American Heritage Girls, Inc.

Financial Statements
May 31, 2025 and 2024
Independent Auditors' Report

AMERICAN HERITAGE GIRLS, INC.

May 31, 2025 and 2024

Contents

	Page(s)
Independent Auditors' Report	1 – 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 14

BARNES DENNIG
Accounting • Tax • Business Insight

KENTUCKY
CRESTVIEW HILLS OFFICE
2617 Legends Way
Crestview Hills, KY 41017
Main: 859.344.6400
Fax: 859.578.7522

Independent Auditors' Report

To the Board of Directors
American Heritage Girls, Inc.
Cincinnati, Ohio

Opinion

We have audited the accompanying financial statements of American Heritage Girls, Inc. (a nonprofit organization), which comprise the statements of financial position as of May 31, 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 American Heritage Girls, Inc. as of May 31, 2025 and 2024, and the changes in its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of American Heritage Girls, 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 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 American Heritage Girls, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report
(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 American Heritage Girls, 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 American Heritage Girls, 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.

October 27, 2025
Crestview Hills, Kentucky

AMERICAN HERITAGE GIRLS, INC.

Statements of Financial Position
May 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 2,058,516	$ 2,197,499
Accounts receivable, net	28,497	8,136
Inventory	1,024,861	638,679
Prepaid expenses	212,817	95,813
Right of use asset, net - operating	35,025	64,332
Investments	2,433,324	2,215,038
Property and equipment, net	1,840,505	1,927,167
Total assets	$ 7,633,545	$ 7,146,664
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 303,526	$ 197,037
Accrued expenses	273,844	275,768
Lease liability - operating	35,025	64,332
Note payable	1,337,319	1,364,575
Contract liability	477,166	60,962
Total liabilities	2,426,880	1,962,674
Net Assets		
Net assets without donor restrictions		
Undesignated	2,255,457	2,391,011
Investments designated for operating reserve	2,433,324	2,215,038
Net investment in property and equipment	503,186	562,592
Total without donor restrictions	5,191,967	5,168,641
Net assets with donor restrictions	14,698	15,349
Total net assets	5,206,665	5,183,990
Total liabilities and net assets	$ 7,633,545	$ 7,146,664

See accompanying notes to financial statements

AMERICAN HERITAGE GIRLS, INC.

Statements of Activities
Years Ended May 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue						
Merchandise sales	$ 3,907,461	$ -	$ 3,907,461	$ 3,723,251	$ -	$ 3,723,251
Membership fees	2,970,492	-	2,970,492	2,811,412	-	2,811,412
Program revenue	787,479	-	787,479	762,068	-	762,068
Contributions	219,670	-	219,670	701,030	-	701,030
Other income	3,441	-	3,441	-	-	-
Employee Retention Credit	-	-	-	418,931	-	418,931
Investment return, net	308,738	-	308,738	328,270	-	328,270
Net assets released from restrictions	651	(651)	-	684	(684)	-
Total support and revenue	8,197,932	(651)	8,197,281	8,745,646	(684)	8,744,962
Cost of goods sold	2,087,025	-	2,087,025	2,033,859	-	2,033,859
Operating expenses						
Program services	4,519,799	-	4,519,799	4,665,138	-	4,665,138
Management and general	1,487,700	-	1,487,700	682,678	-	682,678
Fundraising	80,082	-	80,082	12,894	-	12,894
Total expenses	8,174,606	-	8,174,606	7,394,569	-	7,394,569
Change in net assets	23,326	(651)	22,675	1,351,077	(684)	1,350,393
Net assets, beginning of year	5,168,641	15,349	5,183,990	3,817,564	16,033	3,833,597
Net assets, end of year	$ 5,191,967	$ 14,698	$ 5,206,665	$ 5,168,641	$ 15,349	$ 5,183,990

See accompanying notes to financial statements

AMERICAN HERITAGE GIRLS, INC.

Statements of Functional Expenses
Years Ended May 31, 2025 and 2024

	2025				2024			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and benefits	$ 2,660,257	$ 623,006	$ 68,031	$ 3,351,294	$ 2,668,300	$ 88,472	$ 8,509	$ 2,765,281
Professional fees	177,194	315,071	-	492,265	337,786	74,709	-	412,495
Equipment and software	295,620	35,519	-	331,139	254,647	46,330	-	300,977
Background checks	250,983	57,312	-	308,295	248,377	29,761	-	278,138
Payroll taxes	209,587	49,083	5,360	264,030	186,848	22,650	2,180	211,678
Marketing	224,782	19,467	-	244,249	181,115	9,770	-	190,885
Bank processing fees	167,348	39,191	4,280	210,819	152,542	18,491	1,780	172,813
Depreciation	155,259	35,453	-	190,712	224,834	26,940	-	251,774
Insurance	146,689	33,496	-	180,185	132,199	15,840	-	148,039
Travel	48,667	79,795	-	128,462	57,289	115,516	-	172,805
Leadership development	46,234	77,030	-	123,264	14,106	117,621	-	131,727
Interest	-	81,364	-	81,364	-	82,924	-	82,924
Miscellaneous	42,816	15,796	-	58,612	59,069	13,871	-	72,940
Equipment rental and maintenance	26,450	6,040	-	32,490	27,333	3,275	-	30,608
Rent and utilities	20,646	4,714	-	25,360	24,341	2,916	-	27,257
Printing and publication	16,649	3,899	426	20,974	23,554	2,855	275	26,684
Telephone	14,090	3,218	-	17,308	14,535	1,742	-	16,277
Postage and shipping	13,081	3,063	335	16,479	12,857	1,559	150	14,566
Memberships and subscriptions	3,447	4,086	-	7,533	895	3,095	-	3,990
Fundraising expense	-	-	1,651	1,651	-	-	-	-
Supplies	-	1,096	-	1,096	44,511	4,341	-	48,852
	$ 4,519,799	$ 1,487,700	$ 80,082	$ 6,087,581	$ 4,665,138	$ 682,678	$ 12,894	$ 5,360,710

See accompanying notes to financial statements

AMERICAN HERITAGE GIRLS, INC.

Statements of Cash Flows
Years Ended May 31, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	$ 22,675	$ 1,350,393
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	190,712	251,774
Net realized and unrealized gains on investments	(186,307)	(157,876)
Changes in:		
Accounts receivable, net	(20,361)	13,159
Inventory	(386,182)	61,486
Prepaid expenses	(117,004)	(49,644)
Accounts payable	106,489	(159,201)
Accrued expenses	(1,924)	86,261
Contract liability	416,204	44,659
Net cash provided by operating activities	24,302	1,441,011
Cash flows from investing activities		
Purchase of property and equipment	(104,050)	(95,651)
Sale of investments	1,266,756	237,282
Purchase of investments	(1,298,735)	(529,767)
Net cash used in investing activities	(136,029)	(388,136)
Cash flows from financing activities		
Principal payments on note payable	(27,256)	(25,696)
Net change in cash and cash equivalents	(138,983)	1,027,179
Cash and cash equivalents, beginning of year	2,197,499	1,170,320
Cash and cash equivalents, end of year	$ 2,058,516	$ 2,197,499
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 81,364	$ 82,924

See accompanying notes to financial statements

AMERICAN HERITAGE GIRLS, INC.

Notes to Financial Statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

American Heritage Girls, Inc. (AHG) is an Ohio nonprofit organization which works to build women of integrity through service to God, family, community and country.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted account principles ("GAAP") for Not-for-Profit organizations. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those that will be met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair Value Measurements

Generally accepted accounting principles has established a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Cash and Cash Equivalents

AHG considers bank deposits and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents. AHG maintains cash in bank deposit accounts which, at times, exceed federally insured limits. AHG has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Receivables and Credit Policies

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payments within 30 – 120 days from the invoice date. AHG does not assess finance charges for invoices that are past due. Accounts receivable are stated at the amount billed to the customer.

AHG recognizes an allowance for losses on accounts receivable in an amount equal to the current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable customer accounts considered at risk for uncollectible. The expense associated with the allowance for expected credit losses is recognized in miscellaneous expense.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables and Credit Policies (Continued)

Accounts receivable trade was $28,497, $8,136, and $21,295 at May 31, 2025, 2024, and 2023, respectively. The allowance for doubtful accounts was $-0- at May 31, 2025, 2024, and 2023.

Investments and Investment Return

Investments in equity and debt securities are carried at fair market value. Investment return includes dividends, interest, distributed earnings from asset funds and net realized and unrealized gains and losses on investments, net of investment expenses. Investment return is classified in the Statement of Activities as net assets without donor restrictions or net assets with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Inventory

Inventory is priced at the lower of cost or market based on the average pricing method. Inventory consists primarily of handbooks, uniforms, spirit-wear, badges and related items.

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. AHG calculates depreciation on a straight-line basis over the estimated useful lives of the respective assets. The cost of maintenance and repairs is expensed as incurred while improvements greater than $1,000 are capitalized.

Under applicable GAAP for property and equipment, AHG assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on the most recent analysis, AHG believes no impairments existed as May 31, 2025 and 2024.

Contributions

AHG records gifts of cash and other assets at their fair market value as of the date of contribution. Such donations are recorded as revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. When a donor-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 that are originally restricted by the donor and for which the restriction is met in the same calendar year are recorded as net assets with donor restrictions and then released from restriction. 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 restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, AHG generally reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Merchandise sales are sales of purchased inventory to customers. Revenue from merchandise sales are recognized at a point in time as merchandise is shipped to customers. Transfer of title to the customer is based upon shipping terms.

Membership fees are collected from each member from every troop. Membership fees also include charter agreement fees with the charter organization that sponsors each troop. They are collected at the beginning of the year for the full program year (June 1 to May 31). Membership consists of a group of distinct performance obligations that are completed over the span of the program year.

For that reason, these fees are recognized over time of the fiscal year as performance obligations are satisfied.

Program revenue includes program support fee, program event registration fees and sponsorships. The program support fee is charged to each member from every troop. Program support consists of a group of distinct performance obligations that are completed over the span of the program year. For that reason, these fees are recognized over time of the fiscal year as performance obligations are satisfied.

Program event registration fees are recognized as revenue once the actual event takes place. Participants may register for an event and pay their registration fee ahead of time. In this case, AHG records a contract liability for this fee received until the actual event occurs. Sponsorship fees are recognized when the event being sponsored takes place. Similarly, sponsorship fees provided before the event being sponsored is recorded as a contract liability. When the event has been completed this obligation then is recognized as revenue. Contract liabilities were $477,166, $60,962 and $16,303 at May 31, 2025, 2024, and 2023, respectively.

Income Taxes

AHG is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of Ohio law. However, they are subject to federal income tax on any unrelated business taxable income.

AHG's Form 990 is subject to review and examination by federal and state authorities. AHG believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Expenses have been classified based upon the actual direct expenditures and cost allocations of different departments. The most significant allocations are salaries and related expenses, which are allocated based upon estimates of time spent by AHG personnel.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

AHG leases various property and equipment. AHG determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on AHG's balance sheet.

ROU assets represent AHG's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. AHG uses rates implicit in the lease, if readily available. For leases that do not provide an implicit rate, a risk-free rate based on information available at commencement date is used in determining the present value of lease payments. AHG's lease terms may include options to extend or terminate the lease when it is reasonable certain that it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

AHG accounts for lease and non-lease components as a single lease component. There may be variability in future lease payments as the amount of the non-lease component is typically revised from one period to the next. These variable lease payments are recognized in operating expenses in the period in which the obligation for those payments was incurred.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Event Evaluation

AHG has evaluated subsequent events through October 27, 2025, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of May 31 comprise the following:

	2025	2024
Cash	$ 2,042,034	$ 2,183,892
Accounts receivable, net	28,497	8,136
Investments	2,433,324	2,215,038
	$ 4,503,855	$ 4,407,066

AHG regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. AHG maintains a goal to have cash on hand sufficient to cover four to five months of operating expenditures.

AHG has various sources of liquidity at its disposal, including cash (operating and board investments) and cash equivalents, accounts receivable and line of credit. AHG receives contributions restricted by donors and considers restricted for programs designated funds.

In addition to financial assets available to meet general expenditures over the next 12 months, AHG operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures during that period.

NOTE 3 INVESTMENTS AT FAIR VALUE

Investments consisted of the following at May 31:

	2025	2024
Level 1		
Equity mutual funds	$ 1,254,893	$ 1,105,286
Fixed income mutual funds	1,159,166	1,090,852
Level 2		
Money market funds	19,265	18,900
	$ 2,433,324	$ 2,215,038

There were no valuations using level 3 inputs at May 31, 2025 and 2024.

As of May 31, 2025 and 2024, no individual asset holdings of AHG comprised more than 10% of the total investment balance.

NOTE 3 INVESTMENTS AT FAIR VALUE (CONTINUED)

Investment return for the years ended May 31 consisted of the following:

	2025	2024
Dividends and interest	$ 138,419	$ 189,022
Net realized and unrealized gains	186,307	157,876
Less investment fees	(15,988)	(18,628)
	$ 308,738	$ 328,270

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at May 31:

	2025	2024
Building	$ 1,019,237	$ 1,019,237
Technology equipment and software	1,074,584	970,534
Land	627,660	627,660
Less accumulated depreciation	(880,976)	(690,264)
	$ 1,840,505	$ 1,927,167

NOTE 5 LINE OF CREDIT

AHG has a $100,000 line of credit with a financial institution that expires in January 2026. For both May 31, 2025 and 2024 $-0- was borrowed against this line. The line is collateralized by substantially all of the AHG's assets. Interest accrues at the prime rate plus 2% (9.50% at May 31, 2025) and is payable monthly.

NOTE 6 LONG-TERM DEBT

AHG has obtained a $1,400,000 mortgage from PNC bearing an interest rate of 5.95% and requiring monthly principal and interest payments of $9,052 each month with a final maturity on December 2032. The mortgage is collateralized by the building.

Future maturities of long-term debt as of May 31, 2025 are as follows:

2026	$ 29,972
2027	31,805
2028	33,749
2029	35,813
2030	38,003
Thereafter	1,167,977
Total	$ 1,337,319

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available for the following purposes:

	2025	2024
Kelly Cares	$ 1,508	$ 1,508
Mission and Need Fund	5,115	5,766
History Room	4,155	4,155
Trailblazer	3,920	3,920
	$ 14,698	$ 15,349

NOTE 8 LEASES

AHG leases copiers and computers. The leases have maturities that range from February 2027 to February 2028. Rent and utilities expense was $25,360 and $27,257 for the year ended May 31, 2025 and 2024, respectively. A right of use asset and liability of $64,332 was recognized in 2024.

A summary of total lease cost and other lease information for the year ended May 31 is as follows:

	2025	2024
Operating lease costs	$ 32,490	$ 30,608
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	$ 29,940	$ 29,940
Right of use assets obtained in exchange for lease obligations	-	71,249
Weighted-average remaining lease term:		
Operating leases	26 months	36 months
Weighted-average discount rate:		
Operating leases	4.24%	4.22%

There are no material variable lease costs associated with the Organization's lease.

NOTE 8 LEASES (CONTINUED)

Future minimum lease payments under noncancelable leases as of May 31, 2025 are as follows:

2026	$	28,128
2027		4,293
2028		3,219
Total future minimum lease payments		35,640
Less present value discount		(615)
Lease liabilities	$	35,025

NOTE 9 RETIREMENT PLAN

AHG has a defined-contribution 403(b) retirement plan for all eligible employees. Under the plan, employees who have attained the age of 18, have been employed for at least one year and have worked at least 1,000 hours are eligible to participate with up to 4% of the participants' annual compensation. They are also eligible to receive employer contributions equal to 25% of participant contributions, not to exceed 1% of participant contributions. AHG matching contributions were $9,390 and $10,834 for the years ended May 31, 2025 and 2024, respectively.

NOTE 10 RISKS AND UNCERTAINTIES

AHG's investments consist of items described in Note 3. Investment securities are exposed to various risks, such as credit, market and interest rate. Due to the level of uncertainty related to changes in interest rates, market volatility and credit risks, it is at least reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at May 31, 2025 However, the diversification of AHG's investments among various asset classes should mitigate the impact of any adverse changes on any one asset class. Investments are managed by the Board of Trustees with advice and assistance from investment professionals.