

Girl Scouts of Western Ohio

Accountants' Report and Financial Statements

December 31, 2010 and 2009

Girl Scouts of Western Ohio
December 31, 2010 and 2009

Contents

Independent Accountants' Report..... 1

Financial Statements

Statements of Financial Position 2
Statements of Activities..... 3
Statements of Functional Expenses 5
Statements of Cash Flows 6
Notes to Financial Statements 7

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, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Council'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, 2010 and 2009, 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 12, 2011

Girl Scouts of Western Ohio
Statements of Financial Position
December 31, 2010 and 2009

Assets	2010	2009 (Restated - Note 13)
Cash and cash equivalents	\$ 932,131	\$ 1,552,096
Accounts receivable, net of allowance; 2010 - \$141,753, 2009 - \$172,830	34,588	105,663
Contributions receivable	738,065	839,732
Inventories	214,032	238,330
Prepaid expenses and other	142,325	94,384
Investments	17,937,682	15,590,070
Property and equipment, at cost		
Land and improvements	4,336,278	4,324,837
Swimming pools	920,027	916,945
Building and improvements	19,882,406	19,839,152
Equipment and vehicles	2,837,081	3,305,127
	<u>27,975,792</u>	<u>28,386,061</u>
Less accumulated depreciation	<u>(14,108,051)</u>	<u>(13,547,617)</u>
Net property and equipment	<u>13,867,741</u>	<u>14,838,444</u>
Beneficial interest in perpetual trust	<u>410,809</u>	<u>390,982</u>
Total assets	<u><u>\$ 34,277,373</u></u>	<u><u>\$ 33,649,701</u></u>
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 280,280	\$ 609,357
Custodial funds	12,595	169,845
Deferred income	97,775	35,492
Total liabilities	<u>390,650</u>	<u>814,694</u>
 Net Assets		
Unrestricted		
Undesignated	-	2,010,400
Board designated	16,877,436	12,887,769
Property and equipment	13,867,741	14,838,444
	<u>30,745,177</u>	<u>29,736,613</u>
Temporarily restricted	909,503	944,021
Permanently restricted	2,232,043	2,154,373
Total net assets	<u>33,886,723</u>	<u>32,835,007</u>
Total liabilities and net assets	<u><u>\$ 34,277,373</u></u>	<u><u>\$ 33,649,701</u></u>

Girl Scouts of Western Ohio
Statement of Activities
Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues, Gains and Other Support				
United Way allocations	\$ 60,209	\$ 993,507	\$ -	\$ 1,053,716
Legacies, bequests and contributions	334,216	147,300	-	481,516
Government grants	20,226	-	-	20,226
Cookie and merchandise sales	15,576,011	-	-	15,576,011
Program fees and dues	669,082	-	-	669,082
Investment return				
Interest and dividends, net of fees	275,937	7,183	-	283,120
Net realized gains	75,118	-	6,020	81,138
Net unrealized gains	<u>662,760</u>	<u>18,633</u>	<u>71,650</u>	<u>753,043</u>
Total investment return	<u>1,013,815</u>	<u>25,816</u>	<u>77,670</u>	<u>1,117,301</u>
Other	115,454	-	-	115,454
Net assets released from restrictions	<u>1,201,141</u>	<u>(1,201,141)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>18,990,154</u>	<u>(34,518)</u>	<u>77,670</u>	<u>19,033,306</u>
Expenses				
Program services	16,155,340	-	-	16,155,340
Management and general	1,300,477	-	-	1,300,477
Fund raising	<u>525,773</u>	<u>-</u>	<u>-</u>	<u>525,773</u>
Total expenses	<u>17,981,590</u>	<u>-</u>	<u>-</u>	<u>17,981,590</u>
Change in Net Assets	1,008,564	(34,518)	77,670	1,051,716
Net Assets, Beginning of Year	<u>29,736,613</u>	<u>944,021</u>	<u>2,154,373</u>	<u>32,835,007</u>
Net Assets, End of Year	<u>\$ 30,745,177</u>	<u>\$ 909,503</u>	<u>\$ 2,232,043</u>	<u>\$ 33,886,723</u>

Girl Scouts of Western Ohio
Statement of Activities
Year Ended December 31, 2009 (Restated-Note 13)

	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	275,422	7,620	-	283,042
Net realized losses	(159,360)	-	(970)	(160,330)
Net unrealized gains	1,292,714	25,775	322,361	1,640,850
Total investment return	1,408,776	33,395	321,391	1,763,562
Other	102,203	-	-	102,203
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)	471,391	18,694,081
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)	471,391	708,612
Net Assets, Beginning of Year, As Previously Reported	29,365,250	1,078,163	1,575,052	32,018,465
Adjustments Applicable to Prior Years	-	-	107,930	107,930
Net Assets, Beginning of Year, As Restated	29,365,250	1,078,163	1,682,982	32,126,395
Net Assets, End of Year	\$ 29,736,613	\$ 944,021	\$ 2,154,373	\$ 32,835,007

Girl Scouts of Western Ohio
Statements of Functional Expenses
Years Ended December 31, 2010 and 2009

2010	Program Services	Management and General	Fund Raising	Total Expenses
Salaries, benefits and related taxes	\$ 5,900,495	\$ 646,423	\$ 430,091	\$ 6,977,009
Direct cost of cookie and merchandise sales	7,270,608	-	-	7,270,608
Occupancy	694,902	39,693	6,068	740,663
Supplies and printing	501,816	14,398	11,029	527,243
Travel	170,820	23,180	3,431	197,431
Telephone and postage	165,564	12,479	5,040	183,083
Professional services	84,812	89,636	-	174,448
Financial assistance to individuals	252,795	-	3,824	256,619
Conference fees	1,380	14,548	-	15,928
Insurance	50,510	276,117	10,102	336,729
Other	178,267	50,965	8,295	237,527
Total expenses before depreciation	15,271,969	1,167,439	477,880	16,917,288
Depreciation	883,371	133,038	47,893	1,064,302
Total expenses	<u>\$ 16,155,340</u>	<u>\$ 1,300,477</u>	<u>\$ 525,773</u>	<u>\$ 17,981,590</u>
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	<u>\$ 16,089,657</u>	<u>\$ 1,558,315</u>	<u>\$ 337,497</u>	<u>\$ 17,985,469</u>

Girl Scouts of Western Ohio
Statements of Cash Flows
Years Ended December 31, 2010 and 2009

	2010	2009 (Restated - Note 13)
Operating Activities		
Change in net assets	\$ 1,051,716	\$ 708,612
Items not requiring (providing) operating activities cash flows		
Depreciation	1,064,302	1,131,874
Loss on disposition of property and equipment	16,976	9,175
Bad debt allowance	31,077	67,033
Realized (gains) losses on investments	(81,138)	160,330
Unrealized gains on investments	(753,043)	(1,640,850)
Changes in		
Accounts receivable	39,998	(17,375)
Contributions receivable	101,667	103,757
Inventories, prepaid expenses and other	(23,643)	88,981
Accounts payable and accrued liabilities	(329,077)	351,227
Custodial funds	(157,250)	4,667
Deferred income	62,283	10,645
Net cash provided by operating activities	1,023,868	978,076
Investing Activities		
Proceeds from sale of property and equipment	6,700	-
Purchases of property and equipment	(117,275)	(1,378,317)
Proceeds from sale of investments	9,377,179	14,624,791
Purchases of investments	(10,910,437)	(16,165,091)
Net cash used in by investing activities	(1,643,833)	(2,918,617)
Decrease in Cash and Cash Equivalents	(619,965)	(1,940,541)
Cash and Cash Equivalents, Beginning of Year	1,552,096	3,492,637
Cash and Cash Equivalents, End of Year	\$ 932,131	\$ 1,552,096

Girl Scouts of Western Ohio

Notes to Financial Statements

December 31, 2010 and 2009

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 3,400 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

At December 31, 2010 and 2009, cash equivalents consisted primarily of funds invested in bank repurchase agreements held in an overnight sweep account which are not insured by the FDIC.

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, 2010, all noninterest-bearing transaction accounts are fully guaranteed by the FDIC for the entire amount in the account. Pursuant to legislation enacted in 2010, the FDIC will fully insure all noninterest-bearing transaction accounts beginning December 31, 2010 through December 31, 2012, at all FDIC-insured institutions.

Girl Scouts of Western Ohio

Notes to Financial Statements

December 31, 2010 and 2009

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. 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 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.

Girl Scouts of Western Ohio

Notes to Financial Statements

December 31, 2010 and 2009

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:

	<u>2010</u>	<u>2009</u>
Operating reserve	\$ 5,871,813	\$ 5,871,813
Asset replacement	8,757,853	6,322,216
Pension reserve	782,000	-
Other	<u>1,465,770</u>	<u>693,740</u>
	<u>\$ 16,877,436</u>	<u>\$ 12,887,769</u>

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.

Girl Scouts of Western Ohio
Notes to Financial Statements
December 31, 2010 and 2009

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 2006.

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 2009 financial statements to conform to the 2010 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:

	2010	2009
Due within one year	\$ 738,065	\$ 829,732
Due in one to five years	-	10,000
	\$ 738,065	\$ 839,732

Girl Scouts of Western Ohio
Notes to Financial Statements
December 31, 2010 and 2009

Note 3: Investments

Investments consisted of the following:

	2010	2009
Money market funds	\$ 299,538	\$ 728,144
U.S. Treasury and agency securities	635,571	651,544
Certificates of deposit	51,151	218,062
Equity securities	7,038,422	5,553,320
Fixed income securities	9,896,257	8,423,454
Pooled income funds	16,743	15,546
	\$ 17,937,682	\$ 15,590,070

Interest and dividends are reported net of investment fees of approximately \$73,000 and \$68,000 for 2010 and 2009, respectively.

Note 4: Beneficial Interest in Trust

The Council is the 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 \$410,809 and \$390,982, which represents the fair value of the trust assets at December 31, 2010 and 2009, respectively. The income from these trusts for 2010 and 2009 was \$18,470 and \$29,052, respectively. See Note 13 for restatement of 2009 and prior financial statements related to certain trusts.

Note 5: Net Assets

Temporarily restricted net assets at December 31, 2010 and 2009 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, 2010 and 2009 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

Girl Scouts of Western Ohio

Notes to Financial Statements

December 31, 2010 and 2009

associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of December 31, 2010 and 2009, 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

Girl Scouts of Western Ohio
Notes to Financial Statements
December 31, 2010 and 2009

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

	2010			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ -	\$ 19,110	\$ 1,763,391	\$ 1,782,501
Investment return:				
Investment income	-	4,497	-	4,497
Net appreciation	-	17,438	57,843	75,281
Total investment return	-	21,935	57,843	79,778
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	-	(1,628)	-	(1,628)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 39,417</u>	<u>\$ 1,821,234</u>	<u>\$ 1,860,651</u>
	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	<u>\$ -</u>	<u>\$ 19,110</u>	<u>\$ 1,763,391</u>	<u>\$ 1,782,501</u>

Girl Scouts of Western Ohio
Notes to Financial Statements
December 31, 2010 and 2009

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

	2010	2009
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or UPMIFA	<u>\$ 1,821,234</u>	<u>\$ 1,763,391</u>
Temporarily restricted net assets - portion of perpetual endowment funds subject to a time restriction under UPMIFA with purpose restrictions	<u>\$ 39,417</u>	<u>\$ 19,110</u>

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, 2010 and 2009, 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.

Girl Scouts of Western Ohio

Notes to Financial Statements

December 31, 2010 and 2009

Note 7: 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:

	2010		
	Gross Sales	Direct Costs	Net Sales
Cookie sales	\$ 13,974,055	\$ 6,298,783	\$ 7,675,272
Nut and candy sales	803,514	456,623	346,891
Council store	798,442	515,202	283,240
	<u>\$ 15,576,011</u>	<u>\$ 7,270,608</u>	<u>\$ 8,305,403</u>
	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
	<u>\$ 14,161,415</u>	<u>\$ 7,001,163</u>	<u>\$ 7,160,252</u>

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, 2010 were:

2011	\$ 73,490
2012	70,684
2013	70,684
2014	3,516
	<u>\$ 218,374</u>

Rental expense for all operating leases amounted to approximately \$70,000 and \$86,000 in 2010 and 2009, respectively.

Girl Scouts of Western Ohio

Notes to Financial Statements

December 31, 2010 and 2009

Note 9: 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) which covers substantially all of the employees of various Girl Scout councils. Benefits are based on years of service and salary levels. The Council's pension expense and contributions to this plan for 2010 and 2009 was \$413,427 and \$202,131, respectively. The National Board of the Girl Scouts of the USA voted to freeze future benefits under the Plan effective July 31, 2010. 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 SFAS No. 87, "Employers' Accounting for Pensions," as amended by SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." Due to unfavorable market conditions, as of January 1, 2010, the actuarial present value of accumulated plan benefits exceeded net plan assets available for plan benefits.

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 2010 were \$61,566. There were no employer contributions in 2009.

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 \$1,892,000 and \$2,338,000 at December 31, 2010 and 2009, 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

Girl Scouts of Western Ohio

Notes to Financial Statements

December 31, 2010 and 2009

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, pooled income funds and fixed income securities. The inputs used by the pricing service to determine fair value may include one or a combination of observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data market research publications.

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, 2010 and 2009:

	2010			
	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	\$ 299,538	\$ 299,538	\$ -	\$ -
Equity securities	7,038,422	7,038,422	-	-
U.S. Treasury and agency securities	635,571	-	635,571	-
Fixed income securities	9,896,257	3,342,605	6,553,652	-
Beneficial interests in perpetual trusts	410,809	-	410,809	-
Pooled income funds	16,743	-	16,743	-

Girl Scouts of Western Ohio
Notes to Financial Statements
December 31, 2010 and 2009

	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	8,423,454	44,824	8,378,630	-
Beneficial interests in perpetual trusts	390,982	-	390,982	-
Pooled income funds	15,546	-	15,546	-

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: Restatement of Prior Years' Financial Statements

During 2010, management discovered that certain perpetual trusts in which the Council has beneficial interests were not recorded in accordance with guidance for split interest agreements for not-for-profit organizations (ASC Topic 958). Net assets at January 1, 2009 have been increased by \$107,930 to reflect the recording of these trusts. The 2009 statement of financial position and activities have been restated to include \$113,681 as beneficial interests in perpetual trusts and \$5,751 as unrealized gain – permanently restricted.

Girl Scouts of Western Ohio
Notes to Financial Statements
December 31, 2010 and 2009

The following financial statement line items for 2009 were affected by the corrections:

	As Restated	As Previously Reported	Effect of Change
Statement of Financial Position			
Beneficial interest in perpetual trusts	\$ 390,982	\$ 277,301	\$ 113,681
Total assets	33,649,701	33,536,020	113,681
Permanently restricted net assets	2,154,373	2,040,692	113,681
Total net assets	32,835,007	32,721,326	113,681
Total liabilities and net assets	33,649,701	33,536,020	113,681
Statement of Activities			
Net unrealized gains - permanently restricted	322,361	316,610	5,751
Total net unrealized gains	1,640,850	1,635,099	5,751
Total investment return - permanently restricted	321,391	315,640	5,751
Total investment return	1,763,562	1,757,811	5,751
Total revenues, gains and other support - permanently restricted	471,391	465,640	5,751
Total revenues, gains and other support	18,694,081	18,688,330	5,751
Change in net assets - permanently restricted	471,391	465,640	5,751
Total change in net assets	708,612	702,861	5,751

Note 14: Subsequent Events

Subsequent events have been evaluated through May 12, 2011, which is the date the financial statements were available to be issued.