

GIRL SCOUTS OF GULF COAST FLORIDA, INC.

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

(WITH SUMMARIZED FINANCIAL
INFORMATION AS OF SEPTEMBER 30, 2015)

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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, 2016, and the related statement 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.

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


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, 2016 and the respective changes in its net assets and 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 Council's 2015 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 14, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Sarasota, Florida
January 18, 2017



Ken Kerney CPA, CFE, CFSA

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION AS OF SEPTEMBER 30, 2015)

	Unrestricted		
	Undesignated	Board Designated	Total Unrestricted
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,103,636	\$ 9,937	\$ 1,113,573
Accounts receivable	88,338		88,338
	<u>1,191,974</u>	<u>9,937</u>	<u>1,201,911</u>
Other Current Assets			
Merchandise for sale	116,339		116,339
Prepaid expenses and deferred charges	115,665		115,665
Assets held for sale	170,738		170,738
	<u>402,742</u>	<u>-</u>	<u>402,742</u>
Total Current Assets	<u>1,594,716</u>	<u>9,937</u>	<u>1,604,653</u>
Land, buildings and equipment, net	<u>8,108,226</u>		<u>8,108,226</u>
Non-Current Assets			
Long-term investments		2,503,608	2,503,608
Funds held at Community Foundations		68,296	68,296
	<u>-</u>	<u>2,571,904</u>	<u>2,571,904</u>
Total Assets	<u>\$ 9,702,942</u>	<u>\$ 2,581,841</u>	<u>\$ 12,284,783</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 64,717	\$	\$ 64,717
Accrued liabilities	98,593		98,593
Capital lease obligation, current portion	6,355		6,355
	<u>169,665</u>	<u>-</u>	<u>169,665</u>
Other Current Liabilities			
Deferred revenue	73,408		73,408
Due (from) to other funds	894,632	(885,431)	9,201
Custodian funds	214,731		214,731
	<u>1,182,771</u>	<u>(885,431)</u>	<u>297,340</u>
Total Current Liabilities	<u>1,352,436</u>	<u>(885,431)</u>	<u>467,005</u>
Long Term Debt			
Capital lease obligation, net of current portion	8,288		8,288
Total Liabilities	<u>1,360,724</u>	<u>(885,431)</u>	<u>475,293</u>
Net Assets			
Unrestricted	8,342,218	3,467,272	11,809,490
Temporarily restricted			
Permanently restricted			
Total net assets	<u>8,342,218</u>	<u>3,467,272</u>	<u>11,809,490</u>
Total Liabilities and Net Assets	<u>\$ 9,702,942</u>	<u>\$ 2,581,841</u>	<u>\$ 12,284,783</u>

Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
\$	\$	\$ 1,113,573	\$ 1,074,473
		88,338	5,723
<u>-</u>	<u>-</u>	<u>1,201,911</u>	<u>1,080,196</u>
		116,339	105,761
		115,665	104,776
		170,738	-
<u>-</u>	<u>-</u>	<u>402,742</u>	<u>210,537</u>
<u>-</u>	<u>-</u>	<u>1,604,653</u>	<u>1,290,733</u>
<u>161,533</u>		<u>8,269,759</u>	<u>8,771,097</u>
382,677	109,181	2,995,466	2,817,573
		68,296	63,643
<u>382,677</u>	<u>109,181</u>	<u>3,063,762</u>	<u>2,881,216</u>
\$ <u>544,210</u>	\$ <u>109,181</u>	\$ <u>12,938,174</u>	\$ <u>12,943,046</u>
\$	\$	\$ 64,717	\$ 60,730
		98,593	74,529
		6,355	6,117
<u>-</u>	<u>-</u>	<u>169,665</u>	<u>141,376</u>
		73,408	68,281
(40,844)	31,643	-	-
		214,731	191,866
<u>(40,844)</u>	<u>31,643</u>	<u>288,139</u>	<u>260,147</u>
<u>(40,844)</u>	<u>31,643</u>	<u>457,804</u>	<u>401,523</u>
		8,288	14,643
<u>(40,844)</u>	<u>31,643</u>	<u>466,092</u>	<u>416,166</u>
585,054		11,809,490	11,846,163
		585,054	604,179
	77,538	77,538	76,538
<u>585,054</u>	<u>77,538</u>	<u>12,472,082</u>	<u>12,526,880</u>
\$ <u>544,210</u>	\$ <u>109,181</u>	\$ <u>12,938,174</u>	\$ <u>12,943,046</u>

The accompanying notes are an integral part of these financial statements.

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2015)

	Unrestricted		
	Undesignated	Board Designated	Total Unrestricted
Public Support			
Individual contributions	\$ 49,720	\$	\$ 49,720
Corporate contributions	26,408		26,408
Foundation contributions	87,291		87,291
In-kind contributions	26,634		26,634
United Way allocations	123,060		123,060
Special events	39,920		39,920
Total Public Support	<u>353,033</u>	<u>-</u>	<u>353,033</u>
Revenue and Gains			
Program related revenue			
Cookie Sale (net of direct and allocated expenses of \$1,239,470)	2,770,202		2,770,202
QSP Sale (net of direct and allocated expenses of \$26,778)	21,161		21,161
Nut/Candy Sale (net of direct and allocated expenses of \$113,140)	112,160		112,160
Program service fees	51,551		51,551
Sales of merchandise (net of direct and allocated expenses of \$220,497)	117,138		117,138
Other revenue			
Interest and dividends (net of fees of \$18,064)		55,612	55,612
Realized gain on investments		21,987	21,987
Unrealized gain (loss) on investments		84,073	84,073
Gain on sale of assets	5,000		5,000
Rental	26,302		26,302
Miscellaneous revenue	9,056		9,056
Total revenue and gains	<u>3,112,570</u>	<u>161,672</u>	<u>3,274,242</u>
Total Public Support, revenue and grants	<u>3,465,603</u>	<u>161,672</u>	<u>3,627,275</u>
Expenses			
Program Services			
Program services	3,211,321		3,211,321
Total Program Services	<u>3,211,321</u>	<u>-</u>	<u>3,211,321</u>
Supporting Services			
Management and general	222,244		222,244
Fund raising	304,410		304,410
Total supporting services	<u>526,654</u>	<u>-</u>	<u>526,654</u>
Total Expenses	<u>3,737,975</u>	<u>-</u>	<u>3,737,975</u>
Changes in net assets before transfers and releases	<u>(272,372)</u>	<u>161,672</u>	<u>(110,700)</u>
Interfund transfers	(192,180)	205,314	13,134
Net assets released from restrictions			
Satisfaction of program restrictions	60,893		60,893
Total Interfund Transfers and Releases From Restrictions	<u>(131,287)</u>	<u>205,314</u>	<u>74,027</u>
Changes in net assets	(403,659)	366,986	(36,673)
Net assets at beginning of year	8,745,877	3,100,286	11,846,163
Net assets at end of year	<u>\$ 8,342,218</u>	<u>\$ 3,467,272</u>	<u>\$ 11,809,490</u>

Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
\$	\$ 1,000	\$ 50,720	\$ 73,539
		26,408	40,662
23,256		110,547	71,686
		26,634	4,000
		123,060	132,950
		39,920	7,949
<u>23,256</u>	<u>1,000</u>	<u>377,289</u>	<u>330,786</u>
		2,770,202	2,564,476
		21,161	32,230
		112,160	93,237
		51,551	37,769
		117,138	92,099
14,261		69,873	94,922
4,708		26,695	48,493
12,677		96,750	(169,539)
		5,000	-
		26,302	31,278
		9,056	3,131
<u>31,646</u>	<u>-</u>	<u>3,305,888</u>	<u>2,828,096</u>
<u>54,902</u>	<u>1,000</u>	<u>3,683,177</u>	<u>3,158,882</u>
		3,211,321	2,913,570
<u>-</u>	<u>-</u>	<u>3,211,321</u>	<u>2,913,570</u>
		222,244	339,587
		304,410	242,720
<u>-</u>	<u>-</u>	<u>526,654</u>	<u>582,307</u>
<u>-</u>	<u>-</u>	<u>3,737,975</u>	<u>3,495,877</u>
54,902	1,000	(54,798)	(336,995)
(13,134)		-	-
(60,893)		-	-
(74,027)		-	-
(19,125)	1,000	(54,798)	(336,995)
604,179	76,538	12,526,880	12,863,875
<u>\$ 585,054</u>	<u>\$ 77,538</u>	<u>\$ 12,472,082</u>	<u>\$ 12,526,880</u>

The accompanying notes are an integral part of these financial statements.

GIRL SCOUTS OF GULF COAST FLORIDA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015)

	Supporting Services			Total 2016	Total 2015
	Program Services	Management and General	Fund Raising		
Salaries and related expenses					
Salaries	\$ 1,303,378	\$ 60,942	\$ 144,049	\$ 1,508,369	\$ 1,429,643
Employee health & retirement benefits	358,797	16,874	39,884	415,555	395,390
Payroll taxes	106,802	4,994	11,804	123,600	115,228
Total Salaries & Related Expenses	<u>1,768,977</u>	<u>82,810</u>	<u>195,737</u>	<u>2,047,524</u>	<u>1,940,261</u>
Other expenses					
Professional fees	63,400	49,463	19,730	132,593	105,418
Supplies	335,715	2,945	19,982	358,642	284,352
Telephone	48,306	901	2,584	51,791	55,432
Postage and shipping	9,544	595	6,809	16,948	19,377
Occupancy	263,433	4,123	8,587	276,143	267,270
Rental, repair & maintenance	34,390	3,851	3,458	41,699	11,202
Printing and publications	24,115	22	10,942	35,079	39,004
Travel	58,253	1,122	5,323	64,698	76,895
Conference, conventions, meetings, GSUSA training courses	3,985	798	6,165	10,948	16,547
Specific assistance to individuals	62,738			62,738	39,779
Membership dues	2,070	20	725	2,815	5,401
Media promotions	28,220		1,232	29,452	26,705
Awards and grants	16,000			16,000	12,000
Insurance	49,682	33,696	2,430	85,808	91,875
Interest		687		687	916
Miscellaneous	53,570	32,471	1,578	87,619	59,701
Total Other Expenses	<u>1,053,421</u>	<u>130,694</u>	<u>89,545</u>	<u>1,273,660</u>	<u>1,111,874</u>
Total expenses before depreciation	2,822,398	213,504	285,282	3,321,184	3,052,135
Depreciation	<u>388,923</u>	<u>8,740</u>	<u>19,128</u>	<u>416,791</u>	<u>443,742</u>
Total Expenses	<u>\$ 3,211,321</u>	<u>\$ 222,244</u>	<u>\$ 304,410</u>	<u>\$ 3,737,975</u>	<u>\$ 3,495,877</u>

The accompanying notes are an integral
part of these financial statements.

GIRL SCOUTS OF GULF COAST FLORIDA, INC.

STATEMENTS OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2016

(WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015)

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Gifts and grants		
Unrestricted	\$ 186,675	\$ 175,685
Restricted	1,000	2,000
United Way allocations	123,060	132,950
Program related revenue		
Cookie sale	3,943,268	3,675,986
QSP sale	47,964	58,740
Nut/candy sale	218,382	194,588
Program service fees	50,859	37,769
Special events	39,920	7,949
Sales of merchandise, net	111,699	92,099
Interest and dividends	69,808	94,922
Rental	26,302	31,278
Miscellaneous revenue	11,556	3,131
Cash paid for operating expenses	(4,582,946)	(4,155,930)
Specific assistance to individuals and troops	(62,737)	(39,779)
Net cash flows from operating activities	<u>184,810</u>	<u>311,388</u>
 Cash flows from investing activities		
Purchase of land, building and equipment	(86,191)	(17,034)
Proceeds from sale of assets	5,000	-
Proceeds from sale of investments	400,820	824,925
Purchase of investments	(459,222)	(882,751)
Net cash flows used for investing activities	<u>(139,593)</u>	<u>(74,860)</u>
 Cash flows from financing activities		
Payments on lease obligation	(6,117)	(5,888)
Net cash flows used for financing activities	<u>(6,117)</u>	<u>(5,888)</u>
 Net increase in cash and cash equivalents	39,100	230,640
Cash and cash equivalents - beginning of year	1,074,473	843,833
Cash and cash equivalents - end of year	<u>\$ 1,113,573</u>	<u>\$ 1,074,473</u>
 Reconciliation of change in net assets to net cash flows from operating activities		
Change in net assets	(54,798)	(336,995)
Depreciation	416,791	443,742
Gain on sale of assets	(5,000)	-
Realized and unrealized (gain) loss on investment	(119,491)	117,101
Change in funds held at Community Foundations	(4,653)	2,034
(Increase) decrease in		
Accounts receivable	(82,615)	7,729
Merchandise for sale	(10,578)	(2,001)
Prepaid expenses and deferred charges	(10,889)	13,853
Increase (decrease) in		
Accounts payable	3,987	(285)
Accrued liabilities	24,064	(3,514)
Deferred revenue	5,127	6,885
Custodian funds	22,865	62,839
Cash flows from operating activities	<u>\$ 184,810</u>	<u>\$ 311,388</u>
 Supplemental cash flows information		
Cash paid for interest	<u>\$ 687</u>	<u>\$ 916</u>

The accompanying notes are an integral part of these financial statements.

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

Note I - Summary of Significant Accounting Policies

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.

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.

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

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).

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, 2016, 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, 2013 through September 30, 2016.

Advertising and Promotion

Advertising and promotion costs are expenses as incurred. For the year ended September 30, 2016, advertising expense totaled \$29,452.

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

Note I - Summary of Significant Accounting Policies (Continued)

Land, Buildings and Equipment

The Council follows the practice of capitalizing all expenditures for land, buildings and equipment in excess of \$1,000. 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 expended 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.

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, 2015 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.

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

Note 1 - Summary of Significant Accounting Policies (Continued)

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.

Note 2 - 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 3. 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.

Note 3 - Long -Term Investments

The components of investments at September 30, 2016 are summarized as follows:

	Cost	Fair Value	Accumulated Unrealized Gain (Loss)
Fixed income	\$ 1,086,212	\$ 1,109,501	\$ 23,289
Corporate equities	604,964	686,545	81,581
Mutual funds	375,832	469,847	94,015
Dynamic asset allocation overlay	745,391	729,573	(15,818)
Total	<u>\$ 2,812,399</u>	<u>\$ 2,995,466</u>	<u>\$ 183,067</u>

Note 4 - Prepaid Expenses and Deferred Charges

Prepaid expenses and deferred charges are comprised of the following at September 30, 2016:

Prepaid insurance	\$ 47,158
Prepaid postage	11,438
Other prepaid expenses	57,069
Total prepaid expenses and deferred charges	<u>\$ 115,665</u>

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

Note 5 - 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, 2015. 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 2016 were \$34,300,000. The aggregate annual contributions decreased from 2015 to 2016 due to the January 1, 2016 spin-off of Girl Scouts of Middle Tennessee. Aggregate contributions made in fiscal year 2017 are expected to continue to be \$34,300,000.

The Council made contributions into the NGSCR of \$169,332 during fiscal year ended September 30, 2016. These contributions represented 0.49% of total contributions into the NGSCR.

Note 6 - 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, 2016 totaled \$30,453.

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

Note 7 - 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, 2016:

Scholarships	\$ 62,030
Operating reserve	3,312,546
Reserve for maintenance	7,500
Directors and officers insurance deductible	6,900
Liability insurance deductible	10,000
Funds held at community foundations	68,296
	<u>\$ 3,467,272</u>

Note 8 - Restricted Net Assets

The temporarily restricted net assets are restricted for the following purposes as of September 30, 2016:

Collier County program	\$ 214,183
Charlotte County program	42,342
Venice Girl Scout House	286,334
Grants	42,195
Total temporarily restricted net assets	<u>\$ 585,054</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	\$ 161,533
Long-term investments	124,801
Total	<u>\$ 286,334</u>

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

The following donor restrictions were met during the period ended September 30, 2016:

Land and building depreciation	\$ 13,134
Camper grants and other	60,893
Total releases	<u>\$ 74,027</u>

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

Note 8 - Restricted Net Assets (Continued)

The permanently restricted net assets include endowment funds of \$77,538 as of September 30, 2016.

Note 9 - Land, Buildings and Equipment Assets

Land, buildings and equipment consist of the following as of September 30, 2016:

Land	\$ 2,803,162
Land improvements	942,001
Buildings and improvements	9,462,561
Equipment and vehicles	819,140
Construction in progress	16,046
Total	<u>14,042,910</u>
Accumulated depreciation	(5,773,151)
Net land, buildings, and equipment	<u>\$ 8,269,759</u>

Depreciation expense for the year ended September 30, 2016 totaled \$416,791.

Note 10 - Assets Held for Sale

As of September 30, 2016, the Council is holding property in Fort Myers, Florida that is considered held for sale. The property was used for the operation of the Council and was included in Land, Buildings and Equipment as of September 30, 2015 prior to the Council's decision to sell these assets. As of September 30, 2016, assets held for sale had a net book value of \$170,738.

Note 11 - Capital Lease Obligations

The Council leases copiers with monthly payments of \$567 expiring 2019. The following represents minimum lease payments under capital lease obligations, which existed at September 30, 2016:

2017	\$ 6,804
2018	6,804
2019	1,696
Total minimum lease payments	<u>15,304</u>
Less interest	(661)
Total capital lease obligations	<u>14,643</u>
Current capital lease obligations	6,355
Long term lease obligations	8,288
Total lease obligations	<u>\$ 14,643</u>

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

Note 11 - Capital Lease Obligations (Continued)

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.

Note 12 - 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 \$15 per member are collected and forwarded to GSUSA. The Council forwarded and paid the following fees to GSUSA during the period ended September 30, 2016:

Membership fees	\$ 38,145
Merchandise for sale purchased	185,557
Administrative service fees – web hosting, migration, and accounting software	19,290
Total related party transactions	<u>\$ 242,992</u>

Note 13 - 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.

Note 14 - 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.

GIRL SCOUTS OF GULF COAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

Note 14 - Fair Value of Financial Assets and Liabilities (Continued)

The following tables present information about the Council's assets that are measured at fair value on a recurring basis as of September 30, 2016, 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 publicly 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.

Description	September 30, 2016	Assets at Fair Value on a Recurring Basis at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-term investments	\$ 2,995,466	\$ 2,265,893	\$ -	\$ 729,573
Funds held at community foundations	68,296	30,675	-	37,621
Total assets at fair value	\$ <u>3,063,762</u>	\$ <u>2,296,568</u>	\$ <u>-</u>	\$ <u>767,194</u>

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, 2016

Note 14 - 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, 2016:

	Dynamic Asset Allocation Overlay (a)	Funds Held at Community Foundations
	<u> </u>	<u> </u>
Balance - September 30, 2015	\$ 698,362	\$ 35,351
Purchases	31,748	
Sales	(1,839)	
Changes in value	1,302	2,270
	<u>\$ 729,573</u>	<u>\$ 37,621</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.

Note 15 - 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.

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

Note 15 - Endowments (Continued)

Interpretation of Relevant Law (Continued)

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, 2016. As of September 30, 2016, endowment net assets consisted of the following:

	<u>Permanently Restricted</u>
Donor-restricted endowment funds	\$ <u>77,538</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 inflation by at least 1% while assuming a moderate level of investment risk. The Council expects its endowment funds over time to provide an average rate of return of approximately 5% percent annually. 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.

GIRL SCOUTS OF GULFCOAST FLORIDA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SEPTEMBER 30, 2016

Note 15 - Endowments (Continued)

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.

Changes in endowment net assets for the year ended September 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2015	\$	\$	\$ 76,538	\$ 76,538
Endowment investment return:				
Interest and dividends		1,919		1,919
Realized gains		373		373
Unrealized losses		6,696		6,696
Total endowment investment return	-	8,988	-	8,988
Contributions			1,000	1,000
Appropriations to endowment assets to maintain corpus	(8,108)	(880)		(8,988)
Net assets released from restrictions	8,108	(8,108)		-
Total endowment activity	-	-	1,000	1,000
Endowment assets, September 30, 2016	\$ -	\$ -	\$ 77,538	\$ 77,538

Note 16 - Subsequent Events

We have evaluated all events subsequent to the statement of financial position date of September 30, 2016, through the date these financial statements were available for issuance, January 18, 2017, and have determined that, there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.