

Girl Scouts of Gulfcoast Florida, Inc.

Financial Statements and
Independent Auditor's Report
September 30, 2017
(With Summarized Financial
Information as of September 30, 2016)

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Kerkering, Barberio & Co.
Certified Public Accountants

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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Beckerling Beckenroth & Co.

Sarasota, Florida
January 18, 2018

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Financial Position

September 30, 2017

(With Summarized Financial Information as of September 30, 2016)

	Unrestricted		
	Undesignated	Board Designated	Total Unrestricted
Assets			
Current Assets:			
Cash and cash equivalents	\$ 2,279,645	\$ 24,567	\$ 2,304,212
Accounts receivable	7,144	-	7,144
	<u>2,286,789</u>	<u>24,567</u>	<u>2,311,356</u>
Other Current Assets:			
Merchandise for sale	109,857	-	109,857
Prepaid expenses and deferred charges	84,463	-	84,463
Assets held for sale	170,738	-	170,738
	<u>365,058</u>	<u>-</u>	<u>365,058</u>
Total current assets	<u>2,651,847</u>	<u>24,567</u>	<u>2,676,414</u>
Land, buildings and equipment, net	<u>7,809,733</u>	<u>-</u>	<u>7,809,733</u>
Non-Current Assets:			
Long-term investments	-	2,770,461	2,770,461
Funds held at Community Foundations	-	75,927	75,927
	<u>-</u>	<u>2,846,388</u>	<u>2,846,388</u>
Total Assets	<u>\$ 10,461,580</u>	<u>\$ 2,870,955</u>	<u>\$ 13,332,535</u>
Liabilities and Net Assets			
Current Liabilities:			
Accounts payable	\$ 77,163	\$ -	\$ 77,163
Accrued liabilities	137,564	-	137,564
Capital lease obligation, current portion	6,602	-	6,602
	<u>221,329</u>	<u>-</u>	<u>221,329</u>
Other Current Liabilities:			
Deferred revenue	254,317	-	254,317
Due (from) to other funds	1,961,088	(1,749,297)	211,791
Custodian funds	88,823	-	88,823
	<u>2,304,228</u>	<u>(1,749,297)</u>	<u>554,931</u>
Total current liabilities	<u>2,525,557</u>	<u>(1,749,297)</u>	<u>776,260</u>
Long Term Debt:			
Capital lease obligation, net of current portion	1,686	-	1,686
Total liabilities	<u>2,527,243</u>	<u>(1,749,297)</u>	<u>777,946</u>
Net Assets:			
Unrestricted	7,934,337	4,620,252	12,554,589
Temporarily restricted	-	-	-
Permanently restricted	-	-	-
Total net assets	<u>7,934,337</u>	<u>4,620,252</u>	<u>12,554,589</u>
Total Liabilities and Net Assets	<u>\$ 10,461,580</u>	<u>\$ 2,870,955</u>	<u>\$ 13,332,535</u>

<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
\$ -	\$ -	\$ 2,304,212	\$ 1,113,573
-	-	7,144	88,338
<u>-</u>	<u>-</u>	<u>2,311,356</u>	<u>1,201,911</u>
-	-	109,857	116,339
-	-	84,463	115,665
<u>-</u>	<u>-</u>	<u>170,738</u>	<u>170,738</u>
<u>-</u>	<u>-</u>	<u>365,058</u>	<u>402,742</u>
<u>-</u>	<u>-</u>	<u>2,676,414</u>	<u>1,604,653</u>
<u>142,072</u>	<u>-</u>	<u>7,951,805</u>	<u>8,269,759</u>
363,348	125,814	3,259,623	2,995,466
-	-	75,927	68,296
<u>363,348</u>	<u>125,814</u>	<u>3,335,550</u>	<u>3,063,762</u>
<u>\$ 505,420</u>	<u>\$ 125,814</u>	<u>\$ 13,963,769</u>	<u>\$ 12,938,174</u>
\$ -	\$ -	\$ 77,163	\$ 64,717
-	-	137,564	98,593
-	-	6,602	6,355
<u>-</u>	<u>-</u>	<u>221,329</u>	<u>169,665</u>
-	-	254,317	200,037
(258,067)	46,276	-	-
-	-	88,823	88,102
<u>(258,067)</u>	<u>46,276</u>	<u>343,140</u>	<u>288,139</u>
<u>(258,067)</u>	<u>46,276</u>	<u>564,469</u>	<u>457,804</u>
-	-	1,686	8,288
<u>(258,067)</u>	<u>46,276</u>	<u>566,155</u>	<u>466,092</u>
-	-	12,554,589	11,809,490
763,487	-	763,487	585,054
-	79,538	79,538	77,538
<u>763,487</u>	<u>79,538</u>	<u>13,397,614</u>	<u>12,472,082</u>
<u>\$ 505,420</u>	<u>\$ 125,814</u>	<u>\$ 13,963,769</u>	<u>\$ 12,938,174</u>

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Activities

Year Ended September 30, 2017

(With Summarized Financial Information for the Year Ended September 30, 2016)

	Unrestricted		
	Undesignated	Board Designated	Total Unrestricted
Public Support:			
Individual contributions	\$ 1,010,766	\$ -	\$ 1,010,766
Corporate contributions	32,814	-	32,814
Foundation contributions	85,422	-	85,422
In-kind contributions	16,863	-	16,863
United Way allocations	93,490	-	93,490
Special events	14,942	-	14,942
Total public support	1,254,297	-	1,254,297
Revenue and Gains:			
Program related revenue:			
Cookie Sale (net of direct and allocated expenses of \$1,360,851)	2,730,861	-	2,730,861
QSP Sale (net of direct and allocated expenses of \$11,863)	30,489	-	30,489
Nut/Candy Sale (net of direct and allocated expenses of \$88,257)	108,839	-	108,839
Program service fees	55,651	-	55,651
Sales of merchandise (net of direct and allocated expenses of \$166,366)	101,070	-	101,070
Other revenue:			
Interest and dividends (net of fees of \$19,860)	-	34,706	34,706
Realized gain on investments	-	63,270	63,270
Unrealized gain on investments	-	181,138	181,138
Gain on sale of assets	1,081	-	1,081
Rental	28,468	-	28,468
Miscellaneous revenue	10,340	-	10,340
Total revenue and gains	3,066,799	279,114	3,345,913
Total public support, revenue and gains	4,321,096	279,114	4,600,210
Expenses:			
Program services	3,281,486	-	3,281,486
Total program services	3,281,486	-	3,281,486
Supporting Services:			
Management and general	444,860	-	444,860
Fund raising	226,923	-	226,923
Total supporting services	671,783	-	671,783
Total expenses	3,953,269	-	3,953,269
Changes in net assets before transfers and releases	367,827	279,114	646,941
Interfund transfers	(858,644)	873,866	15,222
Net assets released from restrictions:			
Satisfaction of program restrictions	82,936	-	82,936
Total interfund transfers and releases from restrictions	(775,708)	873,866	98,158
Changes in net assets	(407,881)	1,152,980	745,099
Net assets at beginning of year	8,342,218	3,467,272	11,809,490
Net assets at end of year	\$ 7,934,337	\$ 4,620,252	\$ 12,554,589

<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017 Total</u>	<u>2016 Total</u>
\$ 227,750	\$ 2,000	\$ 1,240,516	\$ 50,720
-	-	32,814	26,408
18,400	-	103,822	110,547
-	-	16,863	26,634
-	-	93,490	123,060
-	-	14,942	39,920
<u>246,150</u>	<u>2,000</u>	<u>1,502,447</u>	<u>377,289</u>
-	-	2,730,861	2,770,202
-	-	30,489	21,161
-	-	108,839	112,160
-	-	55,651	51,551
-	-	101,070	117,138
19,577	-	54,283	69,873
6,361	-	69,631	26,695
4,503	-	185,641	96,750
-	-	1,081	5,000
-	-	28,468	26,302
-	-	10,340	9,056
<u>30,441</u>	<u>-</u>	<u>3,376,354</u>	<u>3,305,888</u>
<u>276,591</u>	<u>2,000</u>	<u>4,878,801</u>	<u>3,683,177</u>
-	-	3,281,486	3,211,321
<u>-</u>	<u>-</u>	<u>3,281,486</u>	<u>3,211,321</u>
-	-	444,860	222,244
<u>-</u>	<u>-</u>	<u>226,923</u>	<u>304,410</u>
<u>-</u>	<u>-</u>	<u>671,783</u>	<u>526,654</u>
<u>-</u>	<u>-</u>	<u>3,953,269</u>	<u>3,737,975</u>
<u>276,591</u>	<u>2,000</u>	<u>925,532</u>	<u>(54,798)</u>
(15,222)	-	-	-
<u>(82,936)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(98,158)</u>	<u>-</u>	<u>-</u>	<u>-</u>
178,433	2,000	925,532	(54,798)
585,054	77,538	12,472,082	12,526,880
<u>\$ 763,487</u>	<u>\$ 79,538</u>	<u>\$ 13,397,614</u>	<u>\$ 12,472,082</u>

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statement of Functional Expenses

Year Ended September 30, 2017

(With Summarized Financial Information for the Year Ended September 30, 2016)

	Supporting Services			Total 2017	Total 2016
	Program Services	Management and General	Fund Raising		
Salaries and related expenses:					
Salaries	\$ 1,306,654	\$ 222,150	\$ 122,436	\$ 1,651,240	\$ 1,508,369
Employee health & retirement benefits	342,728	57,296	32,332	432,356	415,555
Payroll taxes	104,872	17,810	9,831	132,513	123,600
Total salaries and related expenses	<u>1,754,254</u>	<u>297,256</u>	<u>164,599</u>	<u>2,216,109</u>	<u>2,047,524</u>
Other expenses:					
Professional fees	73,998	34,308	14,181	122,487	132,593
Supplies	377,054	3,553	9,211	389,818	358,642
Telephone	48,400	1,740	1,622	51,762	51,791
Postage and shipping	12,067	140	2,062	14,269	16,948
Occupancy	277,720	17,004	5,176	299,900	276,143
Rental, repair & maintenance	62,523	3,205	1,260	66,988	41,699
Printing and publications	35,645	122	5,947	41,714	35,079
Travel	53,334	1,547	2,546	57,427	64,698
Conference, conventions, meetings, GSUSA training courses	6,877	1,717	6,575	15,169	10,948
Specific assistance to individuals	76,921	-	-	76,921	62,738
Membership dues	2,511	118	326	2,955	2,815
Media promotions	28,348	-	335	28,683	29,452
Awards and grants	5,000	-	-	5,000	16,000
Insurance	38,984	40,933	958	80,875	85,808
Interest	-	449	-	449	687
Miscellaneous	33,916	26,632	1,531	62,079	87,619
Total other expenses	<u>1,133,298</u>	<u>131,468</u>	<u>51,730</u>	<u>1,316,496</u>	<u>1,273,660</u>
Total expenses before depreciation	2,887,552	428,724	216,329	3,532,605	3,321,184
Depreciation	393,934	16,136	10,594	420,664	416,791
Total Expenses	<u>\$ 3,281,486</u>	<u>\$ 444,860</u>	<u>\$ 226,923</u>	<u>\$ 3,953,269</u>	<u>\$ 3,737,975</u>

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Statements of Cash Flows

Year Ended September 30, 2017

(With Summarized Financial Information for the Year Ended September 30, 2016)

	2017	2016
Cash flows from operating activities:		
Gifts and grants:		
Unrestricted	\$ 1,147,402	\$ 186,675
Restricted	229,750	1,000
United Way allocations	88,490	123,060
Program related revenue:		
Cookie sale	4,038,739	3,943,268
QSP sale	45,997	47,964
Nut/candy sale	195,772	218,382
Program service fees	55,943	50,859
Special events	14,942	39,920
Sales of merchandise, net	106,509	111,699
Interest and dividends	55,036	69,808
Rental	28,468	26,302
Miscellaneous revenue	7,840	11,556
Cash paid for operating expenses	(4,623,727)	(4,582,946)
Specific assistance to individuals and troops	(76,921)	(62,737)
Net cash flows from operating activities	1,314,240	184,810
Cash flows from investing activities:		
Purchase of land, building and equipment	(105,383)	(86,191)
Proceeds from sale of assets	3,754	5,000
Proceeds from sale of investments	517,122	400,820
Purchase of investments	(532,739)	(459,222)
Net cash flows used for investing activities	(117,246)	(139,593)
Cash flows from financing activities:		
Payments on lease obligation	(6,355)	(6,117)
Net cash flows used for financing activities	(6,355)	(6,117)
Net change in cash and cash equivalents	1,190,639	39,100
Cash and cash equivalents - beginning of year	1,113,573	1,074,473
Cash and cash equivalents - end of year	\$ 2,304,212	\$ 1,113,573
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	925,532	(54,798)
Depreciation	420,664	416,791
Gain on sale of assets	(1,081)	(5,000)
Realized and unrealized gain on investment	(248,540)	(119,491)
Change in funds held at Community Foundations	(7,631)	(4,653)
Change in operating assets:		
Accounts receivable	81,194	(82,615)
Merchandise for sale	6,482	(10,578)
Prepaid expenses and deferred charges	31,202	(10,889)
Change in operating liabilities:		
Accounts payable	12,446	3,987
Accrued liabilities	38,971	24,064
Deferred revenue	54,280	131,756
Custodian funds	721	(103,764)
Cash flows from operating activities	\$ 1,314,240	\$ 184,810
Supplemental cash flows information:		
Cash paid for interest	\$ 449	\$ 687

See accompanying notes to financial statements.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements

September 30, 2017

I. 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, 2017

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, 2017, 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, 2014 through September 30, 2017.

Advertising and Promotion

Advertising and promotion costs are expenses as incurred. For the year ended September 30, 2017, advertising expense totaled \$28,683.

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 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, 2017

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, 2016 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 4. 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. Long -Term Investments

The components of investments at September 30, 2017 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Gain</u>
Fixed income	\$ 1,048,350	\$ 1,051,397	\$ 3,047
Corporate equities	606,397	751,064	144,667
Mutual funds	459,502	613,979	154,477
Dynamic asset allocation overlay	780,126	843,183	63,057
Total	<u>\$ 2,894,375</u>	<u>\$ 3,259,623</u>	<u>\$ 365,248</u>

5. Prepaid Expenses and Deferred Charges

Prepaid expenses and deferred charges are comprised of the following at September 30, 2017:

Prepaid insurance	\$ 45,880
Prepaid postage	12,301
Other prepaid expenses	26,282
Total prepaid expenses and deferred charges	<u>\$ 84,463</u>

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2017

6. Pension Plan

The Council participates in the National Girl Scout Council Retirement Plan (“NGSCRП”) (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, 2017. 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 NGSCRП the flexibility to adopt the PPA funding requirements immediately or not at all. NGSCRП has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal year 2017 were \$33,100,000. The aggregate annual contributions decreased from 2016 to 2017 due to the reduction in the Plan’s total annual aggregate contributions from \$34,300,000 to \$32,500,000 effective May 1, 2017. Aggregate contributions made in fiscal year 2018 are expected to continue to be \$32,500,000.

The Council made contributions into the NGSCRП of \$163,458 during fiscal year ended September 30, 2017. These contributions represented 0.49% of total contributions into the NGSCRП.

7. 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, 2017 totaled \$38,899.

8. 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, 2017:

Scholarships	\$	66,213
Operating reserve		4,453,712
Reserve for maintenance		7,500
Directors and officers insurance deductible		6,900
Liability insurance deductible		10,000
Funds held at community foundations		75,927
	\$	<u>4,620,252</u>

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2017

9. Restricted Net Assets

The temporarily restricted net assets are restricted for the following purposes as of September 30, 2017:

Collier County program	\$	187,941
Charlotte County program		43,869
Venice Girl Scout House		278,934
Grants		252,743
Total temporarily restricted net assets	\$	<u>763,487</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	\$	148,747
Long-term investments		130,187
Total	\$	<u>278,934</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, 2017:

Land and building depreciation	\$	12,786
Camper grants and other		70,150
Total releases	\$	<u>82,936</u>

The permanently restricted net assets include endowment funds of \$79,538 as of September 30, 2017.

10. Land, Buildings and Equipment Assets

Land, buildings and equipment consist of the following as of September 30, 2017:

Land	\$	2,801,562
Land improvements		958,767
Buildings and improvements		9,472,750
Equipment and vehicles		874,082
Construction in progress		9,372
Total		<u>14,116,533</u>
Accumulated depreciation		(6,164,728)
Net land, buildings, and equipment	\$	<u>7,951,805</u>

Depreciation expense for the year ended September 30, 2017 totaled \$420,664.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2017

11. Assets Held for Sale

As of September 30, 2017, 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, 2017, assets held for sale had a net book value of \$170,738.

12. Capital Lease Obligations

The Council leases copiers with monthly payments of \$567 expiring in 2019. The following represents minimum lease payments under capital lease obligations, which existed at September 30, 2017:

2018	\$	6,804
2019		1,696
Total minimum lease payments		<u>8,500</u>
Less interest		(212)
Total capital lease obligations		<u>8,288</u>
Current capital lease obligations		6,602
Long term lease obligations		1,686
Total lease obligations	\$	<u><u>8,288</u></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 \$15 per member are collected and forwarded to GSUSA. The Council forwarded and paid the following fees to GSUSA during the year ended September 30, 2017:

Membership fees	\$	34,525
Merchandise for sale purchased		132,745
Administrative service fees – web hosting, migration, and accounting software		29,744
Total related party transactions	\$	<u><u>197,014</u></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, 2017

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, 2017, 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, 2017:

Description	Total	Level 1	Level 2	Level 3
Assets:				
Fixed income	\$ 1,051,397	\$ 1,051,397	\$ -	\$ -
Corporate equities	751,064	751,064	-	-
Mutual funds	613,979	613,979	-	-
Dynamic asset allocation overlay	843,183	-	-	843,183
Funds held at community foundations	75,927	34,413	-	41,514
Total assets at fair value	\$ 3,335,550	\$ 2,450,853	\$ -	\$ 884,697

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, 2017

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, 2017:

	Dynamic Asset Allocation Overlay (a)	Funds Held at Community Foundations
Balance - September 30, 2016	\$ 729,573	\$ 37,621
Purchases	79,354	-
Sales	(44,336)	-
Changes in value	78,592	3,893
Balance - September 30, 2017	<u>\$ 843,183</u>	<u>\$ 41,514</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.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2017

16. Endowments (Continued)

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, 2017.

Endowment Net Asset Composition

As of September 30, 2017, endowment net assets consisted of the following:

	Permanently Restricted
Donor-restricted endowment funds	\$ <u>79,538</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.

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.

Girl Scouts of Gulfcoast Florida, Inc.

Notes to Financial Statements (Continued)

September 30, 2017

16. Endowments (Continued)

Change in Endowment Net Assets

Changes in endowment net assets for the year ended September 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, October 1, 2016	\$ -	\$ -	\$ 77,538	\$ 77,538
Endowment investment return:				
Interest and dividends	-	6,389	-	6,389
Realized gains	-	447	-	447
Unrealized gains	-	10,773	-	10,773
Total endowment investment return	-	17,609	-	17,609
Contributions			2,000	2,000
Appropriations to endowment assets to maintain corpus	(16,632)	(977)	-	(17,609)
Net assets released from restrictions	16,632	(16,632)	-	-
Total endowment activity	-	-	2,000	2,000
Endowment assets, September 30, 2017	\$ -	\$ -	\$ 79,538	\$ 79,538

17. Reclassifications

To facilitate comparison of financial data, certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 reporting presentation. Such reclassifications had no effect on the change in net assets previously reported.

18. Subsequent Events

We have evaluated all events subsequent to the statement of financial position date of September 30, 2017, through the date these financial statements were available for issuance, January 18, 2018, and have determined that, there are no subsequent events that require disclosure under the FASB Accounting Standards Codification.