

GIRL SCOUTS OF GREATER LOS ANGELES

FINANCIAL STATEMENTS

September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of Greater Los Angeles

Opinion

We have audited the accompanying financial statements of Girl Scouts of Greater Los Angeles (the "Council"), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Greater Los Angeles as of September 30, 2024, 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 for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the 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 the Council's ability to continue as a going concern for 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 auditor's 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 GAAS 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 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.

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In performing an audit in accordance with GAAS, 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 purpose of expressing an opinion on the effectiveness of the 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 the 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

The summarized comparative information presented herein as of and for the year ended September 30, 2023, was derived from financial statements that were audited by another auditor. We do not express an opinion or provide any assurance on it.



Crowe LLP

Los Angeles, California
January 31, 2025

GIRL SCOUTS OF GREATER LOS ANGELES
STATEMENT OF FINANCIAL POSITION
September 30, 2024
With Summarized Totals at September 30, 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 933,559	\$ 2,006,613
Short-term investments	15,005,414	15,087,229
Receivables	673,791	484,798
Inventory	366,072	353,935
Prepaid expenses and other current assets	<u>470,567</u>	<u>354,870</u>
Total current assets	17,449,403	18,287,445
Operating right-of-use assets, net	3,480,650	3,482,775
Investments	16,213,754	13,883,486
Property and equipment, net	<u>26,599,637</u>	<u>26,792,504</u>
Total assets	<u>\$ 63,743,444</u>	<u>\$ 62,446,210</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 691,232	\$ 611,616
Accrued expenses	1,618,550	1,424,889
Custodial funds, held for others	50,704	22,985
Deferred revenue	278,409	691,171
Note payable, current portion	516,266	480,967
Operating lease liabilities, current portion	548,338	530,418
Finance lease liability, current portion	<u>-</u>	<u>5,088</u>
Total current liabilities	3,703,499	3,767,134
Note payable, net of current portion	5,629,954	6,162,912
Operating lease liabilities, net of current portion	<u>3,232,110</u>	<u>3,294,080</u>
Total liabilities	12,565,563	13,224,126
Commitments and contingencies (Note 10)		
Net assets		
Without donor restrictions	50,585,908	48,645,498
With donor restrictions	<u>591,973</u>	<u>576,586</u>
Total net assets	<u>51,177,881</u>	<u>49,222,084</u>
Total liabilities and net assets	<u>\$ 63,743,444</u>	<u>\$ 62,446,210</u>

See Notes to Financial Statements.

GIRL SCOUTS OF GREATER LOS ANGELES
STATEMENT OF ACTIVITIES
September 30, 2024
With Summarized Totals for the Year Ended September 30, 2023

	2024			2023
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>	<u>Total</u>
Revenues and support				
Public support	\$ 1,256,403	\$ 10,950	\$ 1,267,353	\$ 1,541,021
Product sales, net of direct costs	20,369,101	-	20,369,101	20,433,076
Merchandise sales, net of direct costs	522,034	-	522,034	482,675
Program fees	1,865,116	-	1,865,116	1,762,013
Property and equipment use fees	876,906	-	876,906	526,748
Interest and dividends, net of fees	1,529,602	-	1,529,602	737,474
Realized and unrealized gain on investments, net	2,307,069	34,793	2,341,862	1,569,171
Loss on disposal of property and equipment	(101,553)	-	(101,553)	(1,141)
Other income	131,501	-	131,501	159,387
Net assets released from restriction	30,356	(30,356)	-	-
Total revenues and support	28,786,535	15,387	28,801,922	27,210,424
Expenses				
Program expenses	21,872,303	-	21,872,303	20,187,294
Management and general expenses	2,464,131	-	2,464,131	2,894,130
Fundraising expenses	980,926	-	980,926	805,259
Total expenses	25,317,360	-	25,317,360	23,886,683
Change in net assets before depreciation and amortization	3,469,175	15,387	3,484,562	3,323,741
Depreciation and amortization	1,528,765	-	1,528,765	1,473,312
Change in net assets	1,940,410	15,387	1,955,797	1,850,429
Net assets, beginning of year	48,645,498	576,586	49,222,084	47,371,655
Net assets, end of year	\$ 50,585,908	\$ 591,973	\$ 51,177,881	\$ 49,222,084

See Notes to Financial Statements.

GIRL SCOUTS OF GREATER LOS ANGELES
STATEMENT OF FUNCTIONAL EXPENSES
September 30, 2024
With Summarized Totals for the Year Ended September 30, 2023

	2024				2023
	Program	Management and General	Fundraising	Total	Total
Personnel	\$ 12,901,045	\$ 1,598,694	\$ 864,757	\$ 15,364,496	\$ 14,134,692
Assistance and grants	637,278	-	-	637,278	498,998
Background check expense	88,569	1,211	32	89,812	338,147
Credit card processing fees	642,957	-	10,688	653,645	428,758
Equipment repair and maintenance	822,737	71,841	8,115	902,693	635,264
Insurance	807,716	153,851	-	961,567	953,939
Interest expense	67,241	138,466	3,970	209,677	248,002
Occupancy	1,564,856	268,474	390	1,833,720	1,831,030
Other expense	207,435	55,644	27,416	290,495	294,407
Printing and promotion	539,697	29,066	12,390	581,153	480,266
Professional services and fees	881,742	84,440	40,825	1,007,007	1,256,302
Program supplies and recognition	2,209,890	19,257	4,687	2,233,834	2,205,641
Telecommunications	189,305	14,788	2,052	206,145	223,337
Travel	311,835	28,399	5,604	345,838	357,900
	<u>21,872,303</u>	<u>2,464,131</u>	<u>980,926</u>	<u>25,317,360</u>	<u>23,886,683</u>
Depreciation and amortization	<u>1,310,369</u>	<u>216,637</u>	<u>1,759</u>	<u>1,528,765</u>	<u>1,473,312</u>
Total	<u>\$ 23,182,672</u>	<u>\$ 2,680,768</u>	<u>\$ 982,685</u>	<u>\$ 26,846,125</u>	<u>\$ 25,359,995</u>
Percent of total expenses	86.3%	10.0%	3.7%	100.0%	

See Notes to Financial Statements.

GIRL SCOUTS OF GREATER LOS ANGELES
STATEMENT OF CASH FLOWS
September 30, 2024
With Summarized Totals for the Year Ended September 30, 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 1,955,797	\$ 1,850,429
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,528,765	1,473,312
Credit loss expense	1,942	12,462
Amortization of operating right-of-use asset	2,125	493,485
Change in discount of pledges receivable	-	(462)
Net realized and unrealized gain on investments	(2,341,862)	(1,569,171)
Loss on disposal of property and equipment	101,553	1,141
Changes in operating assets and liabilities		
Receivables	(190,935)	(163,920)
Inventory	(12,137)	52,464
Prepaid expenses and other	(115,697)	(66,119)
Operating lease liabilities	(44,050)	(491,880)
Accounts payable	79,616	(15,553)
Accrued expenses	193,661	(20,342)
Custodial funds, held for others	27,719	(105,246)
Deferred revenue	<u>(412,762)</u>	<u>99,902</u>
Net cash provided by operating activities	773,735	1,550,502
Cash flows from investing activities		
Purchases of investments	(23,226,800)	(30,707,992)
Proceeds from sale of investments	23,320,209	30,609,885
Acquisition of property and equipment	<u>(1,437,451)</u>	<u>(1,160,379)</u>
Net cash used in investing activities	(1,344,042)	(1,258,486)
Cash flows from financing activities		
Payments on notes payable	(497,659)	(480,935)
Payments on finance lease obligations	<u>(5,088)</u>	<u>(20,352)</u>
Net cash used in financing activities	<u>(502,747)</u>	<u>(501,287)</u>
Net decrease in cash and cash equivalents	(1,073,054)	(209,271)
Cash and cash equivalents, beginning of year	<u>2,006,613</u>	<u>2,215,884</u>
Cash and cash equivalents, end of year	<u>\$ 933,559</u>	<u>\$ 2,006,613</u>

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
STATEMENT OF CASH FLOWS
September 30, 2024
With Summarized Totals for the Year Ended September 30, 2023

	<u>2024</u>	<u>2023</u>
Supplemental disclosure of cash flow information		
Interest paid during the year	<u>\$ 208,955</u>	<u>\$ 228,624</u>
Supplemental disclosure of noncash investing and financing activities		
Right-of-use assets obtained in exchange for lease liabilities	<u>\$ -</u>	<u>\$ 3,976,260</u>

See Notes to Financial Statements.

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1 – BUSINESS ACTIVITY (Unaudited)

Established in the Los Angeles area in 1922, Girl Scouts of Greater Los Angeles ("GSGLA" or the "Council" or "Girl Scouts") is a 501(c)(3) nonprofit organization. As the third largest of 111 Girl Scout councils nationwide and the largest girl-serving organization in Southern California, GSGLA serves more than 34,000 girl members (grades K-12) and collaborates with more than 19,000 dedicated adult volunteers. The council spans 6,200 square miles, encompassing the diverse communities of Los Angeles County, and parts of Kern and San Bernardino counties.

Girl-Led and Girl-Centered Leadership Development

GSGLA puts girls front and center, understanding that when girls succeed, so does society. In an era where girls are experiencing more sadness and hopelessness than ever before and are suffering from poor mental health at more than twice the rate of boys, our world is divided, technology is advancing at warped speed, and gender inequity persists, Girl Scouts is an important part of the solution.

Girl Scouting offers a time-honored sisterhood and one-of-a-kind leadership development program for girls that has demonstrated success. This program, the Girl Scout Leadership Experience, is grounded in time-tested methodologies and research-supported programming, and empowers girls to lead in their personal lives, their communities, and on a global scale. Girl Scouts has a strong history of developing pioneers in science and technology. In fact, all three women U.S. Secretaries of State were Girl Scouts. Virtually every woman astronaut who has flown into space was a Girl Scout. In the private sector, half of all women business leaders got their start in Girl Scouts.

Girl Scouts provides a safe environment where girls can express themselves authentically, supported by peers and trained adult volunteers. The girl-led and all-around girl-centered aspects of Girl Scouting are central to what GSGLA offers.

Girl Scouts' K-12 model builds upon progressive experiences that get more dynamic as girls advance. Experiences are focused on four areas: entrepreneurship, life skills, the outdoors, and STE(A)M (science, technology, engineering, arts, and math). Regardless of the area Girl Scouts explore, everything they do is steeped in innovation, self-empowerment, leadership development, civic engagement, and creativity. The activities blend critical life-skill development with fun, hands-on programs that keep them engaged. Every Girl Scout program is designed to give girls the opportunity to: discover life skills and a positive sense of self; connect with others in a multicultural environment; and take action to make the world a better place. And each is supported by the caring adult volunteers and mentors who are critical to the Girl Scout program's success.

GSGLA's Keystone Programs

The iconic **Girl Scout Cookie Program** is the world's foremost girl-led business and financial literacy program. Girl Scouts have been entrepreneurs since 1917, when the first known cookie sale took place as the primary method to earn money to support girl-led community service projects and other activities. The goal remains the same to this day: Girl Scouts sell cookies to build funds so troops can be self-sustaining and have fun while working towards a shared goal. The structured program ensures they gain five skills: people skills, goal setting, business ethics, money management, decision making.

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NOTE 1 – BUSINESS ACTIVITY (Unaudited) (Continued)

The **Girl Scout Gold Award** represents the pinnacle of achievement within the Girl Scout Leadership Experience. This multi-year process requires high school Girl Scouts to contribute more than 80 hours of community service and advocacy, resulting in lasting positive changes in their communities and beyond. In 2024, GSGLA honored 207 Gold Award recipients, who contributed more than 16,500 hours implementing sustainable change in their communities. The skills Girl Scouts hone through earning the Gold Award – innovative problem solving, empathetic leadership, confident public speaking, and focused project management – prepare them for vast triumphs in higher education and distinguished careers. Ensuring that more girls of color pursue the Gold Award is a key priority for GSGLA.

Girl Scout Summer Camp is a cherished tradition offering a way for girls to unplug and experience nature, form friendships, discover more about themselves, and lean into new challenges. Five of GSGLA's 18 properties offer specialty summer camps, overnight camp, family weekends, and troop camping. In 2024, almost 600 Girl Scouts received camperships (financial aid) totaling more than \$263,000, ensuring that cost is not a barrier to participation. Available to girls in grades 9-12, GSGLA's Counselor-in-Training (CIT) leadership program is a year-round, progressive, experiential leadership opportunity.

GSGLA's **Mentoring and Career Exploration** programs offer opportunities for older Girl Scouts to connect with and learn from local women leaders, providing insights into various careers, equipping them for life after high school.

More than 19,000 dedicated volunteers guide GSGLA Girl Scouts at every stage of their Girl Scout journey. Council staff ensures comprehensive **Volunteer Training** includes tools, and resources to address issues like mental health and well-being and inclusivity, and that they are engaged and properly recognized for their valuable contributions.

Commitment to All Girls

As a worldwide Movement that includes 1.5 million members and more than 50 million alumnae, Girl Scouts is committed to becoming an inclusive, anti-racist organization that seeks to give all girls—in every community, of every background, identity, and ability, and in every economic circumstance—the opportunity to join GSGLA's Movement and feel welcome within it. Driven by the desire to make an impact on more girls' lives, GSGLA contributes significant resources to bringing the Girl Scout Leadership Experience to under-resourced communities, including communities of color. This year, over 12,300 GSGLA Girl Scouts are from low-income communities, comprising 36% of GSGLA's total membership. The council serves more than 5,800 Girl Scouts in non-traditional troops through the Troop Start-Up (TSU) assistance program and Community Partner Program (CPP). TSU waives membership fees and provides everything troops need to get started, including uniforms and badgework. The CPP provides Girl Scout programming to girls in more than 270 after-school program-based troops, many of which are in Title I schools and would not be able to participate otherwise.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting: The financial statements of GSGLA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Financial statement presentation: The Council is required to report information regarding its financial position and activities according to two classes of net assets; without donor restrictions and with donor restrictions, which are described as follows:

Net Assets Without Donor Restrictions - Undesignated - Net assets that are not subject to explicit donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time, purpose or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or by the fulfillment of the stipulated purpose, or the occurrence of other events.

Contributions: Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. Contributions with a donor-imposed time restriction or purpose restriction, which limit the use of the donated assets, are reported as contributions with donor restrictions if the restrictions are not met in the same reporting period. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets which donors have stipulated must be maintained in perpetuity, with only the income earned thereon available for current use, are classified as contributions with donor restrictions in perpetuity. Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions but which are met within the same reporting period, are reported as net assets without donor restrictions.

Unconditional promises to give with payments due in future periods are reported as net assets with donor restrictions, when the promises are received. Gifts of land, buildings and equipment are reported as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 substantially met. As of September 30, 2024, the Council did not have any conditional contributions.

Cash and cash equivalents: Cash and cash equivalents include cash on hand, demand deposits and all highly-liquid investments with an initial maturity date of purchase of three months or less.

Receivables: On a periodic basis, the Council evaluates its receivables and establishes allowances as follows. Accounts receivable are stated at unpaid balances, less an allowance for credit losses when deemed appropriate based on considering past and current conditions and reasonable and supportable forecast, including economic factors. Pledges receivable are stated at unpaid balances, less an allowance for doubtful accounts when deemed appropriate, and a discount on those pledges receivables due in greater than one year using a discount rate of 4%. The Council provides for losses on pledges receivables using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of donors to meet their commitments. It is the Council's policy to charge off uncollectible receivables when management determines the receivables will not be collected. As of September 30, 2024, there were no allowances for credit losses or doubtful accounts deemed necessary.

Inventory: Purchased supplies and merchandise inventories are stated at the lower of cost, using the average cost method, or market. No reserve for obsolescence was deemed necessary.

Investments: Investments are reported at their fair values in the statement of financial position. Realized and unrealized gains and losses are included in the statement of activities.

Property and equipment: Property and equipment are stated at cost if purchased or fair value on the date of donation less accumulated depreciation and amortization. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, generally ranging from 3 to 30 years. Construction in progress is stated at cost and depreciation will commence when the assets are placed in service. Leasehold improvements are amortized using the straight-line method over the shorter of the estimated useful life of the asset or the lease term. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-lived assets: The Council reviews its long-lived assets for impairment whenever events or circumstances indicate the carrying value of the asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. There were no impairment losses related to long-lived assets during the year ended September 30, 2024.

Fair value of financial instruments: The Council's financial instruments consist of cash and cash equivalents, short-term receivables, investments in securities and short-term and long-term payables. The carrying value for all such instruments, considering the terms, approximates fair value at September 30, 2024.

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Custodial funds: Custodial funds consist primarily of membership fees collected that will be remitted to Girl Scouts of the USA ("GSUSA") and other fees collected for the future use of members.

Merchandise sales and product sales: Merchandise sales consist primarily of sales of Girl Scout-related equipment and supplies. Sales occur primarily at the Council's retail stores. Proceeds from merchandise sales help to defer the cost of maintaining the Council's retail stores as a service to members. Revenue is recognized at the time of the sale. Product sales consist of sales of nuts, magazines and cookies by troops. Product sales are net of proceeds to troops and costs of sales, and are recognized at the time of the sale.

Revenues from product sales that are collected in advance are included in deferred revenue until the products are transferred to the customer.

Program fees: Program fees consist of payments for camp and other programmatic activities that are held for girls throughout the year. Girls develop their leadership potential through these activities that enable them to learn new skills, connect with others in a multicultural environment and take action to make a difference in their communities. Revenue from program fees is recorded at the time of the program or when earned.

Deferred revenue consists of revenue collected for events that have not yet occurred and property and equipment rental income for programs collected prior to the actual related rental period.

Donated goods and services: Donated goods are historically included in "public support" in the accompanying statement of activities at their estimated fair values at the date of receipt. The fair market value was determined through active markets of identical or similar items. Support arising from donated services is recognized if the services received require specialized skills, are provided by the individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions of \$5,380 were recorded for the year ended September 30, 2024, which consists of donated books included in public support in the statement of activities.

A substantial number of volunteers have donated significant amounts of their time to GSGLA's program services and fundraising activities; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Girl Scout troop activity: Cash held in troop and group accounts operate under GSGLA's federal identification number but not under its control. The Council has no signature authority over and will not access the funds as long as a troop or group is functioning according to Girl Scout policy and procedure. Individual troops and groups have the responsibility to use funds in their control for the purposes of Girl Scouting as determined by the members and adult volunteers. The accompanying financial statements do not include financial data for individual Girl Scout troops and other groups such as service units, committees and volunteer-led camps.

Functional allocation of expenses: The costs of providing various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on time spent by personnel for the activities.

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cost of activities that include fundraising: The Council accounts for the cost of an activity that includes fundraising costs as fundraising, including the costs of credit card processing fees. Provided the criteria is met, costs of a joint activity that are identifiable with a particular function are charged to that function and joint costs are allocated between fundraising and the appropriate program or management and general function. During 2024, all costs of activities that included fundraising were reported as fundraising costs.

Fair value measurements: The Council values its financial assets and liabilities based on 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. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described as follows:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

Income tax status: The Council is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of California. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Council and recognize a tax liability if the Council has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities. Management has analyzed the tax positions taken by the Council and has determined that as of September 30, 2024, there were no material uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Council has no unrecognized tax benefits at September 30, 2024. The Council's federal and state income tax returns prior to the 2021 and 2020 fiscal years, respectively, are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

If applicable, the Council recognizes interest and penalties associated with tax matters as part of income tax expense and includes accrued interest and penalties with accrued expenses in the statement of financial position. There were no interest and penalties associated with tax matters for the year ended September 30, 2024.

Sales taxes: The State of California imposes a sales tax on certain of the Council's sales to nonexempt customers. The Council collects that sales tax from customers and remits the entire amount to the State. The Council's accounting policy is to exclude the tax collected and remitted to the State from revenue and cost of sales.

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 2 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure 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.

Comparative totals: The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

Reclassifications: Certain comparative amounts were reclassified from the prior year presentation to conform to the current year financial statement presentation. The reclassifications had no impact on total net assets or the change in net assets for 2023.

Accounting for leases: The Council recognizes right of use assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Right of use assets and liabilities are recognized at the lease commencement date based on the present value of the remaining lease payments over the lease term, using the risk-free rate. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities. Lease expense is recognized on a straight-line basis over the term of the lease. When applicable, the option to extend the lease is not included in the lease term if the Council is not reasonably certain the option to extend will be exercised. The Council has elected the practical expedient of not separating lease components from nonlease components.

The Council presents its right-of-use assets for finance leases within property, plant, and equipment on the statement of financial position. Further, the Council records its operating right-of-use assets, finance lease liabilities, and operating lease liabilities on the statement of financial position separately as their own line items.

Subsequent events: The Council has evaluated the impact of subsequent events through January 31, 2025, which is the date the financial statements were available to be issued.

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3 – LIQUIDITY AND AVAILABILITY

The Council regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Council considers all expenditures related to its ongoing activities. The Council strives to operate with a balanced budget except where timely opportunities or critical issues warrant expenditures higher than revenues. The Council has various sources of liquidity at its disposal, including cash and cash equivalents, accounts and pledges receivable, and investments.

Financial assets in excess of daily cash requirements are invested in long-term fixed income securities, equities, and alternatives.

At September 30, 2024, the Council had the following financial assets and liquidity resources available over the next 12 months:

Financial assets at year-end:	
Cash and cash equivalents	\$ 933,559
Short-term investments	15,005,414
Receivables	<u>673,791</u>
 Total financial assets	 16,612,764
 Less amounts not available to be used:	
Net assets with donor restrictions	<u>(591,973)</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 16,020,791</u>

NOTE 4 – CONCENTRATIONS

Financial instruments that potentially subject the Council to concentrations of credit risk consist primarily of cash and cash equivalents at financial institutions. The Council maintains its cash and cash equivalents with high credit quality financial institutions. At times, such amounts may exceed federally insured limits.

The Council's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to the Council's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of these investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes in any one class.

At September 30, 2024, there were no concentrations regarding the Council's receivables.

For the year ended September 30, 2024, approximately 71% of revenues and support was derived from net cookie and fall product programs.

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 5 – RECEIVABLES

At September 30, 2024, receivables consisted of the following:

Accounts receivable	\$ 297,716
Pledges receivable	213,068
Grants receivable	27,433
Interest and dividends receivable	<u>135,574</u>
Total receivables	<u>\$ 673,791</u>

All pledges receivable are due in less than one year, as such, there is no discount for present value. At September 30, 2024, the Council believes that all accounts, pledges, and grants receivable are collectible. No allowance for uncollectible grants/pledges or credit losses has been deemed necessary.

NOTE 6 - INVESTMENTS

At September 30, 2024, investments consisted of the following:

Mutual funds	
Equities	\$ 2,337,899
Bonds	392,632
Corporate bonds	6,646,042
Treasury notes and bonds	8,490,438
Equities	
Domestic	7,911,698
Cash funds	2,379,675
Certificates of deposits	933,121
Annuity	18,611
Asset backed securities	870,392
Exchange traded funds	<u>1,238,660</u>
Total investments	31,219,168
Less short-term investments	<u>15,005,414</u>
Long-term investments	<u>\$ 16,213,754</u>

Short-term investments are those funds available and intended to supplement the anticipated operating needs of GSGLA as specified in an annual operating budget adopted by the Board of Directors.

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 7 - FAIR VALUE MEASUREMENTS

Financial assets carried at fair value at September 30, 2024 are classified in the table below in one of the three categories described in Note 2:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Equities	\$ 2,337,899	\$ -	\$ -	\$ 2,337,899
Bonds	392,632	-	-	392,632
Corporate bonds	-	6,646,042	-	6,646,042
Treasury notes and bonds	-	8,490,438	-	8,490,438
Equities				
Domestic	7,911,698	-	-	7,911,698
Cash funds	2,379,675	-	-	2,379,675
Certificates of deposits	-	933,121	-	933,121
Annuity	-	18,611	-	18,611
Asset backed securities	-	870,392	-	870,392
Exchange traded funds	<u>1,238,660</u>	<u>-</u>	<u>-</u>	<u>1,238,660</u>
 Total	 <u>\$ 14,260,564</u>	 <u>\$ 16,958,604</u>	 <u>\$ -</u>	 <u>\$ 31,219,168</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets, and are valued on a recurring basis. Financial assets valued using Level 2 inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, or derived from inputs that are observable. For the year ended September 30, 2024, there have been no changes in the valuation methodologies. For the year ended September 30, 2024, there were no transfers between Levels 1 and 2 and no transfers in or out of Level 3.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
 NOTES TO FINANCIAL STATEMENTS
 September 30, 2024

NOTE 8 - PROPERTY AND EQUIPMENT

At September 30, 2024, property and equipment consisted of the following:

Land and land improvements	\$ 7,089,267
Building and improvements, including leasehold improvements	28,127,304
Furniture, fixtures and equipment	1,983,137
Finance lease right-of-use assets	54,927
Computer hardware and software	<u>679,544</u>
	37,934,179
Less accumulated depreciation and amortization	<u>(11,875,992)</u>
	26,058,187
Construction in progress	<u>541,450</u>
	<u><u>\$ 26,599,637</u></u>

Depreciation and amortization expense for the year ended September 30, 2024 was \$1,528,765.

NOTE 9 - NOTE PAYABLE

In October 2019, the Council entered into a loan agreement with a bank for construction with a maximum borrowing limit of \$8,000,000 with a draw period ending October 1, 2020. The loan bears interest at 3.5% and matures in October 2034. Under the terms of the agreement, the Council makes monthly interest only payments through October 1, 2020 and commencing November 1, 2020, the Council makes monthly principal and interest payments of \$60,499. The note is secured by real property.

The note payable agreement contains covenants regarding certain financial and nonfinancial requirements. At September 30, 2024, the Council was in compliance with or received a waiver for all such covenants.

Principal payments for each of the next five years and thereafter at September 30, 2024 are as follows:

2025	\$ 516,266
2026	534,887
2027	554,180
2028	573,743
2029	597,678
Thereafter	<u>3,369,466</u>
	<u><u>\$ 6,146,220</u></u>

(Continued)

NOTE 10 - LEASES

The Council leases four properties under noncancelable operating leases expiring through February 2032. Certain leases contain renewal options and escalation clauses. The Council also had a financing lease for lease equipment that expired during 2024.

At lease commencement, the Council recognizes a lease liability, which is measured at the present value of future lease payments and a corresponding right-of-use asset equal to the lease liability. The Council has elected and applies the practical expedient to combine nonlease components with their related lease components and account for them as a single lease component for all its leases. The Council remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments, but only when such changes do not qualify to be accounted for as a separate contract.

The Council determines an appropriate discount rate to apply when determining the present value of the remaining lease payments for purposes of measuring or remeasuring lease liabilities. As the rate implicit in the lease is generally not readily determinable for the Council's operating leases, the Council estimates its risk free rate for these leases as the discount rate. The Council has elected to use the risk-free rate, which in the United States is the current yield on U.S. Treasury Securities. This is based on the practical expedient, where a nonpublic entity may elect, by class of underlying asset, to use an appropriate risk-free rate as its discount rate instead of the rate implicit in the lease or its incremental borrowing rate. This practical expedient provides nonpublic lessees with a consistent and cost-effective way of determining a discount rate for the lease.

For accounting purposes, the Council's leases commence on the earlier of (i) the date upon which the Council obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Council's leases coincides with the contractual effective date.

The Council's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Council and, when exercised, usually provide for rental payments during the extension period at then current market rates or at predetermined rental amounts. Unless the Council determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or nonexercise of an early termination option, the term of a lease begins at lease commencement and spans for the duration of the minimum noncancellable contractual term. When the exercise of a renewal option or non-exercise of early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The Council includes variable rental payments based on a rate or an index such as the Consumer Price Index ("CPI") in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred.

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 10 – LEASES (Continued)

Financial information: The following provides information about the Council's right-of-use assets and lease liabilities for its operating leases as of September 30, 2024:

Right-of-use assets	\$ <u>3,480,650</u>
Current portion of operating lease liability	\$ <u>548,338</u>
Long-term portion of operating lease liability	\$ <u>3,232,110</u>

The components of the Council's operating lease cost for the year ended September 30, 2024 consisted of rent expense, and totaled \$880,439.

The weighted average remaining lease term and weighted average discount rate for the Council's operating leases as of September 30, 2024 was as follows:

Weighted average remaining term (in years)	5.1
Weighted average discount rate	3.90%

Future minimum lease payments for operating leases, which relate to office space, are as follows:

2025	\$ 589,240
2026	626,039
2027	677,168
2028	727,534
2029	780,594
Thereafter	<u>527,700</u>
	3,928,275
Less: interest	<u>(147,827)</u>
	<u>\$ 3,780,448</u>

In May 2022, the Council entered into a sublease agreement commencing September 1, 2022, through October 31, 2029. Lease payments due to the Council under the sublease agreement at September 30, 2024 are due as follows:

2025	\$ 386,401
2026	397,993
2027	409,933
2028	<u>422,231</u>
	<u>\$ 1,616,558</u>

During the year ended September 30, 2024, the Council recognized lease revenue related to the sublease agreement totaling \$467,490.

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 11 – CONTINGENCIES

The Council is subject to certain claims that arise out of the normal operations of the Council. In the opinion of management, the Council has sufficient liability insurance to cover any such claims, and these matters will not have a material effect on the financial position of the Council if disposed of unfavorably.

NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2024, net assets with donor restrictions consisted of the following:

Time or purposes:	
Camperships	\$ 11,909
Capital	166,793
Life skills	47,819
Membership outreach	12,234
Scholarship	59,476
Science, Technology, Engineering and Math (STEM)	94,635
Other	<u>57,498</u>
	450,364
Perpetual:	
Endowment investments	<u>141,609</u>
	<u>\$ 591,973</u>

NOTE 13 – PROGRAM RELATED SALES

The gross revenue and expense of product and merchandise sales for the year ended September 30, 2024 are as follows:

	<u>Product Sales</u>	<u>Merchandise Sales</u>	<u>Total</u>
Gross revenue	\$ 33,789,370	\$ 1,092,764	\$ 34,882,134
Troop proceeds	(5,920,432)	-	(5,920,432)
Direct costs	<u>(7,499,837)</u>	<u>(570,730)</u>	<u>(8,070,567)</u>
Product and merchandise sales, net	<u>\$ 20,369,101</u>	<u>\$ 522,034</u>	<u>\$ 20,891,135</u>

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 14 – ENDOWMENT

The Council's endowment consists of individual funds established for a variety of purposes. The endowment consists of donor-restricted funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Council has interpreted the State of California Uniform Prudent Management of Institutional Funds Act ("UPMIFA") 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 perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, 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 various funds, (2) the purposes of the Council and donor-restricted endowment funds, (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, and (7) the Council's investment policies.

Investment return objectives, risk parameters and strategies: The Council has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost rate of return which exceeds the annual distribution with acceptable levels of risk.

Spending policy: The Council has a policy of appropriating for distribution each year up to 5% of its donor-restricted endowment fund's average fair value of the prior 12 quarters through the preceding fiscal year in which the distribution is planned. In establishing this policy, the Council considered long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Council expects the current spending policy to allow its endowment funds to grow at a nominal average rate annually. This is consistent with the Council's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of September 30, 2024 is as follows:

	<u>Time or purpose Restricted</u>	<u>Perpetually Restricted</u>	<u>Total</u>
Camperships	\$ 11,909	\$ 16,414	\$ 28,323
General endowment	36,823	50,752	87,575
Scholarships	53,992	74,443	128,435
	\$ 102,724	\$ 141,609	\$ 244,333
Total	\$ 102,724	\$ 141,609	\$ 244,333

(Continued)

GIRL SCOUTS OF GREATER LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 14 – ENDOWMENT (Continued)

Changes in endowment net assets for the year ended September 30, 2024 are as follows:

	Time or purpose <u>Restricted</u>	Perpetually <u>Restricted</u>	<u>Total</u>
Balance, beginning	\$ 96,105	\$ 141,609	\$ 237,714
Investment income (loss)	34,793	-	34,793
Appropriation	<u>(28,174)</u>	<u>-</u>	<u>(28,174)</u>
Balance, end	<u>\$ 102,724</u>	<u>\$ 141,609</u>	<u>\$ 244,333</u>

As of September 30, 2024, there were no deficiencies of donor-restricted endowment funds.

NOTE 15 – EMPLOYEE PENSION PLAN

The Council participates in the National Girl Scout Council Retirement Plan ("the Plan"), a noncontributory defined benefit pension plan sponsored by GSUSA. The National Board of GSUSA voted to freeze the Plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The Plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the Plan prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

Net plan assets increased during the year, and are less than the actuarial present value of accumulated plan benefits as of January 1, 2024. On April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives the Plan the flexibility to adopt the Pension Protection Act of 2006 ("PPA") funding requirements immediately or not at all.

The Plan has elected to adopt this relief and not be subject to PPA. In September 2020, the National Board of GSUSA approved to lower the contributions from \$30,000,000 to \$26,000,000 starting in calendar year 2023 until the Plan is fully funded on a market basis. Aggregate annual contributions made in fiscal year 2024 were approximately \$27,400,000. The Council made contributions of \$450,732 for the year ended September 30, 2024. Aggregate contributions to be made in fiscal 2025 are expected to be approximately \$26,000,000.

In addition, the Council maintains a 403(b) Thrift Plan (the "Thrift Plan") for eligible employees. Under the provisions of the Thrift Plan, the Council can make discretionary contributions for the benefit of eligible employees. For the year ended September 30, 2024, the Council expensed and accrued contributions of \$227,616.

NOTE 16 – RELATED PARTY TRANSACTIONS

The Council is chartered by GSUSA. During the year ended September 30, 2024, the Council remitted payments for financial assistance of membership dues in the amount of \$589,440 to GSUSA. The Council purchases inventory from GSUSA, of which total purchases amounted to \$789,412 for the year ended September 30, 2024. At September 30, 2024, amounts due to GSUSA and included in accounts payable amounted to \$34,277.
