor restrictions until the spendable balance is appropriated for expenditure by the Council. The activity from the endowments is reported as changes in beneficial interest in assets held by others. Additional contributions to the funds are reported as increases in net assets with donor restrictions in the period received.

Funds with deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Council to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2025.

Return objectives and risk parameters
The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the Council made investment elections when the funds were initially transferred to the Foundation. Those elections were done in a manner to reflect the Council's objectives and goals with regard to endowment investing. The Council expects its endowment funds, over time, to provide an average rate of return of approximately 4.75%. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives
The endowment assets are expected to endure in perpetuity and inflation is a key component in the Council's investment objective; therefore, the Council believes that investing in assets with higher return expectations outweighs their short-term volatility risk. The Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy
The spending amount for the endowments is at the discretion of the Foundation, and for the majority of the assets is currently established to be at 4.75% of the average market value of the assets invested. The Council's election with the Foundation states that the donor allows for appropriation from an endowment with a balance below the amount required to be maintained in perpetuity; however, the Council's practice has been to forego distributions and use other Council assets to fund scholarships.

Changes in donor endowment net assets for the year ended December 31, 2025, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets -			
Beginning of year	$ -	$ 183,880	$ 183,880
Investment return	-	29,663	29,663
Contributions	-	-	-
Appropriation for expenditure	-	(8,350)	(8,350)
Endowment net assets -			
End of year	$ -	$ 205,193	$ 205,193

NOTE N – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Council has a governing board-designated reserve with the objective of setting funds aside to be drawn upon in the event of financial distress causing an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. The Council's policy is to maintain an operating reserve calculated as total unrestricted net assets less equity in net fixed assets less board-designated funds for specific purposes at a target minimum of seven months operating expenses at year-end. GSUSA recommends a reserve equal to a minimum of six months. The Council's minimum target was determined based on management's judgment about the appropriate amount of funds to have set aside in addition to working capital. The operating reserve funds are held in lower-risk interest-bearing/earnings credit cash accounts, fixed-income securities, and equities.
The operating reserve balance is included in the cash and cash equivalents and investments lines on the statements of financial position. At December 31, 2025, the Council had an operating reserve of $2,692,113, which is the equivalent of the target minimum of seven months.

The Council's financial assets available within one year of the statements of financial position for general expenditures are as follows:

Cash and cash equivalents	$ 1,591,882
Investments	4,779,480
Less: Net assets with donor restrictions subject to expenditure for specific purpose	(205,930)
Less: Board designated net assets	(487,597)
Total Net Financial Assets Available to Meet Liquidity Needs	5,677,835
Plus: Additional resources available to meet liquidity needs	
Board-designated net assets – Operating reserves	2,692,113
Total Resources Available to Meet Liquidity Needs	$ 8,369,948

NOTE O – CONCENTRATIONS OF RISK

Funding
The Council's operations are conducted in a small geographical area. Any changes in the local economy could have an impact on the Council's operations.

NOTE P – SUBSEQUENT EVENTS

The Council has evaluated subsequent events from the date of the statement of financial position through the date of the auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.