Girl Scouts of Western Ohio

Accountants' Report and Financial Statements

December 31, 2009 and 2008

Girl Scouts of Western Ohio

December 31, 2009 and 2008

Contents

BKD LLP
CPAs & Advisors

312 Walnut Street, Suite 3000
Cincinnati, OH 45202-4025
513.621.8300 Fax 513.621.8345 www.bkd.com

Independent Accountants' Report

Board of Directors
Girl Scouts of Western Ohio
Cincinnati, Ohio

We have audited the accompanying statements of financial position of Girl Scouts of Western Ohio as of December 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

BKD, LLP

May 5, 2010

Girl Scouts of Western Ohio

Statements of Financial Position

December 31, 2009 and 2008

Assets	2009	2008
Cash and cash equivalents	$ 1,552,096	$ 3,492,637
Accounts receivable, net of allowance; 2009 - $172,830, 2008 - $105,797	105,663	155,321
Contributions receivable	839,732	943,489
Inventories	238,330	301,026
Prepaid expenses and other	94,384	120,669
Investments	15,590,070	12,615,744
Property and equipment, at cost		
Land and improvements	4,324,837	4,365,680
Swimming pools	916,945	896,846
Building and improvements	19,839,152	18,376,878
Equipment and vehicles	3,305,127	3,238,373
Construction in progress	-	306,892
	28,386,061	27,184,669
Less accumulated depreciation	(13,547,617)	(12,583,493)
Net property and equipment	14,838,444	14,601,176
Beneficial interest in perpetual trust	277,301	236,558
Total assets	$ 33,536,020	$ 32,466,620

Liabilities and Net Assets

	2009	2008
Liabilities		
Accounts payable and accrued liabilities	$ 609,357	$ 258,130
Custodial funds	169,845	165,178
Deferred income	35,492	24,847
Total liabilities	814,694	448,155
Net Assets		
Unrestricted		
Undesignated	2,010,400	464,666
Board designated	12,887,769	14,299,408
Property and equipment	14,838,444	14,601,176
	29,736,613	29,365,250
Temporarily restricted	944,021	1,078,163
Permanently restricted	2,040,692	1,575,052
Total net assets	32,721,326	32,018,465
Total liabilities and net assets	$ 33,536,020	$ 32,466,620

Girl Scouts of Western Ohio
Statement of Activities
Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
United Way allocations	$ 48,619	$ 1,134,723	$ -	$ 1,183,342
Legacies, bequests and contributions	325,125	128,644	-	453,769
Government grants	173,195	-	-	173,195
Cookie and merchandise sales	14,161,415	-	-	14,161,415
Program fees and dues	856,595	-	-	856,595
Investment return				
Interest and dividends, net of fees	282,911	7,620	-	290,531
Net realized losses	(159,360)	-	(970)	(160,330)
Net unrealized gains	1,292,714	25,775	316,610	1,635,099
Total investment return	1,416,265	33,395	315,640	1,765,300
Other	94,714	-	-	94,714
Net assets released from restrictions	1,290,774	(1,290,774)	-	-
Reclassification of net assets	(9,870)	(140,130)	150,000	-
Total revenues, gains and other support	18,356,832	(134,142)	465,640	18,688,330
Expenses				
Program services	16,089,657	-	-	16,089,657
Management and general	1,558,315	-	-	1,558,315
Fund raising	337,497	-	-	337,497
Total expenses	17,985,469	-	-	17,985,469
Change in Net Assets	371,363	(134,142)	465,640	702,861
Net Assets, Beginning of Year	29,365,250	1,078,163	1,575,052	32,018,465
Net Assets, End of Year	$ 29,736,613	$ 944,021	$ 2,040,692	$ 32,721,326

Girl Scouts of Western Ohio

Statement of Activities

Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains and Other Support				
United Way allocations	$ 84,690	$ 1,283,377	$ -	$ 1,368,067
Legacies, bequests and contributions	314,904	105,576	-	420,480
Government grants	183,404	-	-	183,404
Cookie and merchandise sales	15,032,124	-	-	15,032,124
Program fees and dues	1,057,166	-	-	1,057,166
Investment return				
Interest and dividends, net of fees	544,885	-	-	544,885
Net realized losses	(429,681)	-	(56,784)	(486,465)
Net unrealized losses	(2,396,089)	(57,286)	(491,746)	(2,945,121)
Total investment return	(2,280,885)	(57,286)	(548,530)	(2,886,701)
Special event revenue	58,445	-	-	58,445
Other	98,004	-	-	98,004
Net assets released from restrictions	1,710,434	(1,710,434)	-	-
Total revenues, gains and other support	16,258,286	(378,767)	(548,530)	15,330,989
Expenses				
Program services	16,354,682	-	-	16,354,682
Management and general	2,598,757	-	-	2,598,757
Fund raising	245,093	-	-	245,093
Total expenses	19,198,532	-	-	19,198,532
Change in Net Assets	(2,940,246)	(378,767)	(548,530)	(3,867,543)
Net Assets, Beginning of Year	32,305,496	1,456,930	2,123,582	35,886,008
Net Assets, End of Year	$ 29,365,250	$ 1,078,163	$ 1,575,052	$ 32,018,465

Girl Scouts of Western Ohio

Statements of Functional Expenses

Years Ended December 31, 2009 and 2008

2009	Program Services	Management and General	Fund Raising	Total Expenses
Salaries, benefits and related taxes	$ 5,850,533	$ 824,908	$ 265,937	$ 6,941,378
Direct cost of cookie and merchandise sales	7,001,163	-	-	7,001,163
Occupancy	666,974	30,550	5,247	702,771
Supplies and printing	614,657	17,017	11,302	642,976
Travel	188,982	20,397	2,694	212,073
Telephone and postage	205,988	11,740	3,844	221,572
Professional services	153,044	105,637	1,070	259,751
Financial assistance to individuals	278,230	-	1,700	279,930
Conference fees	3,661	19,197	4	22,862
Insurance	56,605	309,442	11,321	377,368
Other	141,683	49,646	422	191,751
Total expenses before depreciation	15,161,520	1,388,534	303,541	16,853,595
Depreciation	928,137	169,781	33,956	1,131,874
Total expenses	$ 16,089,657	$ 1,558,315	$ 337,497	$ 17,985,469

2008	Program Services	Management and General	Fund Raising	Total Expenses
Salaries, benefits and related taxes	$ 5,643,775	$ 1,470,494	$ 156,068	$ 7,270,337
Direct cost of cookie and merchandise sales	6,847,284	-	-	6,847,284
Occupancy	896,573	7,305	4,941	908,819
Supplies and printing	744,759	32,901	15,777	793,437
Travel	248,226	54,407	4,104	306,737
Telephone and postage	214,040	11,608	4,725	230,373
Professional services	144,830	211,055	3,834	359,719
Financial assistance to individuals	154,025	-	-	154,025
Conference fees	47,733	24,210	5,796	77,739
Insurance	10,754	370,310	28	381,092
Other	391,845	258,143	1,105	651,093
Total expenses before depreciation	15,343,844	2,440,433	196,378	17,980,655
Depreciation	1,010,838	158,324	48,715	1,217,877
Total expenses	$ 16,354,682	$ 2,598,757	$ 245,093	$ 19,198,532

Girl Scouts of Western Ohio

Statements of Cash Flows

Years Ended December 31, 2009 and 2008

	2009	2008
Operating Activities		
Change in net assets	$ 702,861	$ (3,867,543)
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	1,131,874	1,217,877
Loss on disposition of property and equipment	9,175	196,508
Bad debt allowance	67,033	89,510
Realized losses on investments	160,330	486,465
Unrealized (gains) losses on investments	(1,635,099)	2,945,121
Changes in		
Accounts receivable	(17,375)	9,635
Contributions receivable	103,757	278,905
Inventories, prepaid expenses and other	88,981	(11,707)
Accounts payable and accrued liabilities	351,227	(456,945)
Custodial funds	4,667	(200,755)
Deferred income	10,645	(27,628)
Net cash provided by operating activities	978,076	659,443
Investing Activities		
Purchases of property and equipment	(1,378,317)	(496,039)
Proceeds from sale of investments	14,624,791	12,580,720
Purchases of investments	(16,165,091)	(11,577,497)
Net cash (used in) provided by investing activities	(2,918,617)	507,184
Financing Activities		
Principal payments on line of credit	-	(448,051)
Net cash used in financing activities	-	(448,051)
(Decrease) Increase in Cash and Cash Equivalents	(1,940,541)	718,576
Cash and Cash Equivalents, Beginning of Year	3,492,637	2,774,061
Cash and Cash Equivalents, End of Year	$ 1,552,096	$ 3,492,637

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. On September 11, 2005, the National Board of Directors of Girl Scouts of the USA took action approving the Girl Scouts of the USA to develop and implement a process for a nation wide council realignment. The realignment process was designed to change councils' jurisdiction resulting in fewer councils with larger jurisdiction and higher capacity to serve girls now and in the future. Effective January 1, 2008, Girl Scouts of Buckeye Trails Council, Girl Scouts of Appleseed Ridge, Inc., Girl Scouts of Maumee Valley Council, Inc. and Girl Scouts-Great Rivers Council, Inc. merged to form Girl Scouts of Western Ohio. This business combination was accounted for in accordance with accounting principles generally accepted in the United States for not-for-profit organizations using the pooling of interest method.

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 are approximately 4,400 troops in the Council.

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

The financial institutions holding the Council's cash accounts are participating in the FDIC's Transaction Account Guarantee Program. Under that program, through December 31, 2009, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account.

Accounts Receivable

Accounts receivable generally consists of amounts owed from troops 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. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 60 days are considered delinquent. Delinquent receivables are turned over to collections and are written off based on individual credit evaluation and specific circumstances of the troop.

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 securities having a readily determinable fair value and in all debt securities 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 pooled investment accounts. Realized and unrealized gains and losses from securities in the pooled investment accounts 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 accounts, as adjusted for additions to or deduction from those accounts.

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:

	2009	2008
Operating reserve	$ 5,871,813	$ 5,871,813
Asset replacement	6,322,216	6,157,714
Other	693,740	2,269,881
	$ 12,887,769	$ 14,299,408

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. 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.

Gifts of land, buildings, equipment, and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

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 2005.

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 2008 financial statements to conform to the 2009 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 the following:

	2009	2008
Due within one year	$ 829,732	$ 869,152
Due in one to five years	10,000	74,337
	$ 839,732	$ 943,489

Note 3: Investments

Investments consisted of the following:

	2009	2008
Money market funds	$ 728,144	$ 1,779,917
U.S. Treasury and agency securities	651,544	976,643
Certificates of deposit	218,062	213,507
Equity securities	5,553,320	4,462,136
Fixed income securities	8,439,000	5,183,541
	$ 15,590,070	$ 12,615,744

Interest and dividends are reported net of investment fees of approximately $68,000 and $95,000 for 2009 and 2008, respectively.

Note 4: Beneficial Interest in Trust

The Council is the beneficiary under a perpetual trust administered by an outside party. Under the terms of the trust, 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 $277,301 and $236,558, which represents the fair value of the trust assets at December 31, 2009 and 2008, respectively. The income from this trust for 2009 and 2008 was $15,141 and $26,606, respectively.

Note 5: Net Assets

Temporarily restricted net assets at December 31, 2009 and 2008 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, 2009 and 2008 are restricted to investment in perpetuity, the income of which is expendable to support the general activities of the Council.

Note 6: 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, 2009 and 2008, all endowment funds consisted of donor-restricted funds.

In 2009, the Ohio General Assembly adopted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Council's governing body has interpreted Ohio's 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:

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 1,338,494	$ 1,338,494
Investment return:				
Investment income	-	24,008	-	24,008
Net appreciation	-	24,255	274,897	299,152
Total investment return	-	48,263	274,897	323,160
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	-	(29,153)	-	(29,153)
Other changes - reclassification of net assets	-	-	150,000	150,000
Endowment net assets, end of year	$ -	$ 19,110	$ 1,763,391	$ 1,782,501

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 1,777,083	$ 1,777,083
Investment return:				
Investment income	-	-	-	-
Net depreciation	-	-	(438,589)	(438,589)
Total investment return	-	-	(438,589)	(438,589)
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	$ -	$ -	$ 1,338,494	$ 1,338,494

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

	2009	2008
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or UPMIFA	$ 1,763,391	$ 1,338,494
Temporarily restricted net assets - portion of perpetual endowment funds subject to a time restriction under UPMIFA with purpose restrictions	$ 19,110	$ -

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, 2009 and 2008, 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 unrestricted gains and losses are retained as permanently restricted net assets. This is 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 7: Cookie and Other Merchandise Sales

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

	2009		
	Gross Sales	Direct Costs	Net Sales
Cookie sales	$ 12,623,547	$ 6,062,441	$ 6,561,106
Nut and candy sales	793,088	450,712	342,376
Council store	744,780	488,010	256,770
	$ 14,161,415	$ 7,001,163	$ 7,160,252

	2008		
	Gross Sales	Direct Costs	Net Sales
Cookie sales	$ 13,441,625	$ 5,950,500	$ 7,491,125
Nut and candy sales	795,154	396,206	398,948
Council store	795,345	500,578	294,767
	$ 15,032,124	$ 6,847,284	$ 8,184,840

Note 8: 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, 2009 were:

2010	$ 73,744
2011	73,234
2012	70,684
2013	70,684
2014	3,516
	$ 291,862

Rental expense for all operating leases amounted to approximately $86,000 and $116,600 in 2009 and 2008, respectively.

Note 9: Retirement Plan

The Council participates in the National Girl Scout Council Retirement Plan (the Plan), a non-contributory multi-employer defined benefit pension plan sponsored by Girl Scouts of the USA (GSUSA) which covers substantially all of the employees of various Girl Scouts councils. Benefits are based on years of service and salary levels. The Council's pension expense and contributions to this plan for 2009 and 2008 was $202,131 and $139,080, 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. The Plan is accounted for in accordance with ASC Topic 715. As of January 1, 2008, per the actuarial report provided by GSUSA, net plan assets available for plan benefits exceeded the actuarial present value of accumulated benefits. However, due to unfavorable market conditions, as of January 1, 2009, the actuarial present value of accumulated plan benefits exceeded net plan assets available for plan benefits by approximately $73,801,639.

The Council also has a 403(b) Thrift plan covering substantially all employees. The Board of Directors annually determines the amount, if any, of the Council's contributions to the plan. There were no Council contributions in 2009 or 2008.

Note 10: Troop Funds Held In Trust

Bank accounts for each troop are established under the Council's employee 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 $2,338,000 and $1,980,000 at December 31, 2009 and 2008, respectively. These funds are not available for use by the Council and have not been included in the financial statements.

Note 11: 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

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 pricing models or quoted prices of securities with similar characteristics. Level 2 securities include U.S. Treasury and agency securities and fixed income securities.

Beneficial Interest in Perpetual Trust

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

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, 2009 and 2008:

		2009		
		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	$ 728,144	$ 728,144	$ -	$ -
Equity securities	5,553,320	5,553,320	-	-
U.S. Treasury and agency securities	651,444	-	651,444	-
Fixed income securities	8,439,000	44,824	8,394,176	-
Beneficial interests in perpetual trusts	277,301	-	277,301	-

		2008 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	$ 1,779,917	$ 1,779,917	$ -	$ -
Equity securities	4,462,136	4,462,136	-	-
U.S. Treasury and agency securities	976,643	-	976,643	-
Fixed income securities	5,183,541	42,007	5,141,534	-
Beneficial interests in perpetual trusts	236,558	-	236,558	-

Note 12: 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 13: Current Economic Conditions

The current protracted economic decline continues to present not-for-profit organizations with difficult circumstances and challenges, which in some cases have resulted in large and unanticipated declines in the fair value of investments and other assets and declines in contributions and grants. The financial statements have been prepared using values and information currently available to the Council.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values and allowances for contributions receivable that could negatively impact the Council's ability to maintain sufficient liquidity.

Note 14: Subsequent Events

Subsequent events have been evaluated through May 5, 2010, which is the date the financial statements were available to be issued.