Girl Scouts of Western Ohio

Independent Auditor’s Report and Financial Statements

December 31, 2012 and 2011

Girl Scouts of Western Ohio
December 31, 2012 and 2011

Contents

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Independent Auditor's Report

Board of Directors
Girl Scouts of Western Ohio
Cincinnati, Ohio

We have audited the accompanying financial statements of Girl Scouts of Western Ohio, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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 Girl Scouts of Western Ohio as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Cincinnati, Ohio
April 9, 2013

Girl Scouts of Western Ohio

Statements of Financial Position

December 31, 2012 and 2011

Assets	2012	2011
Cash	$ 728,141	$ 134,823
Accounts receivable, net of allowance;		
2012 - $124,287; 2011 - $123,148	95,403	40,055
Contributions receivable	673,427	737,869
Inventories	239,798	328,375
Prepaid expenses and other	95,702	140,860
Investments	18,387,529	18,109,193
Property and equipment, at cost		
Land and improvements	5,336,266	5,476,703
Building and improvements	20,400,739	20,628,237
Equipment and vehicles	2,691,399	2,975,109
Construction in process	-	15,809
	28,428,404	29,095,858
Less accumulated depreciation	(15,261,791)	(15,101,466)
Net property and equipment	13,166,613	13,994,392
Assets held for sale	186,948	-
Beneficial interest in perpetual trusts	482,133	458,546
Beneficial interest in remainder trust	122,705	112,919
Total assets	$ 34,178,399	$ 34,057,032

Liabilities and Net Assets

	2012	2011
Liabilities		
Accounts payable and accrued liabilities	$ 281,385	$ 337,836
Custodial funds	10,384	21,150
Deferred income	55,607	48,288
Total liabilities	347,376	407,274
Net Assets		
Unrestricted		
Undesignated	1,300,428	622,150
Board designated	16,018,308	15,740,336
Property and equipment	13,166,613	13,994,392
	30,485,349	30,356,878
Temporarily restricted	1,005,142	1,040,287
Permanently restricted	2,340,532	2,252,593
Total net assets	33,831,023	33,649,758
Total liabilities and net assets	$ 34,178,399	$ 34,057,032

Girl Scouts of Western Ohio
Statement of Activities
Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Cookie and merchandise sales	$ 15,996,202	$ -	$ -	$ 15,996,202
Less direct cost of cookie and merchandise sales	(5,030,142)	-	-	(5,030,142)
Less allocations to troops and service units	(2,537,282)	-	-	(2,537,282)
Net cookie and merchandise sales	8,428,778	-	-	8,428,778
United Way allocations	77,183	885,021	-	962,204
Legacies, bequests and contributions	292,044	167,800	-	459,844
Government grants	18,161	-	-	18,161
Program fees and dues	689,062	-	-	689,062
Investment return				
Interest and dividends, net of fees	425,223	9,498	-	434,721
Net realized gains	25,026	-	4,132	29,158
Net unrealized gains	574,693	29,568	83,807	688,068
Total investment return	1,024,942	39,066	87,939	1,151,947
Other	109,863	-	-	109,863
Net assets released from restrictions	1,127,032	(1,127,032)	-	-
Total revenues, gains and other support	11,767,065	(35,145)	87,939	11,819,859
Expenses				
Program services	9,927,652	-	-	9,927,652
Management and general	1,259,309	-	-	1,259,309
Fund raising	451,633	-	-	451,633
Total expenses	11,638,594	-	-	11,638,594
Change in Net Assets	128,471	(35,145)	87,939	181,265
Net Assets, Beginning of Year	30,356,878	1,040,287	2,252,593	33,649,758
Net Assets, End of Year	$ 30,485,349	$ 1,005,142	$ 2,340,532	$ 33,831,023

Girl Scouts of Western Ohio

Statement of Activities

Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
Cookie and merchandise sales	$ 16,090,234	$ -	$ -	$ 16,090,234
Less direct cost of cookie and merchandise sales	(4,947,086)	-	-	(4,947,086)
Less allocations to troops and service units	(2,454,906)	-	-	(2,454,906)
Net cookie and merchandise sales	8,688,242	-	-	8,688,242
United Way allocations	63,255	992,039	-	1,055,294
Legacies, bequests and contributions	316,456	289,082	86,463	692,001
Government grants	16,614	-	-	16,614
Program fees and dues	654,585	-	-	654,585
Investment return				
Interest and dividends, net of fees	384,857	3,072	-	387,929
Net realized gains (losses)	136,390	-	(10,248)	126,142
Net unrealized losses	(572,875)	(13,381)	(55,665)	(641,921)
Total investment return	(51,628)	(10,309)	(65,913)	(127,850)
Other	114,988	-	-	114,988
Net assets released from restrictions	1,140,028	(1,140,028)	-	-
Total revenues, gains and other support	10,942,540	130,784	20,550	11,093,874
Expenses				
Program services	9,455,788	-	-	9,455,788
Management and general	1,414,570	-	-	1,414,570
Fund raising	460,481	-	-	460,481
Total expenses	11,330,839	-	-	11,330,839
Change in Net Assets	(388,299)	130,784	20,550	(236,965)
Net Assets, Beginning of Year	30,745,177	909,503	2,232,043	33,886,723
Net Assets, End of Year	$ 30,356,878	$ 1,040,287	$ 2,252,593	$ 33,649,758

Girl Scouts of Western Ohio

Statements of Functional Expenses

Years Ended December 31, 2012 and 2011

2012	Program Services	Management and General	Fund Raising	Total Expenses
Salaries, benefits and related taxes	$ 6,513,686	$ 777,548	$ 371,167	$ 7,662,401
Occupancy	852,081	39,933	340	892,354
Supplies and printing	527,546	18,454	15,970	561,970
Travel	225,368	40,010	5,395	270,773
Telephone and postage	152,455	9,475	6,927	168,857
Professional services	222,442	124,884	455	347,781
Financial assistance to individuals	234,839	-	10,625	245,464
Conference fees	6,664	32,901	904	40,469
Insurance	217,575	49,424	7,760	274,759
Other	167,327	18,936	2,541	188,804
Total expenses before depreciation	9,119,983	1,111,565	422,084	10,653,632
Depreciation	807,669	147,744	29,549	984,962
Total expenses	$ 9,927,652	$ 1,259,309	$ 451,633	$ 11,638,594

2011	Program Services	Management and General	Fund Raising	Total Expenses
Salaries, benefits and related taxes	$ 6,316,195	$ 762,424	$ 351,287	$ 7,429,906
Occupancy	817,877	40,592	6,000	864,469
Supplies and printing	521,409	20,580	18,686	560,675
Travel	200,832	45,821	4,341	250,994
Telephone and postage	155,466	10,643	13,424	179,533
Professional services	238,293	102,988	865	342,146
Financial assistance to individuals	217,051	-	11,900	228,951
Conference fees	3,120	50,284	-	53,404
Insurance	41,618	227,504	8,323	277,445
Other	113,681	28,697	642	143,020
Total expenses before depreciation	8,625,542	1,289,533	415,468	10,330,543
Depreciation	830,246	125,037	45,013	1,000,296
Total expenses	$ 9,455,788	$ 1,414,570	$ 460,481	$ 11,330,839

Girl Scouts of Western Ohio

Statements of Cash Flows

Years Ended December 31, 2012 and 2011

	2012	2011
Operating Activities		
Change in net assets	$ 181,265	$ (236,965)
Items not requiring (providing) operating activities cash flows		
Depreciation	984,962	1,000,296
Loss on disposition of property and equipment	1,226	2,872
Bad debt allowance	(1,139)	18,605
Realized gains on investments	(29,158)	(126,142)
Unrealized (gains) losses on investments	(688,068)	641,921
Contributions of beneficial interests	-	(206,526)
Changes in		
Accounts receivable	(54,209)	(24,072)
Contributions receivable	64,442	196
Inventories, prepaid expenses and other	133,735	(112,878)
Accounts payable and accrued liabilities	(56,451)	57,556
Custodial funds	(10,766)	8,555
Deferred income	7,319	(49,487)
Net cash provided by operating activities	533,158	973,931
Investing Activities		
Purchases of property and equipment	(345,357)	(1,129,819)
Proceeds from sale of investments	15,790,643	15,096,856
Purchases of investments	(15,385,126)	(15,738,276)
Net cash provided by (used in) investing activities	60,160	(1,771,239)
Increase (Decrease) in Cash	593,318	(797,308)
Cash, Beginning of Year	134,823	932,131
Cash, End of Year	$ 728,141	$ 134,823

Girl Scouts of Western Ohio

Notes to Financial Statements

December 31, 2012 and 2011

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Girl Scouts of Western Ohio (the Council), is chartered by the Girl Scouts of the United States of America (GSUSA) and is incorporated in the State of Ohio as a charitable organization. As a non-formal educational organization, the Council's mission is to help girls grow up to be caring, competent, confident women.

Services are provided in 32 counties in western Ohio and southeast Indiana. The Council's primary method of delivery of the Girl Scout program is the troop. There were approximately 49,000 girls in the council during 2012.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Effective July 21, 2010, the FDIC's insurance limits were permanently increased to $250,000. At December 31, 2012, the Council had no cash accounts in excess of federally insured limits.

Pursuant to legislation enacted in 2010, the FDIC fully insured all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions. This legislation expired on December 31, 2012. Beginning January 1, 2013, noninterest-bearing transaction accounts are subject to the $250,000 limit on FDIC insurance per covered institution.

Accounts Receivable

Accounts receivable generally consists of amounts owed from individuals for product sales. The Council provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. All product sale proceeds are due at the time products are delivered. Troops have a settlement date for all proceeds to be deposited into the council product sale account. Letters outlining the collection process are sent to all individuals with unpaid balances. Delinquent balances are referred to collections no later than 90 days subsequent to the settlement date. Balances are written off when the collection agency has exhausted all attempts at collection.

Inventories

Inventories consist primarily of merchandise for sale and are stated at the lower of cost or market, with cost determined on a first-in, first-out (FIFO) basis.

Investments and Investment Return

Investments in equity and debt securities having a readily determinable fair value are carried at fair value. Other investments are valued at the lower of cost (or fair value at the time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as temporarily restricted then released from restriction. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted, or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

The Council maintains a pooled investment account. Realized and unrealized gains and losses from securities in the pooled investment account are allocated annually to the endowments based on the relationship or the fair value of the interest of each endowment to the total fair value of the pooled investments account, as adjusted for additions to or deduction from that account.

Property and Equipment

Property and equipment are depreciated on a straight-line basis over the estimated useful life of each asset.

Board Designated Net Assets

Board designated net assets are unrestricted net assets whose use by the Council has been designated by the Board for the following purposes:

	2012	2011
Operating reserve	$ 5,871,813	$ 5,871,813
Asset replacement	7,388,947	7,679,996
Pension reserve	1,403,795	782,000
Other	1,353,753	1,406,527
	$ 16,018,308	$ 15,740,336

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Council has been limited by donors to a specific time period or purpose. These assets, as well as the related releases from restriction, primarily consist of United Way allocations restricted for the following year. Permanently restricted net assets have been restricted by donors to be maintained by the Council in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose 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. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. A substantial number of volunteers have donated significant amounts of their time to the Council's programs and supporting services. However, such services are not reflected in the accompanying financial statements.

Income Taxes

The Council is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Council is subject to federal income tax on any unrelated business taxable income. The Council’s tax years still subject to examination by taxing authorities are years subsequent to 2009.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program, management and general and fund raising categories based on the direct identification and other methods.

Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the 2012 financial statement presentation. These reclassifications had no effect on the change in net assets.

Note 2: Contributions Receivable

Contributions receivable, which include United Way allocations, consisted of $673,427 and $737,869 as of December 31, 2012 and 2011, respectively, all of which were due within one year.

Note 3: Investments

Investments consisted of the following:

	2012	2011
Money market funds	$ 633,041	$ 645,929
U.S. Treasury and agency securities	338,155	439,002
Certificates of deposit	50,748	52,209
Equity mutual funds	3,273,764	1,558,695
Equity securities		
Energy	443,454	837,866
Materials	151,408	181,616
Industrials	559,059	720,658
Consumer discretionary	529,453	569,044
Consumer staples	446,132	576,021
Healthcare	620,958	614,682
Information technology	929,421	800,717
Financial	1,294,157	1,240,097
Communication	-	42,361
Real estate	-	9,120
Fixed income mutual funds	6,089,986	4,561,493
Corporate debt securities	2,802,166	2,915,343
Municipal bonds	95,051	1,893,857
Mortgage backed securities	112,311	433,548
Pooled income funds	18,265	16,935
	$ 18,387,529	$ 18,109,193

Interest and dividends are reported net of investment fees of approximately $65,000 and $73,000 for 2012 and 2011, respectively.

Note 4: Assets Held for Sale

During 2012, the Council received an unsolicited offer from a third party to purchase one of its camp properties for $1,500,000. On January 22, 2013, the Council signed a non-binding letter of intent to sell this property, which is expected to close during 2013.

Assets held for sale at December 31, 2012, recorded at adjusted cost basis, consists of the following:

Land and improvements	$ 101,949
Building and improvements	81,633
Equipment and vehicles	3,366
	$ 186,948

Note 5: Beneficial Interests in Perpetual and Remainder Trusts

The Council is a beneficiary under various perpetual trusts administered by outside parties. Under the terms of these trusts, the Council has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is $482,133 and $458,546, which represents the fair value of the trust assets at December 31, 2012 and 2011, respectively. The income from these trusts for 2012 and 2011 was $24,542 and $22,087, respectively.

The Council is a beneficiary of a charitable remainder trust administered by an outside party. Under the terms of the trust, the Council has the irrevocable right to receive annual distributions from the trust and a portion of the net assets of the trust at the end of the trust's term. The beneficial interest in this trust is recorded at the present value of the expected future cash flows discounted at a rate of 1.20% and 1.60% at December 31, 2012 and 2011, respectively. The estimated value of the expected future cash flows was $122,705 and $112,919 at December 31, 2012 and 2011, respectively. The Council's interest in the trust resulted in distributions of $2,722 in 2012 and $3,041 in 2011.

Note 6: Net Assets

Temporarily restricted net assets at December 31, 2012 and 2011 are available for various program activities. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors for various program activities.

Permanently restricted net assets at December 31, 2012 and 2011 are restricted to investment in perpetuity, the income of which is expendable to support the general activities of the Council.

Note 7: Endowment

The Council's endowment consists of two funds established for a variety of purposes. An endowment may include both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2012 and 2011, all endowment funds consisted of donor-restricted funds.

The Council's governing body has interpreted the State of Ohio's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring 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, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Council and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Council
7. Investment policies of the Council

Changes in donor-restricted endowment net assets for the years ended December 31, were:

		2012	
	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 37,877	$ 1,794,046	$ 1,831,923
Investment return:			
Investment income	4,915	-	4,915
Net appreciation	18,451	64,353	82,804
Total investment return	23,366	64,353	87,719
Appropriation of endowment assets for expenditure	(4,915)	-	(4,915)
Endowment net assets, end of year	$ 56,328	$ 1,858,399	$ 1,914,727

	2011 Temporarily Restricted	2011 Permanently Restricted	2011 Total
Endowment net assets, beginning of year	$ 39,417	$ 1,821,234	$ 1,860,651
Investment return:			
Investment income	3,264	-	3,264
Net depreciation	(6,431)	(27,188)	(33,619)
Total investment return	(3,167)	(27,188)	(30,355)
Contributions	1,627	-	1,627
Endowment net assets, end of year	$ 37,877	$ 1,794,046	$ 1,831,923

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at December 31, consisted of:

	2012	2011
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or UPMIFA	$ 1,858,399	$ 1,794,046
Temporarily restricted net assets - portion of perpetual endowment funds subject to a time restriction under UPMIFA with purpose restrictions	$ 56,328	$ 37,877

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Council is required to retain as a fund of perpetual duration pursuant to donor stipulation. At December 31, 2012 and 2011, the Council had no deficiencies in its endowment funds.

The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Council must hold in perpetuity. Under the Council's policies, endowment assets are invested in a manner that is intended to produce results that exceed the rate of inflation while assuming a low level of investment risk.

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 current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). 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.

For one endowment fund held and managed by the Council, 50% of the realized gains and losses and 100% of the unrealized gains and losses are retained as permanently restricted net assets. For the other endowment fund, all gains and losses are recorded as temporarily restricted net assets until appropriated for expenditure. These policies are consistent with the Council's objective to maintain the purchasing power of endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

Note 8: Cookie and Other Merchandise Sales

Sales of cookies and other merchandise, including nuts and candy, and the related direct costs, which include cost of purchases, troop and individual incentive awards and uncollectible expenses are comprised of the following:

	2012			
	Gross Sales	Direct Costs	Allocations	Net Sales
Cookie sales	$ 14,142,156	$ 4,020,449	$ 2,442,286	$ 7,679,421
Nut and candy sales	894,410	391,647	94,996	407,767
Council store	959,636	618,046	-	341,590
	$ 15,996,202	$ 5,030,142	$ 2,537,282	$ 8,428,778

	2011			
	Gross Sales	Direct Costs	Allocations	Net Sales
Cookie sales	$ 14,215,865	$ 3,899,362	$ 2,353,923	$ 7,962,580
Nut and candy sales	928,519	439,392	100,983	388,144
Council store	945,850	608,332	-	337,518
	$ 16,090,234	$ 4,947,086	$ 2,454,906	$ 8,688,242

Note 9: Operating Leases

The Council has various operating lease agreements for office equipment expiring in various years through 2014. Future minimum lease payments at December 31, 2012 were:

2013	$	68,438
2014		3,516
	$	71,954

Rental expense for all operating leases amounted to approximately $82,000 and $76,000 in 2012 and 2011, respectively.

Note 10: Retirement Plan

The Council participates in the National Girl Scout Council Retirement Plan (the Plan), a non-contributory defined benefit pension plan sponsored by Girl Scouts of the USA (GSUSA). The National Board of GSUSA 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. The Council's pension expense and contributions to this plan for 2012 and 2011 was $476,696 and $425,278, respectively. Due to the nature of the plan, it is not practicable to determine the extent to which the assets of the plan cover the actuarially computed value of vested benefits for the Council as a standalone operation. In addition, because the plan is considered a multiemployer plan, it is only subject to certain minimum reporting requirements of FASB Accounting Standards Codification Subtopic 715-80: Multiemployer Plans, Disclosures about an Employer's Participation in a Multiemployer Plan. Due to unfavorable market conditions and the change in the interest rate and other assumptions used to calculate the actuarial present value of accumulated plan benefits, the accumulated plan benefits exceeded net plan assets available for plan benefits as of January 1, 2012. Based on communications received from the Plan Sponsor, it is anticipated that required contributions in the near term will increase substantially over 2011 and 2012 levels.

The Council also has a 403(b) Thrift plan covering substantially all employees. In 2010, the Board of Directors amended the plan to include a 3% non-contributory employer contribution and a 2% employer matching contribution. Council contributions to the Plan in 2012 and 2011 were $208,457 and $205,425, respectively.

Note 11: Troop Funds Held In Trust

Bank accounts for each troop are established under the Council's employer identification number. All troop funds are maintained for the beneficial interest of the girls within the respective troop. Management has estimated troop funds total approximately $2,470,000 and $2,445,000 at December 31, 2012 and 2011, respectively. These funds are not available for use by the Council and have not been included in the financial statements.

Note 12: Disclosures about Fair Value of Assets and Liabilities

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Girl Scouts of Western Ohio
Notes to Financial Statements
December 31, 2012 and 2011

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2012 and 2011:

		2012 Fair Value Measurements Using		
	Fair Value	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Money market funds	$ 633,041	$ 633,041	$ -	$ -
Equity mutual funds	3,273,764	3,273,764	-	-
Equity securities				
Energy	443,454	443,454	-	-
Materials	151,408	151,408	-	-
Industrials	559,059	559,059	-	-
Consumer discretionary	529,453	529,453	-	-
Consumer staples	446,132	446,132	-	-
Healthcare	620,958	620,958	-	-
Information technology	929,421	929,421	-	-
Financial	1,294,157	1,294,157	-	-
Fixed income mutual funds	6,089,986	6,089,986	-	-
U.S. Treasury and agency securities	338,155	-	338,155	-
Corporate debt securities	2,802,166	-	2,802,166	-
Municipal bonds	95,051	-	95,051	-
Mortgage-backed securities	112,311	-	112,311	-
Beneficial interest in perpetual trusts	482,133	-	482,133	-
Beneficial interest in remainder trust	122,705	-	-	122,705
Pooled income funds	18,265	-	18,265	-

		2011		
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 645,929	$ 645,929	$ -	$ -
Equity mutual funds	1,558,695	1,558,695	-	-
Equity securities				
Energy	837,866	837,866	-	-
Materials	181,616	181,616	-	-
Industrials	720,658	720,658	-	-
Consumer discretionary	569,044	569,044	-	-
Consumer staples	576,021	576,021	-	-
Healthcare	614,682	614,682	-	-
Information technology	800,717	800,717	-	-
Financial	1,240,097	1,240,097	-	-
Communication	42,361	42,361	-	-
Real estate	9,120	9,120	-	-
Fixed income mutual fund	4,561,493	4,561,493	-	-
U.S. Treasury and agency securities	439,002	-	439,002	-
Corporate debt securities	2,915,343	-	2,915,343	-
Municipal bonds	1,893,857	-	1,893,857	-
Mortgage-backed securities	433,548	-	433,548	-
Beneficial interest in perpetual trusts	458,546	-	458,546	-
Beneficial interest in remainder trust	112,919	-	-	112,919
Pooled income funds	16,935	-	16,935	-

Following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, equity securities and fixed income securities (bond funds). If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. Level 2 securities include U.S. Treasury and agency securities, pooled income funds and fixed income securities. In certain cases where Level 1 or 2 inputs are not available, securities are classified within Level 3 of the hierarchy. See the table below for inputs and valuation techniques used for Level 3 securities. Fair value determinations for Level 3 measurements of securities are the responsibility of the Finance office.

Beneficial Interest in Perpetual Trusts

Fair value is calculated as the present value of the perpetual future distributions expected to be received over the term of the agreement and is estimated using the current fair value of the investments. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Beneficial Interest in Remainder Trust

The fair value is estimated using a discounted cash flow model. Inputs in the calculation include the current fair value of assets in the trust, life expectancy of beneficiaries, discount rates and expected earnings rates. Due to the nature of the valuation inputs, the interest is classified within Level 3 of the hierarchy.

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Beneficial Interest in Remainder Trust	
	2012	**2011**
Balance, January 1	$ 112,919	$ 120,063
Total unrealized gains (losses) included in change in net assets	9,786	(7,144)
Balance, December 31	$ 122,705	$ 112,919

Unobservable (Level 3) Inputs

The following table presents quantitative information about unobservable inputs used in recurring Level 3 fair value measurements.

	Fair Value at 12/31/12	Valuation Technique	Unobservable Inputs	Assumption
Beneficial interests in remainder trusts	$ 122,705	Discounted cash flow	Discount rates	1.20%
			Term of the trust	15 years

Note 13: Significant Contingencies

The Council is subject to certain claims and legal proceedings covering certain matters that arise in the ordinary course of its business activities. These matters are subject to various uncertainties. However, management believes that any liability that may ultimately result from the resolutions of these matters will not have a material adverse effect on its financial position or results of operations.

Note 14: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor’s Report, which is the date the financial statements were available to be issued.