

# **Girl Scouts of Western Ohio**

Accountants' Report and Financial Statements

December 31, 2011 and 2010

# Girl Scouts of Western Ohio

December 31, 2011 and 2010

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## 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, 2011 and 2010, 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, 2011 and 2010, 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 9, 2012

**Girl Scouts of Western Ohio**  
**Statements of Financial Position**  
**December 31, 2011 and 2010**

<b>Assets</b>	<b>2011</b>	<b>2010</b>
Cash and cash equivalents	\$ 134,823	\$ 932,131
Accounts receivable, net of allowance; 2011 - \$123,148; 2010 - \$141,753	40,055	34,588
Contributions receivable	737,869	738,065
Inventories	328,375	214,032
Prepaid expenses and other	140,860	142,325
Investments	18,109,193	17,937,682
Property and equipment, at cost		
Land and improvements	5,476,703	5,256,305
Building and improvements	20,628,237	19,882,406
Equipment and vehicles	2,975,109	2,837,081
Construction in process	15,809	-
	<u>29,095,858</u>	<u>27,975,792</u>
Less accumulated depreciation	(15,101,466)	(14,108,051)
Net property and equipment	<u>13,994,392</u>	<u>13,867,741</u>
Beneficial interest in perpetual trusts	458,546	410,809
Beneficial interest in remainder trust	112,919	-
Total assets	<u><u>\$ 34,057,032</u></u>	<u><u>\$ 34,277,373</u></u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 337,836	\$ 280,280
Custodial funds	21,150	12,595
Deferred income	48,288	97,775
Total liabilities	<u>407,274</u>	<u>390,650</u>
 <b>Net Assets</b>		
Unrestricted		
Undesignated	622,150	-
Board designated	15,740,336	16,877,436
Property and equipment	13,994,392	13,867,741
	<u>30,356,878</u>	<u>30,745,177</u>
Temporarily restricted	1,040,287	909,503
Permanently restricted	2,252,593	2,232,043
Total net assets	<u>33,649,758</u>	<u>33,886,723</u>
Total liabilities and net assets	<u><u>\$ 34,057,032</u></u>	<u><u>\$ 34,277,373</u></u>

**Girl Scouts of Western Ohio**  
**Statement of Activities**  
**Year Ended December 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenues, Gains and Other Support</b>				
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	<u>(2,454,906)</u>	<u>-</u>	<u>-</u>	<u>(2,454,906)</u>
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	<u>(572,875)</u>	<u>(13,381)</u>	<u>(55,665)</u>	<u>(641,921)</u>
Total investment return	<u>(51,628)</u>	<u>(10,309)</u>	<u>(65,913)</u>	<u>(127,850)</u>
Other	114,988	-	-	114,988
Net assets released from restrictions	<u>1,140,028</u>	<u>(1,140,028)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>10,942,540</u>	<u>130,784</u>	<u>20,550</u>	<u>11,093,874</u>
<b>Expenses</b>				
Program services	9,455,788	-	-	9,455,788
Management and general	1,414,570	-	-	1,414,570
Fund raising	<u>460,481</u>	<u>-</u>	<u>-</u>	<u>460,481</u>
Total expenses	<u>11,330,839</u>	<u>-</u>	<u>-</u>	<u>11,330,839</u>
<b>Change in Net Assets</b>	(388,299)	130,784	20,550	(236,965)
<b>Net Assets, Beginning of Year</b>	<u>30,745,177</u>	<u>909,503</u>	<u>2,232,043</u>	<u>33,886,723</u>
<b>Net Assets, End of Year</b>	<u>\$ 30,356,878</u>	<u>\$ 1,040,287</u>	<u>\$ 2,252,593</u>	<u>\$ 33,649,758</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>
<b>Revenues, Gains and Other Support</b>				
Cookie and merchandise sales	\$ 15,576,011	\$ -	\$ -	\$ 15,576,011
Less direct cost of cookie and merchandise sales	(4,899,821)	-	-	(4,899,821)
Less allocations to troops and service units	<u>(2,370,787)</u>	<u>-</u>	<u>-</u>	<u>(2,370,787)</u>
Net cookie and merchandise sales	8,305,403	-	-	8,305,403
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
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>11,719,546</u>	<u>(34,518)</u>	<u>77,670</u>	<u>11,762,698</u>
<b>Expenses</b>				
Program services	8,884,732	-	-	8,884,732
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>10,710,982</u>	<u>-</u>	<u>-</u>	<u>10,710,982</u>
<b>Change in Net Assets</b>	1,008,564	(34,518)	77,670	1,051,716
<b>Net Assets, Beginning of Year</b>	<u>29,736,613</u>	<u>944,021</u>	<u>2,154,373</u>	<u>32,835,007</u>
<b>Net Assets, End of Year</b>	<u>\$ 30,745,177</u>	<u>\$ 909,503</u>	<u>\$ 2,232,043</u>	<u>\$ 33,886,723</u>

**Girl Scouts of Western Ohio**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2011 and 2010**

<b>2011</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total Expenses</b>
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	<u>\$ 9,455,788</u>	<u>\$ 1,414,570</u>	<u>\$ 460,481</u>	<u>\$ 11,330,839</u>

<b>2010</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total Expenses</b>
Salaries, benefits and related taxes	\$ 5,900,495	\$ 646,423	\$ 430,091	\$ 6,977,009
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	8,001,361	1,167,439	477,880	9,646,680
Depreciation	883,371	133,038	47,893	1,064,302
Total expenses	<u>\$ 8,884,732</u>	<u>\$ 1,300,477</u>	<u>\$ 525,773</u>	<u>\$ 10,710,982</u>

**Girl Scouts of Western Ohio**  
**Statements of Cash Flows**  
**Years Ended December 31, 2011 and 2010**

	<u>2011</u>	<u>2010</u>
<b>Operating Activities</b>		
Change in net assets	\$ (236,965)	\$ 1,051,716
Items not requiring (providing) operating activities cash flows		
Depreciation	1,000,296	1,064,302
Loss on disposition of property and equipment	2,872	16,976
Bad debt allowance	18,605	31,077
Realized gains on investments	(126,142)	(81,138)
Unrealized losses (gains) on investments	641,921	(753,043)
Contributions of beneficial interests	(206,526)	-
Changes in		
Accounts receivable	(24,072)	39,998
Contributions receivable	196	101,667
Inventories, prepaid expenses and other	(112,878)	(23,643)
Accounts payable and accrued liabilities	57,556	(329,077)
Custodial funds	8,555	(157,250)
Deferred income	(49,487)	62,283
	<u>973,931</u>	<u>1,023,868</u>
Net cash provided by operating activities		
	<u>973,931</u>	<u>1,023,868</u>
<b>Investing Activities</b>		
Proceeds from sale of property and equipment	-	6,700
Purchases of property and equipment	(1,129,819)	(117,275)
Proceeds from sale of investments	15,096,856	9,377,179
Purchases of investments	(15,738,276)	(10,910,437)
	<u>(1,771,239)</u>	<u>(1,643,833)</u>
Net cash used in investing activities		
	<u>(1,771,239)</u>	<u>(1,643,833)</u>
<b>Decrease in Cash and Cash Equivalents</b>	(797,308)	(619,965)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>932,131</u>	<u>1,552,096</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 134,823</u>	<u>\$ 932,131</u>



# **Girl Scouts of Western Ohio**

## **Notes to Financial Statements**

**December 31, 2011 and 2010**

### **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 are approximately 4,900 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, 2011 and 2010, cash equivalents consisted primarily of funds invested in bank repurchase agreements held in an overnight sweep account which are secured by U.S. Government securities and are not insured by the FDIC.

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.

#### ***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.

# Girl Scouts of Western Ohio

## Notes to Financial Statements

December 31, 2011 and 2010

### ***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:

	<b>2011</b>	<b>2010</b>
Operating reserve	\$ 5,871,813	\$ 5,871,813
Asset replacement	7,679,996	8,757,853
Pension reserve	782,000	782,000
Other	1,406,527	1,465,770
	<u>\$ 15,740,336</u>	<u>\$ 16,877,436</u>

**Girl Scouts of Western Ohio**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

***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 2008.

***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 2010 financial statements to conform to the 2011 financial statement presentation. These reclassifications had no effect on the change in net assets.

**Girl Scouts of Western Ohio**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**Note 2: Contributions Receivable**

Contributions receivable, which include United Way allocations, consisted of \$737,869 and \$738,065 as of December 31, 2011 and 2010, respectively, all of which were due within one year.

**Note 3: Investments**

Investments consisted of the following:

	2011	2010
Money market funds	\$ 645,929	\$ 299,538
U.S. Treasury and agency securities	617,090	635,571
Certificates of deposit	52,209	51,151
Equity securities	6,884,967	7,038,422
Fixed income securities	9,892,063	9,896,257
Pooled income funds	16,935	16,743
	\$ 18,109,193	\$ 17,937,682

Interest and dividends are reported net of investment fees of approximately \$65,000 and \$73,000 for 2011 and 2010, respectively.

**Note 4: 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 \$458,546 and \$410,809, which represents the fair value of the trust assets at December 31, 2011 and 2010, respectively. The income from these trusts for 2011 and 2010 was \$22,087 and \$18,470, 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 1.60%. The estimated value of the expected future cash flows is \$112,919 at December 31, 2011. The Council's interest in the trust resulted in distributions of \$3,041 in 2011.

**Girl Scouts of Western Ohio**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

**Note 5: Net Assets**

Temporarily restricted net assets at December 31, 2011 and 2010 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, 2011 and 2010 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, 2011 and 2010, 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, 2011 and 2010**

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

	<b>Temporarily Restricted</b>	<b>2011 Permanently Restricted</b>	<b>Total</b>
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	<u>\$ 37,877</u>	<u>\$ 1,794,046</u>	<u>\$ 1,831,923</u>

	<b>Temporarily Restricted</b>	<b>2010 Permanently Restricted</b>	<b>Total</b>
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
Appropriation of endowment assets for expenditure	(1,628)	-	(1,628)
Endowment net assets, end of year	<u>\$ 39,417</u>	<u>\$ 1,821,234</u>	<u>\$ 1,860,651</u>

**Girl Scouts of Western Ohio**  
**Notes to Financial Statements**  
**December 31, 2011 and 2010**

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

	<b>2011</b>	<b>2010</b>
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or UPMIFA	\$ 1,794,046	\$ 1,821,234
Temporarily restricted net assets - portion of perpetual endowment funds subject to a time restriction under UPMIFA with purpose restrictions	\$ 37,877	\$ 39,417

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, 2011 and 2010, 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, 2011 and 2010

### 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:

	<b>2011</b>			
	<u>Gross Sales</u>	<u>Direct Costs</u>	<u>Allocations</u>	<u>Net Sales</u>
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
	<u>\$ 16,090,234</u>	<u>\$ 4,947,086</u>	<u>\$ 2,454,906</u>	<u>\$ 8,688,242</u>

  

	<b>2010</b>			
	<u>Gross Sales</u>	<u>Direct Costs</u>	<u>Allocations</u>	<u>Net Sales</u>
Cookie sales	\$ 13,974,055	\$ 4,019,853	\$ 2,278,930	\$ 7,675,272
Nut and candy sales	803,514	364,766	91,857	346,891
Council store	798,442	515,202	-	283,240
	<u>\$ 15,576,011</u>	<u>\$ 4,899,821</u>	<u>\$ 2,370,787</u>	<u>\$ 8,305,403</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, 2011 were:

2012	\$ 70,684
2013	70,684
2014	3,516
	<u>\$ 144,884</u>

Rental expense for all operating leases amounted to approximately \$76,000 and \$70,000 in 2011 and 2010, respectively.



# Girl Scouts of Western Ohio

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### 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). 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 2011 and 2010 was \$425,278 and \$413,427, 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, 2011.

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 2011 and 2010 were \$205,425 and \$61,566, respectively.

### 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 \$2,445,000 and \$1,892,000 at December 31, 2011 and 2010, respectively. These funds are not available for use by the Council and have not been included in the financial statements.

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### 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, 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 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.

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***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 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, 2011 and 2010:

	<b>2011</b>			
	<b>Fair Value</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Money market funds	\$ 645,929	\$ 645,929	\$ -	\$ -
Equity securities	6,884,967	6,884,967	-	-
U.S. Treasury and agency securities	617,090	-	617,090	-
Fixed income securities	9,892,063	4,561,493	5,330,570	-
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	-

	<b>2010</b>			
	<b>Fair Value</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
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 interest in perpetual trusts	410,809	-	410,809	-
Pooled income funds	16,743	-	16,743	-

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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:

	<b><u>Beneficial Interest in Remainder Trust</u></b>
Balance, January 1, 2011	\$ -
Contributions	120,063
Total unrealized losses included in change in net assets	<u>(7,144)</u>
Balance, December 31, 2011	<u>\$ 112,919</u>

**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: Subsequent Events**

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