DDH DAVIDSON, DOYLE & HILTON
CERTIFIED PUBLIC ACCOUNTANTS

January 22, 2026

Girl Scouts of Virginia Skyline Council, Inc.
Roanoke, Virginia

We have audited the financial statements of Girl Scouts of Virginia Skyline Council, Inc. of Roanoke, Virginia for the years ended September 30, 2025 and 2024, and have issued our report thereon dated January 22, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 29, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Girl Scouts of Virginia Skyline Council, Inc. are described in Note 2 to the financial statements. ASC 606 accounting policy was adopted in 2023. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 22, 2026.

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DD&H

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Council's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. All such communications with such consultants were appropriate.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council's auditors. However, these discussions occurred in the normal course of our professional relationship and were not a condition to our retention.

Other Matters

Some items noted during the audit are as follows:

1) During the review of the credit cards, it was noted that sales tax is being paid on multiple transactions by multiple employees. The sales tax-exempt form needs to be carried and presented for each Council purchase. A credit card policy should be developed to include procedures for the use of the tax-exempt identification cards to avoid paying unnecessary sales tax.

This information is intended solely for the use of the board of directors and management of Girl Scouts of Virginia Skyline Council, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Davidson Doyle + Hilton, LLP

Davidson, Doyle & Hilton, LLP

GIRL SCOUTS OF VIRGINIA SKYLINE COUNCIL, INC.
Roanoke, Virginia

Financial Statements
for the years ended
September 30, 2025 and 2024

Non-Profit Corporation
501(c)3

GIRL SCOUTS OF VIRGINIA SKYLINE COUNCIL, INC.

Contents

REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Girl Scouts of Virginia Skyline Council, Inc.
Roanoke, Virginia

Opinion

We have audited the accompanying financial statements of Girl Scouts of Virginia Skyline Council, Inc. (the "Council"), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 Virginia Skyline Council, Inc. as of September 30, 2025 and 2024, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 of Virginia Skyline Council, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 of Virginia Skyline Council, Inc.'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 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 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.

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 purpose of expressing an opinion on the effectiveness of Girl Scouts of Virginia Skyline Council, Inc.'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 of Virginia Skyline Council, Inc.'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.

Davidson, Doyle & Hall, LLP

Lynchburg, Virginia
January 22, 2026

GIRL SCOUTS OF VIRGINIA SKYLINE COUNCIL, INC.
Statements of Financial Position
September 30, 2025 and 2024

		2025		2024
Assets				
Current assets				
Cash and cash equivalents	$	236,628	$	367,088
Accounts receivable, net		22,460		20,035
Contribution receivable, net		19,105		4,797
Inventory		56,808		59,343
Prepaid expenses		126,595		112,759
Investments, at fair value		2,969,098		2,942,544
Total current assets		3,430,694		3,506,566
Fixed assets				
Property and equipment, net of accumulated depreciation of $3,578,147 and $3,347,334 in 2025 and 2024		2,227,141		2,262,335
Right of use asset – finance lease, net		110,759		111,215
Total assets	$	5,768,594	$	5,880,116
Liabilities and net assets				
Current liabilities				
Accounts payable	$	79,279	$	36,349
Accrued expenses		74,033		73,043
Deferred revenue		3,888		1,740
Amounts held on behalf of others		23,542		27,236
Note payable, current		95,000		89,000
Current maturities of finance lease obligations		73,589		57,340
Line of credit		800,000		250,000
Total current liabilities		1,149,331		534,708
Long-term liabilities				
Note payable, long-term, net of unamortized debt issuance costs		1,732,634		1,810,138
Long-term finance lease obligations		49,864		76,425
Total long-term liabilities		1,782,498		1,886,563
Net assets				
Without donor restriction		1,598,379		2,116,040
With donor restriction		1,238,386		1,342,805
Total net assets		2,836,765		3,458,845
Total liabilities and net assets	$	5,768,594	$	5,880,116

GIRL SCOUTS OF VIRGINIA SKYLINE COUNCIL, INC.
Statement of Activities
Year ended September 30, 2025

	Without Donor Restriction	With Donor Restriction	Total
Support and revenue			
Public Support			
Contributions	$ 81,328	$ 189,845	$ 271,173
Non-cash contributions	101,287	-	101,287
Grants	7,706	-	7,706
Special events, net	616	-	616
Program service fees	23,554	-	23,554
Total public support	214,491	189,845	404,336
Revenue			
Cookie, nut, and candy sales, net	1,578,366	-	1,578,366
Retail sales, net	36,083	-	36,083
Realized/unrealized gain (loss) on investments, net of expenses	69,124	90,576	159,700
Interest and dividends	44,145	18,466	62,611
Rent income	9,443	-	9,443
Other income	37,190	-	37,190
Total revenue	1,774,351	109,042	1,883,393
Net assets released from restrictions			
Restrictions satisfied by payments	403,306	(403,306)	-
Total support and revenue	2,392,148	(104,419)	2,287,729
Expenses			
Program services	2,502,026	-	2,502,026
Management and general expenses	263,339	-	263,339
Fund raising expenses	144,444	-	144,444
Total expenses	2,909,809	-	2,909,809
Decrease in net assets	(517,661)	(104,419)	(622,080)
Net assets at beginning of year	2,116,040	1,342,805	3,458,845
Net assets at end of year	$ 1,598,379	$ 1,238,386	$ 2,836,765

GIRL SCOUTS OF VIRGINIA SKYLINE COUNCIL, INC.
Statement of Activities
Year ended September 30, 2024

	Without Donor Restriction	With Donor Restriction	Total
Support and revenue			
Public Support			
Contributions	$ 145,595	$ 73,606	$ 219,201
Non-cash contributions	101,198	-	101,198
Grants	6,057	-	6,057
Special events, net	2,214	-	2,214
Program service fees	13,562	-	13,562
Total public support	268,626	73,606	342,232
Revenue			
Cookie, nut, and candy sales, net	1,589,053	-	1,589,053
Retail sales, net	30,662	-	30,662
Realized/unrealized gain (loss) on investments, net of expenses	187,357	260,998	448,355
Interest and dividends	83,231	19,651	102,882
Rent income	9,515	-	9,515
Other income	76,743	-	76,743
Total revenue	1,976,561	280,649	2,257,210
Net assets released from restrictions			
Restrictions satisfied by payments	354,638	(354,638)	-
Total support and revenue	2,599,825	(383)	2,599,442
Expenses			
Program services	2,290,886	-	2,290,886
Management and general expenses	236,793	-	236,793
Fund raising expenses	170,568	-	170,568
Total expenses	2,698,247	-	2,698,247
Decrease in net assets	(98,422)	(383)	(98,805)
Net assets at beginning of year	2,214,462	1,343,188	3,557,650
Net assets at end of year	$ 2,116,040	$ 1,342,805	$ 3,458,845

GIRL SCOUTS OF VIRGINIA SKYLINE COUNCIL, INC.
Statement of Functional Expenses
Year Ended September 30, 2025

	Program Service Expenses	Management And General Expenses	Fund Raising Expenses	Total
Salaries and wages	$ 959,146	$ 82,053	$ 88,645	$ 1,129,844
Employee benefits	226,047	2,355	7,064	235,466
Payroll tax	73,322	6,542	6,788	86,652
Total payroll related expenses	1,258,515	90,950	102,497	1,451,962
Depreciation and amortization	287,760	33,799	1,241	322,800
Occupancy	158,167	24,147	-	182,314
Professional fees	130,159	23,881	9,190	163,230
Interest	132,718	38,992	195	171,905
Supplies	131,982	6,412	4,481	142,875
Travel and transportation	97,141	7,779	10,893	115,813
Insurance	71,300	13,536	2,747	87,583
Assistance to individuals	80,620	-	-	80,620
Telephone	33,178	6,548	3,929	43,655
Conference and conventions	31,657	3,703	4,325	39,685
Miscellaneous	27,238	11,003	28	38,269
Bad debt expense	18,838	-	-	18,838
Membership dues	7,902	1,624	4,355	13,881
Printing and publications	13,498	-	-	13,498
Equipment rental and maintenance	10,337	932	423	11,692
Postage	11,016	33	140	11,189
Total functional expenses	$ 2,502,026	$ 263,339	$ 144,444	$ 2,909,809

GIRL SCOUTS OF VIRGINIA SKYLINE COUNCIL, INC.
Statement of Functional Expenses
Year Ended September 30, 2024

	Program Service Expenses	Management And General Expenses	Fund Raising Expenses	Total
Salaries and wages	$ 886,363	$ 58,591	$ 115,688	$ 1,060,642
Employee benefits	209,210	2,335	7,004	218,549
Payroll tax	64,222	4,136	7,928	76,286
Total payroll related expenses	1,159,795	65,062	130,620	1,355,477
Depreciation and amortization	273,935	34,130	1,049	309,114
Occupancy	203,819	32,092	3,914	239,825
Professional fees	141,078	31,163	7,332	179,573
Interest	102,281	27,188	-	129,469
Supplies	90,670	9,820	7,919	108,409
Travel and transportation	71,859	7,633	9,708	89,200
Insurance	66,682	12,686	2,745	82,113
Assistance to individuals	41,519	-	-	41,519
Telephone	28,434	5,612	3,367	37,413
Miscellaneous	23,250	7,042	61	30,353
Postage	22,890	88	103	23,081
Equipment rental and maintenance	19,724	1,665	81	21,470
Printing and publications	14,780	-	-	14,780
Conference and conventions	9,175	1,781	2,329	13,285
Advertising	10,712	-	-	10,712
Membership dues	4,627	831	1,340	6,798
Bad debt expense	5,656	-	-	5,656
Total functional expenses	$ 2,290,886	$ 236,793	$ 170,568	$ 2,698,247

GIRL SCOUTS OF VIRGINIA SKYLINE COUNCIL, INC.
Statements of Cash Flows
Years ended September 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Decrease in net assets	$ (622,080)	$ (98,805)
Adjustments to reconcile increase in net assets to net cash used in operating activities		
Depreciation	231,211	224,889
Amortization	91,589	84,225
Unrealized/realized (gains) losses on investments	(176,501)	(464,514)
(Increase) decrease in:		
Accounts receivable	(2,426)	(3,110)
Contributions receivable	(14,308)	12,559
Inventory	2,535	503
Prepaid expenses	(13,836)	(55,716)
Increase (decrease) in:		
Accounts payable	42,930	(3,280)
Accrued expenses and amounts held on behalf of others	(2,704)	4,772
Deferred revenue	2,148	(11,047)
Net cash used in operating activities	(461,442)	(309,524)
Cash flows from investing activities		
Proceeds from sale of property and equipment	398	-
Proceeds from line of credit	550,000	250,000
Purchase of property and equipment	(196,016)	(440,991)
Donation of investments	(101,287)	(101,198)
Net change in investments	166,887	943,202
Net cash provided by investing activities	419,982	651,013
Cash flows from financing activities		
Payments on note payable	(89,000)	(179,532)
Net cash used in financing activities	(89,000)	(179,532)
Net increase (decrease) in cash and cash equivalents	(130,460)	161,957
Cash and cash equivalents at beginning of year	367,088	205,131
Cash and cash equivalents at end of year	$ 236,628	$ 367,088
Supplemental cash flow information:		
Interest paid	$ 171,905	$ 129,469

Note 1 – Nature of activities and summary of significant accounting policies

Nature of activities

Girl Scouts of Virginia Skyline Council, Inc., (the "Council"), is incorporated as a non-profit 501(c)(3) corporation under the laws of the Commonwealth of Virginia. The Council was incorporated in July 1, 1963. It is the mission of the Council to build girls of courage, confidence, and character, who make the world a better place. The Council serves 2,650 girls with 1,322 adult volunteers and 927 lifetime members in a 36-county area within the Central, Southside, Southwest, and Western Virginia. The Council is headquartered in Roanoke, Virginia. The Council owns and provides outdoor experiences at three camp properties: Icimani Adventure Center in Roanoke County, Camp Sacajawea in Bedford County, and Camp Sugar Hollow in Albemarle County. The Council is funded principally from sales of cookies, contributions, and other products, and program service fees.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue and revenue recognition

The Council recognizes contributions when cash, securities or other assets; an unconditional promise to give; sales of products; or a notification of a beneficial interest is received. 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 of which they depend on have been met. The Council records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

The Council accounts for contributions in accordance with Accounting Standards Codification (ASC) 958, Not-for-Profit Entities. In accordance with ASC 958, contributions received are recorded as with or without donor restriction support depending on the existence and/or nature of any donor restrictions.

Gifts of cash and other assets are presented as with donor restriction support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Gifts of property and equipment are presented as without donor restriction support 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 and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions are recorded as of the date cash or unconditional promises to give are received. Contributions other than cash are recorded at the estimated fair market values on the date of the contribution.

Promises to give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Non-financial contributed assets and services

Contributed assets are valued at estimated fair market value. No amounts have been reflected in the financial statements for donated services that are received or given. The Council pays for most services requiring specific expertise. However, many individuals have contributed a significant amount of time to the Council through participation on the Board of Directors and by providing assistance with office work.

Note 1 – Nature of activities and summary of significant accounting policies (continued)

Cash and cash equivalents

The Council considers cash and cash equivalents to include cash on hand and all highly liquid temporary investments, such as money market funds or bonds and other obligations with maturities of three months or less from the date of acquisition. Cash balances are FDIC insured or invested in United States backed securities.

Inventory

Inventory at year end consists of retail items such as clothing, accessories, books, badges, and gift items. It is stated at the lower of cost or market determined by the first-in first-out method.

Property and equipment

Property and equipment is stated at cost for purchased items and at estimated fair market value at the date received for donated items. Depreciation is computed by the straight-line method over the estimated useful lives of the various classes of property as follows:

Classification	Estimated Useful Life
Building improvements	10 - 25 years
Office equipment	5 - 7 years
Furniture and fixtures	3 - 10 years

Expenses for maintenance and repairs are charged against revenues in the year the cost is incurred. Expenditures for additions and major improvements exceeding $2,500 are capitalized and depreciated. Cost and accumulated depreciation are removed from the accounts for property sold or retired, and any resulting gain or loss is included in the statement of activities.

Amounts held on behalf of others

Amounts held on behalf of others consist primarily of membership dues collected for the Girl Scouts of the United States of America (GSUSA). These funds are custodial by nature (assets equal liabilities) and do not involve measurement of operations. These funds are remitted within 30 days of receipt to comply with GSUSA guidelines. The assets are included in the cash balance on the statement of financial position.

Investments and income recognition

The Council invests in various investment securities. Investments consist of marketable debt securities that are carried at their fair values, and marketable equity securities that are carried at the aggregate fair value determined at the date of the statement of financial position. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividend income is received on the ex-dividend date.

Advertising costs

Direct response advertising costs are expensed as incurred.

Functional allocation of expenses

Costs of providing program services and other activities are reported on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with the accrual basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 – Nature of activities and summary of significant accounting policies (continued)

Credit Risk

The Council invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment balances and the amounts reported in the statements of activities. In addition, pledges receivables are exposed to various risks, such as un-collectability, which could materially affect the pledges receivable amount and the amounts reported in the statements of activities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions- Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

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 or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Leases

The Council accounts for leases in accordance with FASB ASC 842. The Council determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Council determines if an arrangement conveys the right to use an identified asset and whether the Council obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Council evaluates new and modified leases using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The Council recognizes a lease liability and right-of-use (ROU) asset at the commencement date of the lease. Beginning October 1, 2022, operating lease ROU assets and related current and long-term portions of operating lease liabilities have been presented in the balance sheet.

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Council uses its incremental borrowing rate. The implicit rates of the Council's leases are not readily determinable; accordingly, the Council uses its incremental borrowing rate based on the information available at the commencement date for each lease. The Council's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment and geographic location. The Council determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, an operating ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease cost for operating lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are subsequently measured throughout the lease term at cost, net of accumulated amortization. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset. Interest expense and amortization expense are recorded in the statement of income for finance leases.

GIRL SCOUTS OF VIRGINIA SKYLINE COUNCIL, INC.
Notes to Financial Statements
Years ended September 30, 2025 and 2024

Note 1 – Nature of activities and summary of significant accounting policies (continued)

Leases (continued)

The Council has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Council is reasonably certain to exercise. The Council recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Note 2 –Net assets with donor restrictions

Net assets with donor restrictions at September 30, 2025 and 2024 consisted of the following:

		2025		2024
With Donor Restrictions				
Endowment investment, restricted in purpose and time	$	818,115	$	867,680
Endowment investment, restricted in perpetuity		262,060		262,060
Restricted for programs		80,000		164,694
Restricted for building and equipment		59,107		43,574
Contribution receivable, net discount		19,104		4,797
Total with donor restriction net assets	$	1,238,386	$	1,342,805

Note 3 – Investments

Investments are reported at their fair value as of September 30, 2025 and 2024, in accordance with FASB ASC 958-320, *Not-for-Profit – Investments – Debt and Equity Securities.* The reporting of losses on the investments of the net assets with donor restrictions is in accordance with FASB issued ASU No. 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities (Topic 958).* The cost basis and net unrealized gains (losses) are summarized as follows at September 30, 2025 and 2024:

		2025				2024		
		Cost Basis		Fair Market Value		Cost Basis		Fair Market Value
Cash	$	1,115,784	$	1,115,784	$	1,033,805	$	1,033,805
Equities		681,898		1,504,965		770,735		1,545,406
Fixed income		350,002		348,349		364,384		363,333
	$	2,147,684	$	2,969,098	$	2,168,924	$	2,942,544

The investments include cash of $1,003,408 and $1,010,034, respectively, which is held in escrow as security for the economic development revenue bond note.

Investment income (loss) on the investments for the years ended September 30, 2025 and 2024 is as follows:

Investment Income		2025		2024
Interest and dividends	$	62,611	$	102,882
Unrealized and realized gains (losses)		176,501		464,514
Less: investment fees	(	16,801)	(	16,159)
Total	$	222,311	$	551,237

Note 4 – Endowments

The Endowment consists of individual funds established by donors to provide annual funding for specific activities and general operations. The Endowment also includes certain net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Board of Directors has interpreted the Virginia Uniform Prudent Management of Institutional Funds Acts (UPMIFA) as requiring preservation of the fair value of the original gift as of the date of the donor-restricted "true" endowments funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Board of Directors retain in perpetuity (a) the original value of initial and subsequent gift amounts donated to the Endowment, and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. The Board of Directors 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 purpose of the organization 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 organization.
(7) The investment policies of the organization.

As of September 30, 2025, the endowment net asset composition by type of fund was as follows:

2025	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated endowment funds	$ 885,514	$ -	$ 885,514
Donor restricted endowment funds	-	1,080,175	1,080,175
Total funds	$ 885,514	$ 1,080,175	$ 1,965,689

As of September 30, 2024, the endowment net asset composition by type of fund was as follows:

2024	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated endowment funds	$ 802,769	$ -	$ 802,769
Donor restricted endowment funds	-	1,129,740	1,129,740
Total funds	$ 802,769	$ 1,129,740	$ 1,932,509

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation that places emphasis on investments in equities and fixed income vehicles to achieve its long-term return objectives within prudent risk constraints. The Council's policy is to restrict the investment asset allocations as follows: 20% to 90% equity securities, 10% to 80% fixed income securities, and 10% to 30% cash equivalents.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Board of Directors approved investment policy states that all income of assets in the fund shall be reinvested in the endowment fund until the value of the fund reaches $1 million. When the total endowment fund reaches $1 million, up to seventy-five percent (75%) of the annual income only (not to include appreciation) of the endowment fund may be spent to fulfill the goals of the Council.

Note 4 – Endowments (continued)

Funds with Deficiencies ("Underwater" funds)

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 UPMIF A requires the Council to retain as a fund of perpetual duration. As of September 30, 2025, there were no "underwater" endowment funds.

Changes in Endowment Fund Net Assets
For Fiscal Year Ended September 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets Beginning of year	$ 802,769	$ 1,129,740	$ 1,932,509
Investment income: Investment income (loss), net of expenses	83,135	109,043	192,178
Appropriation of endowment assets for expenditure	(390)	(158,608)	(158,998)
Endowment fund net assets End of year	$ 885,514	$ 1,080,175	$ 1,965,689

Changes in Endowment Fund Net Assets
For Fiscal Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets Beginning of year	$ 589,804	$ 1,119,117	$ 1,708,921
Investment income: Investment income (loss), net of expenses	219,998	280,649	500,647
Appropriation of endowment assets for expenditure	(7,033)	(270,026)	(277,059)
Endowment fund net assets End of year	$ 802,769	$ 1,129,740	$ 1,932,509

Note 5 – Fair Value Measurement

The Council has adopted FASB ASC 820, *Fair Value Measurements & Disclosures*. FASB ASC 820 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 establishes a hierarchy for disclosing assets and liabilities measured at fair value based on the inputs used to value them. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are based on market pricing data obtained from sources independent of the Council. Unobservable inputs reflect management's judgment about the assumptions market participants would use in pricing the asset or liability. The fair value hierarchy includes three levels based on the objectivity of the inputs as follows:

- Level 1 inputs are quoted prices in active markets as of the measurement date for identical assets and liabilities that the Council has the ability to access. This category includes exchange-traded mutual funds and equity securities.

Note 5 – Fair Value Measurement (continued)

- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates or yield curves, that are observable at commonly quoted intervals. This category includes mortgage-backed securities, asset-backed securities, corporate debt securities, certificates of deposit, commercial paper, U.S. agency and municipal debt securities, U.S. Treasury securities and derivative contracts.
- Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The measurements are highly subjective.

Equities, exchange traded funds, and fixed income are valued at the fair market value of the investments traded on the open market. The method of valuation has not changed from 2024 to 2025.

2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total at Fair Value
Cash	$ 1,115,784	$ -	$ 1,115,784
Equities	1,504,965	-	1,504,965
Fixed income	-	348,349	348,349
Total	$ 2,620,749	$ 348,349	$ 2,969,098

2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Total at Fair Value
Cash	$ 1,033,805	$ -	$ 1,033,805
Equities	1,545,406	-	1,545,406
Fixed income	-	363,333	363,333
Total	$ 2,579,211	$ 363,333	$ 2,942,544

Note 6 – Property and equipment

Property and equipment consists of the following:

	Estimated Useful Life	2025	2024
Land and land improvements	15 years	$ 1,000,209	$ 1,000,209
Buildings	5-30 years	4,344,542	4,170,411
Equipment	3-10 years	460,537	439,049
		5,805,288	5,609,669
Less accumulated depreciation		3,578,147	3,347,334
		$ 2,227,141	$ 2,262,335

Depreciation expense totaled $231,211 and $224,889 for the years ended September 30, 2025 and 2024.

Note 7 – Debt

Debt at September 30, 2025 and 2024 consists of the following:

		2025		2024
Payable to bank, $2,089,000 tax-exempt economic development revenue bond, fixed interest rate 6.15% to December 2030 then adjusting with ceiling 7.7% and floor 3.95%, payable semi-annually, secured by certain real property and pledged funds cash account, due December 1, 2038	$	1,950,000	$	2,003,000
Payable to bank, $181,000 taxable economic development revenue bond, fixed interest rate 6.65%, payable semi-annually, due December 1, 2027		108,000		144,000
		2,058,000		2,147,000
Less: current portion		95,000		89,000
Long term debt		1,963,000		2,058,000
Less: unamortized debt issuance costs		230,366		247,862
Total long-term notes payable	$	1,732,634	$	1,810,138

The debt was refinanced in September 2023.

Note 8 – Line of credit

The Council maintains a line of credit with the bank that has a borrowing limit of $800,000 with interest paid monthly at a rate of Prime Interest plus 0.5%. Th line of credit is secured by a first position UCC filing on the business assets and by a negative pledge on the real estate of 119 acres and overnight lodge facilities on Fox Hill Road, property owned by the Council. The maturity is on May 15, 2026. At September 30, 2025 and 2024, the balances were $800,000 and $250,000.

Note 9 – Contract revenues

The majority of the Council's revenue is generated by selling products (cookies, nuts, and candy, and retail merchandise) to the general public. The Council also receives revenues through enrollment fees generated through the operation of programs and camps, facility rentals, and membership dues.

Cookie, nuts, candy, and merchandise sales – The Council records the sale of products upon delivery to the customer, which is when the performance obligation is satisfied. Revenue from cookie, nuts, and candy sales is recorded net of gross receipts allocated to troops and product and related costs. Retail merchandise sales, consisting of the sale of uniforms, pins, badges, and other supplies, are recognized at the time of sale, and are recorded net of cost of goods sold and product discounts. Payments from these contracts are due upon completion of the sale. Merchandise returns occur infrequently and are immaterial.

Program and miscellaneous revenues – Revenues from enrollment fees for programs and camps are recognized at the point in time when the event happens. Payment of the fee by each participant is expected at the time of registration. Amounts received in advance are deferred. Revenues from facility rentals are recognized at the point in time when facility rental occurs. A deposit is expected at the time of reservation with the balance due at the time the rental occurs. Amounts received in advance are deferred. Membership dues are collected prior to September 30 which relate to the next fiscal year are deferred until earned and are recorded as deferred membership dues on the accompanying statement of financial position.

The Council's contract assets and contract liabilities from contracts with customers of the following at September 30:

		2025		2024
Accounts receivable, net	$	25,575	$	19,353
Deferred revenue		3,888		1,740

The increase and decreases in accounts receivable and deferred revenue were primarily due to normal timing differences between the Council's performance and payment.

Note 9 – Contract revenues (continued)

Revenues received from cookie, nuts and candy product sales, net of cost of goods sold and troop allocations, consist of the following:

		2025		2024
Gross cookie, nut, and candy sales	$	3,024,731	$	2,959,869
Troop allocations	(	564,427)	(	536,341)
Less: cost of goods sold	(	881,938)	(	834,475)
Net cookie, nut, and candy sales	$	1,578,366	$	1,589,053

Note 10 – Income taxes

The Council is a non-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code, as evidenced by its determination letter dated April 25, 1994.

The Council has adopted FASB ASC 740-10, Income Taxes, which prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Council has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Council believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Council's financial condition, results of operations or cash flows. Accordingly, the Council has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2025 and 2024. Fiscal years ending on or after September 30, 2022 remain subject to examination by federal and state tax authorities.

Note 11 – Leases

The Council has an obligation as a lessee for office equipment with initial noncancelable terms in excess of one year. Office equipment leases range from 1 to 10 years. The Council classifies these leases as operating leases, except for any leases that meet the FASB ASC 842 criteria to be classified as a finance lease. The lease contains a renewal option for periods ranging from 1 year or a termination option. Renewal and termination options that the Council is not reasonably certain to exercise are not included in determining the lease term, and associated payments under these options are excluded from lease payments used to determine the lease liabilities.

Payments due under the lease contract include fixed payments.

The components of lease cost and income statement caption allocation for the year ended September 30, 2025 and 2024, are as follows:

	Income statement caption(s)		2025		2024
Finance lease cost					
Amortization of ROU assets	General and administrative expenses	$	74,092	$	66,729
Interest on lease liabilities	General and administrative expenses		8,821		10,292
Total lease cost		$	82,913	$	77,021

Other information related to leases as of or for the year ended September 30, 2025 are as follows:

Weighted-average remaining lease term (months)	
Finance leases	52 months
Weighted-average discount rate	
Finance leases	8.125%

Note 11 – Leases (continued)

Supplemental cash flow information for the year ended September 30, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows – finance leases	82,933	61,028
Reductions to right-of-use assets resulting from reduction to lease liabilities		
Finance leases	83,949	56,522

Maturities of operating and finance lease liabilities (in millions) as of September 30, 2025, were as follows:

Year Ending		Finance leases
2026	$	89,458
2027		13,560
2028		13,560
2029		13,560
2030		6,780
Total lease payments		136,918
Less: present value adjustment		13,465
Present value of lease liabilities	$	123,453

Note 12 – Concentration of credit risk

The Council maintains the majority of its cash balances with one bank and its investment with one broker. The balances are insured up to $250,000 per account by the Securities Investor Protection Corporation (SIPC).

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statement of financial position.

Note 13 – Employee Benefits

The Council participates in the National Girl Scout Council Retirement Plan, a noncontributory defined benefit pension plan sponsored by GSUSA. The National Board of GS USA 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. Contributions to the plan and the amounts charged to expense for the years ended September 30, 2025 and 2024 were $149,578 and $153,778.

Due to the nature of the plan, it is not practicable to determine the extent to which the assets of the plan cover the actuarially computed value of vested benefits for the Council as a standalone operation. In addition, because the plan is considered a multiemployer plan, it is only subject to certain minimum reporting requirements of Financial Accounting Board (FASB) Accounting Standards Codification Subtopic 715-80: Multiemployer Plans, Disclosures about an Employer's Participation in a Multiemployer Plan as amended by Accounting Standard Update (ASU) No. 2011-09.

The Council has a 403b plan in which the employees can defer. No Council contribution to the 403b plan is required.

Note 14 – Related Party Transactions

Certain members of the Council's Board of Directors are also either key employees or members of management of Davenport & Co and Lawrence Companies. During the years ended September 30, 2025 and 2024, the Council received $7,000 and $5,300 in cash contributions from Davenport & Co. The Council also paid the two companies for services totaling $17,904 and $18,918 for 2025 and 2024.

Note 15 – Liquidity and Availability

The Council receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It also receives gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs.

The Council considers product sales, investment income without donor restrictions, appropriated earnings from donor- restricted and board- designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Council's fiscal year.

The Council manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments that support mission fulfillment will continue to be met, ensuring the stability of the Council.

The table below presents financial assets available for general expenditures within one year at September 30, 2025:

Financial assets at year-end:		
Cash and cash equivalents	$	236,628
Accounts receivable		22,460
Contributions receivable		19,105
Investments		2,969,098
Total financial assets		3,247,291
Less Amounts not available to be used within one year:		
Cash and cash equivalents		139,107
Cash held for debt escrow		1,010,034
Investments held for endowments		1,080,175
Contributions receivable, long term		19,105
Financial assets not available to be used within one year		2,248,421
Financial assets available to meet general expenditures within one year	$	998,870

Note 16 – Subsequent Event

The Council has evaluated subsequent events through January 22, 2026, the date the report was made available for issuance. No events requiring disclosure have been noted.