

Girl Scouts of Gulfcoast Florida, Inc.

Financial Statements and
Independent Auditor's Report
September 30, 2018
(With Summarized Financial
Information as of September 30, 2017)

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Independent Auditor's Report

The Board of Directors
Girl Scouts of Gulfcoast Florida, Inc.
Sarasota, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the Girl Scouts of Gulfcoast Florida, Inc. (the Council) which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Girl Scouts of Gulfcoast Florida, Inc. as of September 30, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Girl Scouts of Gulfcoast Florida, Inc.'s 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 18, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, reading "Beckering Barkins & Co." in a cursive script.

Sarasota, Florida
January 22, 2019

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Financial Position

September 30, 2018

(With Summarized Financial Information as of September 30, 2017)

	Unrestricted		
	Undesignated	Board Designated	Total Unrestricted
Assets			
Current Assets:			
Cash and cash equivalents	\$ 1,591,537	\$ 11,928	\$ 1,603,465
Accounts receivable	7,146	-	7,146
	<u>1,598,683</u>	<u>11,928</u>	<u>1,610,611</u>
Other Current Assets:			
Merchandise for sale	121,500	-	121,500
Prepaid expenses and deferred charges	93,109	-	93,109
Assets held for sale	170,738	-	170,738
	<u>385,347</u>	<u>-</u>	<u>385,347</u>
Total current assets	<u>1,984,030</u>	<u>11,928</u>	<u>1,995,958</u>
Land, buildings and equipment, net	<u>7,441,540</u>	<u>-</u>	<u>7,441,540</u>
Non-Current Assets:			
Long-term investments	-	2,922,897	2,922,897
Funds held at community foundations	-	79,984	79,984
	<u>-</u>	<u>3,002,881</u>	<u>3,002,881</u>
Total Assets	<u>\$ 9,425,570</u>	<u>\$ 3,014,809</u>	<u>\$ 12,440,379</u>
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 74,938	\$ -	\$ 74,938
Accrued liabilities	160,654	-	160,654
Capital lease obligation, current portion	1,686	-	1,686
	<u>237,278</u>	<u>-</u>	<u>237,278</u>
Other Current Liabilities:			
Deferred revenue	241,899	-	241,899
Due (from) to other funds	1,506,611	(1,580,916)	(74,305)
Custodian funds	12,616	-	12,616
	<u>1,761,126</u>	<u>(1,580,916)</u>	<u>180,210</u>
Total current liabilities	<u>1,998,404</u>	<u>(1,580,916)</u>	<u>417,488</u>
Long Term Debt:			
Capital lease obligation, net of current portion	-	-	-
Total liabilities	<u>1,998,404</u>	<u>(1,580,916)</u>	<u>417,488</u>
Net Assets:			
Unrestricted	7,427,166	4,595,725	12,022,891
Temporarily restricted	-	-	-
Permanently restricted	-	-	-
Total net assets	<u>7,427,166</u>	<u>4,595,725</u>	<u>12,022,891</u>
Total Liabilities and Net Assets	<u>\$ 9,425,570</u>	<u>\$ 3,014,809</u>	<u>\$ 12,440,379</u>

<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
\$ -	\$ -	\$ 1,603,465	\$ 2,304,212
-	-	7,146	7,144
-	-	1,610,611	2,311,356
-	-	121,500	109,857
-	-	93,109	84,463
-	-	170,738	170,738
-	-	385,347	365,058
-	-	1,995,958	2,676,414
130,795	-	7,572,335	7,951,805
566,422	143,098	3,632,417	3,259,623
-	-	79,984	75,927
566,422	143,098	3,712,401	3,335,550
\$ <u>697,217</u>	\$ <u>143,098</u>	\$ <u>13,280,694</u>	\$ <u>13,963,769</u>
\$ -	\$ -	\$ 74,938	\$ 77,163
-	-	160,654	137,564
-	-	1,686	6,602
-	-	237,278	221,329
-	-	241,899	254,317
11,745	62,560	-	-
-	-	12,616	88,823
11,745	62,560	254,515	343,140
11,745	62,560	491,793	564,469
-	-	-	1,686
11,745	62,560	491,793	566,155
-	-	12,022,891	12,554,589
685,472	-	685,472	763,487
-	80,538	80,538	79,538
685,472	80,538	12,788,901	13,397,614
\$ <u>697,217</u>	\$ <u>143,098</u>	\$ <u>13,280,694</u>	\$ <u>13,963,769</u>

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Activities

Year Ended September 30, 2018

(With Summarized Financial Information for the Year Ended September 30, 2017)

	Unrestricted		
	Undesignated	Board Designated	Total Unrestricted
Public Support:			
Individual contributions	\$ 43,988	\$ -	\$ 43,988
Corporate contributions	10,280	-	10,280
Foundation contributions	137,066	-	137,066
In-kind contributions	-	-	-
United Way allocations	59,743	-	59,743
Special events	61,130	-	61,130
Total public support	<u>312,207</u>	<u>-</u>	<u>312,207</u>
Revenue and Gains:			
Program related revenue:			
Cookie Sale (net of direct and allocated expenses of \$1,348,771)	2,665,694	-	2,665,694
QSP Sale (net of direct and allocated expenses of \$7,993)	24,562	-	24,562
Nut/Candy Sale (net of direct and allocated expenses of \$69,764)	95,472	-	95,472
Program service fees	152,830	-	152,830
Sales of merchandise (net of direct and allocated expenses of \$166,366)	118,330	-	118,330
Other revenue:			
Interest and dividends (net of fees of \$20,956)	-	37,289	37,289
Realized gain on investments	-	80,784	80,784
Unrealized gain (loss) on investments	-	37,244	37,244
Gain on sale of assets	-	-	-
Rental	36,743	-	36,743
Miscellaneous revenue	177	-	177
Total revenue and gains	<u>3,093,808</u>	<u>155,317</u>	<u>3,249,125</u>
Total public support, revenue and gains	<u>3,406,015</u>	<u>155,317</u>	<u>3,561,332</u>
Expenses:			
Program services	3,431,117	-	3,431,117
Total program services	<u>3,431,117</u>	<u>-</u>	<u>3,431,117</u>
Supporting Services:			
Management and general	431,003	-	431,003
Fund raising	334,079	-	334,079
Total supporting services	<u>765,082</u>	<u>-</u>	<u>765,082</u>
Total expenses	<u>4,196,199</u>	<u>-</u>	<u>4,196,199</u>
Changes in net assets before transfers and releases	<u>(790,184)</u>	<u>155,317</u>	<u>(634,867)</u>
Interfund transfers	191,120	(179,844)	11,276
Net assets released from restrictions:			
Satisfaction of program restrictions	91,893	-	91,893
Total interfund transfers and releases from restrictions	<u>283,013</u>	<u>(179,844)</u>	<u>103,169</u>
Changes in net assets	<u>(507,171)</u>	<u>(24,527)</u>	<u>(531,698)</u>
Net assets at beginning of year	<u>7,934,337</u>	<u>4,620,252</u>	<u>12,554,589</u>
Net assets at end of year	<u>\$ 7,427,166</u>	<u>\$ 4,595,725</u>	<u>\$ 12,022,891</u>

Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
\$ -	\$ 1,000	\$ 44,988	\$ 1,240,516
-	-	10,280	32,814
7,119	-	144,185	103,822
-	-	-	16,863
-	-	59,743	93,490
-	-	61,130	14,942
<u>7,119</u>	<u>1,000</u>	<u>320,326</u>	<u>1,502,447</u>
-	-	2,665,694	2,730,861
-	-	24,562	30,489
-	-	95,472	108,839
-	-	152,830	55,651
-	-	118,330	101,070
14,565	8,399	60,253	54,283
9,282	567	90,633	69,631
(17,088)	2,310	22,466	185,641
-	-	-	1,081
-	-	36,743	28,468
-	-	177	10,340
<u>6,759</u>	<u>11,276</u>	<u>3,267,160</u>	<u>3,376,354</u>
<u>13,878</u>	<u>12,276</u>	<u>3,587,486</u>	<u>4,878,801</u>
-	-	3,431,117	3,281,486
<u>-</u>	<u>-</u>	<u>3,431,117</u>	<u>3,281,486</u>
-	-	431,003	444,860
<u>-</u>	<u>-</u>	<u>334,079</u>	<u>226,923</u>
<u>-</u>	<u>-</u>	<u>765,082</u>	<u>671,783</u>
<u>-</u>	<u>-</u>	<u>4,196,199</u>	<u>3,953,269</u>
<u>13,878</u>	<u>12,276</u>	<u>(608,713)</u>	<u>925,532</u>
	(11,276)	-	-
(91,893)	-	-	-
<u>(91,893)</u>	<u>(11,276)</u>	<u>-</u>	<u>-</u>
(78,015)	1,000	(608,713)	925,532
763,487	79,538	13,397,614	12,472,082
<u>\$ 685,472</u>	<u>\$ 80,538</u>	<u>\$ 12,788,901</u>	<u>\$ 13,397,614</u>

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Functional Expenses

Year Ended September 30, 2018

(With Summarized Financial Information for the Year Ended September 30, 2017)

	Supporting Services				
	Program Services	Management and General	Fund Raising	Total 2018	Total 2017
Salaries and related expenses:					
Salaries	\$ 1,325,767	\$ 170,088	\$ 165,860	\$ 1,661,715	\$ 1,651,240
Employee health & retirement benefits	370,402	52,182	43,330	465,914	432,356
Payroll taxes	106,213	14,773	12,245	133,231	132,513
Total salaries and related expenses	<u>1,802,382</u>	<u>237,043</u>	<u>221,435</u>	<u>2,260,860</u>	<u>2,216,109</u>
Other expenses:					
Professional fees	73,197	41,359	17,907	132,463	122,487
Supplies	383,825	9,800	30,771	424,396	389,818
Telephone	45,242	5,090	2,226	52,558	51,762
Postage and shipping	12,134	1,220	4,301	17,655	14,269
Occupancy	297,320	18,973	10,930	327,223	299,900
Rental, repair & maintenance	60,288	5,384	1,901	67,573	66,988
Printing and publications	48,126	3,169	10,764	62,059	41,714
Travel	68,707	18,300	4,142	91,149	57,427
Conference, conventions, meetings, GSUSA training courses	8,176	8,903	2,730	19,809	15,169
Specific assistance to individuals	155,654	-	-	155,654	76,921
Membership dues	996	3,281	1,807	6,084	2,955
Media promotions	37,960	3,564	-	41,524	28,683
Awards and grants	19,500	-	-	19,500	5,000
Insurance	35,784	41,783	2,499	80,066	80,875
Interest	-	202	-	202	449
Miscellaneous	27,453	8,751	1,345	37,549	62,079
Total other expenses	<u>1,274,362</u>	<u>169,779</u>	<u>91,323</u>	<u>1,535,464</u>	<u>1,316,496</u>
Total expenses before depreciation	3,076,744	406,822	312,758	3,796,324	3,532,605
Depreciation	<u>354,373</u>	<u>24,181</u>	<u>21,321</u>	<u>399,875</u>	<u>420,664</u>
Total Expenses	<u>\$ 3,431,117</u>	<u>\$ 431,003</u>	<u>\$ 334,079</u>	<u>\$ 4,196,199</u>	<u>\$ 3,953,269</u>

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Cash Flows

Year Ended September 30, 2018

(With Summarized Financial Information for the Year Ended September 30, 2017)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Gifts and grants:		
Unrestricted	\$ 196,018	\$ 1,147,402
Restricted	1,000	229,750
United Way allocations	64,743	88,490
Program related revenue:		
Cookie sale	3,985,987	4,038,739
QSP sale	32,379	45,997
Nut/candy sale	164,190	195,772
Program service fees	153,018	55,943
Special events	61,130	14,942
Sales of merchandise, net	113,831	106,509
Interest and dividends	59,548	55,036
Rental	36,743	28,468
Miscellaneous revenue	177	7,840
Cash paid for operating expenses	(5,124,525)	(4,623,727)
Specific assistance to individuals and troops	(155,654)	(76,921)
Net cash flows provided by (used in) operating activities	<u>(411,415)</u>	<u>1,314,240</u>
Cash flows from investing activities:		
Purchase of land, building and equipment	(20,405)	(105,383)
Proceeds from sale of assets	-	3,754
Proceeds from sale of investments	330,271	517,122
Purchase of investments	(592,596)	(532,739)
Net cash flows used in investing activities	<u>(282,730)</u>	<u>(117,246)</u>
Cash flows from financing activities:		
Payments on lease obligation	(6,602)	(6,355)
Net cash flows used in financing activities	<u>(6,602)</u>	<u>(6,355)</u>
Net change in cash and cash equivalents	(700,747)	1,190,639
Cash and cash equivalents - beginning of year	2,304,212	1,113,573
Cash and cash equivalents - end of year	<u>\$ 1,603,465</u>	<u>\$ 2,304,212</u>
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	(608,713)	925,532
Depreciation	399,875	420,664
Gain on sale of assets	-	(1,081)
Realized and unrealized gain on investment	(110,469)	(248,540)
Change in funds held at community foundations	(4,057)	(7,631)
Change in operating assets:		
Accounts receivable	(2)	81,194
Merchandise for sale	(11,643)	6,482
Prepaid expenses and deferred charges	(8,646)	31,202
Change in operating liabilities:		
Accounts payable	(2,225)	12,446
Accrued liabilities	23,090	38,971
Deferred revenue	(12,418)	54,280
Custodian funds	(76,207)	721
Cash flows provided by (used in) operating activities	<u>\$ (411,415)</u>	<u>\$ 1,314,240</u>
Supplemental cash flows information:		
Cash paid for interest	<u>\$ 202</u>	<u>\$ 449</u>

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements

September 30, 2018

1. Organization

Girl Scouts of Gulfcoast Florida, Inc. (the Council) is a non-profit organization incorporated and operating in Florida since May, 1962. The Council serves Manatee, Hardee, Highlands, Sarasota, DeSoto, Charlotte, Glades, Lee, Hendry and Collier counties.

Girl Scouts of Gulfcoast Florida, Inc. is chartered by the Girl Scouts of the United States of America (GSUSA) whose mission is to build girls of courage, confidence, and character who make the world a better place.

Various troops and service units, which operate within the geographical area served, maintain individual bank accounts, which are not included in the accompanying financial statements.

2. Summary of Significant Accounting Policies

Fund Accounting

Net assets, public support, revenue and gains are classified based on the existence or absence of donor-imposed restrictions. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Council records the support as unrestricted. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets include all undesignated, board designated resources available for support of Council operations, and expendable resources in the Land, Building and Equipment Fund designated for the Council's land, buildings and equipment.

Temporarily Restricted Net Assets are utilized to account for contributions that are donor restricted for uses which have not yet been fulfilled either by time or purpose.

Permanently Restricted Net Assets represent donor-restricted endowments whereby the use of principal is prohibited. The income generated by these endowments may be unrestricted or designated for Girl Scout programs.

Financial Statements

The financial statements and notes are representations of the Council's management who is responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

Financial statement presentation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The temporarily restricted fund has restrictions as to time and/or purpose for the use of funds. The permanently restricted fund is permanently restricted as to its principal only. Donors of these assets generally permit the Council to use all or part of the income earned on the related investments for general or specific purposes.

Merchandise for Sale

Inventory is stated at the lower of cost (first-in, first-out) or market (net realizable value).

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2018

2. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Council is exempt from Federal and State income taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. However, the Council is subject to income tax on unrelated business income. For the year ended September 30, 2018, the Council incurred no income tax expense.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Council has reviewed and evaluated the relevant technical merits of its tax position in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the financial statements of the Council.

The Council files income tax returns in the U.S. federal jurisdiction. The tax periods open to examination by the major taxing jurisdictions to which the Council is subject include fiscal years ended September 30, 2015 through September 30, 2018.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. For the year ended September 30, 2018, advertising expense totaled \$41,524. These costs are shown as media promotions in the statement of functional expenses.

Land, Buildings and Equipment

The Council follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$5,000. Land, buildings and equipment are recorded at cost, except for donated assets, which are stated at their fair market value at date of donation. Depreciation of buildings and equipment is provided using the straight-line method over estimated useful lives, which range from three to thirty five years. The cost of maintenance and repairs is expensed as incurred; major improvements and replacements are capitalized.

Donated Services

A substantial number of unpaid volunteers have made significant contributions of their time to support the programs of the Council. The estimated value of these donated services has not been recorded in the accompanying financial statements because it does not meet the criteria for recognition as donated revenue under generally accepted accounting principles.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Council have been summarized on a functional basis in the Statement of Activities. Accordingly, certain occupancy type costs have been allocated among the programs and supporting services benefited based on space used. Other costs are allocated directly.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 and assumptions.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2018

2. Summary of Significant Accounting Policies (Continued)

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2017 from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and demand deposits held at financial institutions.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statement of Activities. Increases and decreases in fair value are recognized in the period in which they occur and the carrying values of the investments are adjusted to reflect these fluctuations.

3. Concentration of Credit and Economic Risk

Financial instruments, which potentially subject the Council to concentrations of credit risk, consist principally of cash and cash equivalents, and investments. The Council places its cash and cash equivalents with high credit quality financial institutions. During the year, the Council may have deposits with financial institutions which exceed the FDIC insured limit.

The Council invests in a variety of investment vehicles, as described in Note 7. These investment securities are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is reasonably possible that these factors will result in changes to the value of the Council's investments, which could materially affect amounts reported in the financial statements.

4. Prepaid Expenses and Deferred Charges

Prepaid expenses and deferred charges are comprised of the following at September 30, 2018:

Prepaid insurance	\$	45,273
Prepaid postage		8,113
Other prepaid expenses		39,723
Total prepaid expenses and deferred charges	\$	<u>93,109</u>

5. Assets Held for Sale

As of September 30, 2018, the Council has property in Fort Myers, Florida that is considered held for sale. The property was used for the operation of the Council but is currently not occupied as the Council is actively working to sell the property. As of September 30, 2018, assets held for sale had a net book value of \$170,738.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2018

6. Land, Buildings and Equipment

Land, buildings and equipment consist of the following as of September 30, 2018:

Land	\$	2,801,562
Land improvements		958,767
Buildings and improvements		9,472,750
Equipment and vehicles		861,783
Construction in progress		9,372
Total		<u>14,104,234</u>
Accumulated depreciation		<u>(6,531,899)</u>
Net land, buildings, and equipment	\$	<u><u>7,572,335</u></u>

Depreciation expense for the year ended September 30, 2018 totaled \$399,875.

7. Long -Term Investments

The components of investments at September 30, 2018 are summarized as follows:

	Cost	Fair Value	Accumulated Unrealized Gain (Loss)
Fixed income	\$ 1,276,093	\$ 1,247,324	\$ (28,769)
Corporate equities	646,673	832,219	185,546
Mutual funds	529,265	673,567	144,302
Dynamic asset allocation overlay	791,866	879,307	87,441
Total	<u>\$ 3,243,897</u>	<u>\$ 3,632,417</u>	<u>\$ 388,520</u>

8. Pension Plan

The Council participates in the National Girl Scout Council Retirement Plan ("NGSCR") (the "Plan"), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the 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.

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2018. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the PPA funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal year 2018 were \$32,400,000. The aggregate annual contributions decreased from 2017 to 2018 due to both the reduction in the Plan's total annual aggregate contributions from \$34,300,000 to \$32,500,000 effective May 1, 2017 and the spin-off of Girl Scouts of Louisiana East effective May 1, 2018. Aggregate contributions to be made in fiscal year 2019 are expected to be \$32,200,000.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2018

8. Pension Plan (Continued)

The Council made contributions into the NGSCR of \$149,421 during fiscal year ended September 30, 2018. These contributions represented 0.46% of total contributions into the NGSCR.

9. Retirement Plan

The Council offers a tax-deferred savings plan, which qualifies as a voluntary contribution savings plan under Internal Revenue Code Section 401(k). Employees may provide tax-deferred contributions to eligible individual retirement accounts up to the Internal Revenue Code limit. The plan covers all employees meeting eligibility criteria. All eligible employees are eligible to receive an employer contribution equal to 3% of base salary. Retirement plan costs for employees for the year ended September 30, 2018 totaled \$40,039.

10. Board Designated Net Assets

The Board has designated the unexpended Board Designated Net Assets to be used for the following purposes as of September 30, 2018:

Scholarships	\$ 59,788
Operating reserve	4,431,553
Reserve for maintenance	7,500
Directors and officers insurance deductible	6,900
Liability insurance deductible	10,000
Funds held at community foundations	79,984
	<u>\$ 4,595,725</u>

11. Restricted Net Assets

The temporarily restricted net assets are restricted for the following purposes as of September 30, 2018:

Collier County program	\$ 159,581
Charlotte County program	43,651
Venice Girl Scout House	266,880
Grants	215,360
Total temporarily restricted net assets	<u>\$ 685,472</u>

The county program assets will be used exclusively for the benefit of persons in those counties.

In 1997 the Council was beneficiary of an estate of a donor. These assets are to be held in trust for a period of 35 years or until 2032 at which time restrictions will be released. The executive director of the Council will act as trustee. As a result, temporarily restricted net assets include the following assets related to the trust:

Land and building	\$ 130,795
Long-term investments	136,085
Total	<u>\$ 266,880</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2018

11. Restricted Net Assets (Continued)

The following donor restrictions were met during the year ended September 30, 2018:

Land improvements and building depreciation	\$	11,277
Camper grants and other		80,616
Total releases	\$	<u>91,893</u>

The permanently restricted net assets include endowment funds of \$80,538 as of September 30, 2018.

12. Capital Lease Obligations

The Council leases copiers with monthly payments of \$567 expiring in fiscal year 2019. The following represents minimum lease payments under capital lease obligations, which existed at September 30, 2018:

2019	\$	<u>1,696</u>
Total minimum lease payments		1,696
Less interest		(10)
Total capital lease obligations		<u>1,686</u>
Current capital lease obligations		1,686
Long term lease obligations		-
Total lease obligations	\$	<u>1,686</u>

The Council is also bound by certain lease arrangements with county governments for the use of land, which require only token annual lease payments. These leases are treated as operating leases for financial statement purposes. The fair market value of the leasehold agreement is not determinable and therefore has not been recorded in these financial statements.

13. Related Party Transactions

From time to time, members of the Board of Directors make contributions to the Council.

GSUSA provides membership and programming information to the Council in addition to training services. Membership fees of \$25 per member are collected and forwarded to GSUSA. The Council forwarded and paid the following fees to GSUSA during the year ended September 30, 2018:

Membership fees	\$	62,310
Merchandise for sale purchased		199,235
Administrative service fees – web hosting, migration, and accounting software		36,994
Total related party transactions	\$	<u>298,539</u>

14. Manatee County Right of First Refusal Land Contract

In the event that the Council, or its successors, determines to offer for sale the property of Camp Honi Hanta, they must notify in writing Manatee County of the price and all material terms of the sale including any limitations on the future use of the property. The County will have thirty days from receipt of notice to notify the Council if they desire to purchase the property on the same terms and conditions set forth in the written proposal for sale. If the County fails to notify the Council or elects not to purchase the property then the Council may offer the property for sale to any interested party on the same terms as offered to the County. This right of first refusal is valid for a period of fifty years from 2007.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2018

15. Fair Value of Financial Assets and Liabilities

The Council adopted the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification. The Fair Value Measurements and Disclosures Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following tables present information about the Council's assets that are measured at fair value on a recurring basis as of September 30, 2018, and indicate that fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets, such as publically traded equity securities.

Level 2 - inputs other than quoted prices included In Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the Council's assumptions based on the best information available in the circumstance.

The following sets the fair value hierarchy by level for the Council's assets measured at fair value as of September 30, 2018:

Description	Total	Level 1	Level 2	Level 3
Assets:				
Fixed income	\$ 1,247,324	\$ 1,247,324	\$ -	\$ -
Corporate equities	832,219	832,219	-	-
Mutual funds	673,567	673,567	-	-
Dynamic asset allocation overlay	879,307	-	-	879,307
Funds held at community foundations	79,984	37,672	-	42,312
Total assets at fair value	\$ 3,712,401	\$ 2,790,782	\$ -	\$ 921,619

Funds held at community foundations represent a pro rata share of a managed pool of investments.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2018

15. Fair Value of Financial Assets and Liabilities (Continued)

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the period ended September 30, 2018:

	Dynamic Asset Allocation Overlay (a)	Funds Held at Community Foundations
Balance - September 30, 2017	\$ 843,183	\$ 41,514
Purchases	13,120	-
Sales	(1,380)	-
Changes in value	24,384	798
Balance - September 30, 2018	<u>\$ 879,307</u>	<u>\$ 42,312</u>

- (a) The investment objective of the fund is to moderate the volatility of equity-oriented and fixed-income-oriented asset allocations over the long term. The fund may invest in a diversified portfolio of securities and other financial instruments, including derivative instruments that provide investment exposure to a variety of asset classes, which may include: equity securities and fixed-income instruments within the U.S. and international, real estate securities, high yield securities, currencies, and commodities.

16. Endowments

The Council's endowment consisted of funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of the endowment has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

In accordance with FUPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Funds with Deficiencies

At times, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. There were no such deficiencies as of September 30, 2018.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2018

16. Endowments (Continued)

Endowment Net Asset Composition

As of September 30, 2018, endowment net assets consisted of the following:

	Permanently Restricted
Donor-restricted endowment funds	\$ <u>80,538</u>

Return Objectives and Risk Parameters

The Council has adopted investment policies and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for donor-specified periods, as well as board designated funds.

Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce a long-term rate of return on assets that exceeds the Consumer Price Index by at least 4% and exceeds the 3-Month Treasury Bill Index by a minimum of 4% annually, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

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 a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council has a policy of appropriating for distribution up to 5% annually. In establishing this policy, the Council considered the long-term expected return on its endowment. Accordingly, over the long term, the Council expects the current spending policy to allow its endowment to remain at the current corpus amount. This is consistent with the Council's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Change in Endowment Net Assets

Changes in endowment net assets for the year ended September 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, October 1, 2017	\$ -	\$ -	\$ 79,538	\$ 79,538
Endowment investment return:				
Interest and dividends	-	9,524	-	9,524
Realized gains	-	567	-	567
Unrealized gains	-	2,310	-	2,310
Total endowment investment return	-	12,401	-	12,401

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2018

16. Endowments (Continued)

Change in Endowment Net Assets (Continued)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Contributions			1,000	1,000
Appropriations to endowment assets to maintain corpus	(11,276)	(1,125)	-	(12,401)
Interfund transfers	11,276	(11,276)	-	-
Total endowment activity	-	-	1,000	1,000
Endowment assets, September 30, 2018	\$ -	\$ -	\$ 80,538	\$ 80,538

17. Subsequent Events

We have evaluated all events subsequent to the statement of financial position date of September 30, 2018, through the date these financial statements were available for issuance, January 22, 2019, and have determined that, except as set forth below, there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.

On November 28, 2018, the Council entered into a contract to sell a property in Venice, Florida, subject to certain contingencies detailed in the contract. The sales price is \$700,000 and the property has a net book value of \$143,244 as of September 30, 2018. The closing date shall occur no later than one year from the contract execution date.