

# GIRL SCOUTS OF CITRUS COUNCIL, INC.

REPORT ON THE AUDIT PROCESS

FOR THE YEAR ENDED SEPTEMBER 30, 2011





## REPORT ON THE AUDIT PROCESS

The Board of Directors  
Girl Scouts of Citrus Council, Inc.  
Orlando, Florida

We have audited the financial statements of Girl Scouts of Citrus Council, Inc. ("the Council") for the year ended September 30, 2011, and have issued our report thereon dated May 10, 2012. Professional standards require that we provide you with the following information related to the audit process.

### OUR RESPONSIBILITY UNDER U.S. GENERALLY ACCEPTED AUDITING STANDARDS

As stated in our engagement letter dated June 20, 2011, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. We performed the audit in accordance with generally accepted auditing standards. Our audit was designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

### INDEPENDENCE

Our firm meets all applicable requirements of the law for independence with respect to the Council.

### PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated June 20, 2011.

### SIGNIFICANT AUDIT FINDINGS

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Council are described in Note B to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2011. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Some accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Some financial statement disclosures may also be particularly sensitive because of their significance to the financial statements.

#### *Difficulties Encountered in Performing the Audit*

We encountered difficulties in completing the audit engagement due to delays in receiving certain requested information in a timely manner.

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CERTIFIED PUBLIC ACCOUNTANTS

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements in the financial statements. The misstatements related to certain of the Council's revenue, expense, and holding accounts.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a difference of opinion related to a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated May 10, 2012. A copy of that representation letter is attached as **Exhibit 1**.

*Significant Issues Discussed or Subject to Correspondence with Management*

We generally discuss or correspond about a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council's auditors. However, these discussions and/or correspondence occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Council's Board of Directors, Finance Committee and management and is not intended to be and should not be used by anyone other than these specified parties.

*Batts Morrison Wales & Lee, P.A.*

BATTS MORRISON WALES & LEE, P.A.



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F (407) 894-2178

Batts Morrison Wales & Lee, P.A.  
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We are providing this letter in connection with your audit of the statement of financial position of Girl Scouts of Citrus Council, Inc. ("the Council") as of September 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets and cash flows of Girl Scouts of Citrus Council, Inc. in conformity with accounting principles generally accepted in the United States of America. We confirm that we are responsible for the fair presentation in the financial statement of financial position, changes in net assets and cash flows in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal controls, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit:

1. The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America and include all assets and liabilities under the Council's control.
2. We have made available to you all:
  - a. Financial records and related data.
  - b. Minutes of the meetings of the Directors and all committees requested or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial or tax reporting practices that could have a material effect on the financial statements.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
6. We have no knowledge of any fraud or suspected fraud affecting the Council involving:
  - a. Management,
  - b. Employees who have significant roles in internal control, or
  - c. Others where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Council received in communications from employees, former employees, grantors, regulators, or others.
8. The Council has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
9. Provision, when material, has been made to reduce excess or obsolete inventories to their estimated net realizable value.



10. The following have been properly recorded or disclosed in the financial statements to the extent they exist:
  - a. Related party transactions, including revenues, expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - b. Guarantees, whether written or oral, under which the Council is liable.
11. We have identified all accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates, and we believe the estimates are reasonable in the circumstances. There are no such estimates that may be subject to material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements.
12. We have no knowledge of concentrations existing at the date of the financial statements that make the Council vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements. We understand that concentrations include individual or group concentrations of contributors, grantors, clients, customers, suppliers, lenders, products, services, fund-raising events, sources of labor or materials, licenses or other rights, or operating areas or markets. We further understand that *severe impact* means a significant financially disruptive effect on the normal functioning of the Council.
13. We are responsible for:
  - a. Compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
  - b. Establishing and maintaining effective internal control over financial reporting.
14. We have appointed Jacqueline Johns to oversee your performance of nonattest services for the Council including, but not limited to, drafting financial statements and any other nonattest services requested by us and performed by you.
15. The Council is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. There are no activities of which we are aware that would jeopardize the Council's tax-exempt status, and there are no activities subject to tax on unrelated business income or excise or other tax, other than regular payroll taxes and taxes on certain utilities. All required filings with tax authorities are up-to-date.
16. There are no:
  - a. Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
  - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450-30-50 (gain contingencies) or FASB ASC 450-20-25 and 450-20-50 (loss contingencies).
  - c. Designations of net assets that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
17. We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with FASB ASC 450, and we have not consulted a lawyer concerning litigation, claims or assessments.
18. The Council has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, other than those about which you have been informed.
19. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

20. We confirm that contributions received for the Scoutership, Campership and Camp Capital Project endowments are permanently restricted net assets. The Council will begin to make distributions for the intended purposes once the endowments are fully funded.
21. We have satisfied ourselves by means other than advice from you that all of the employee benefit plans maintained by the Council are in compliance with applicable laws and regulations. We acknowledge that your firm has not attested to such compliance.
22. The Council has approximately 1,200 troops. Generally, each troop maintains a separate bank account and cash activities. The cash balances and financial activities of the troops have not been determined as of and for the year ended September 30, 2011.
23. We have confirmed by inquiries of other Girl Scout organizations that industry practice is that Girl Scout councils in Florida do not generally include troop activities in the audited financial statements.
24. We believe that the effects of omitting the troop account balances and activities from the financial statements of the Council for the year ended September 30, 2011, does not result in a material misstatement to the Council's financial statements. Indeed, if the troop account balances and activities were included, the presentation could potentially be misleading to readers of the financial statements, as the troops' cash is not a liquid asset of the Council and the Council does not maintain practical control over or have direct access to the funds.
25. We understand that the balances and activities of troop accounts using the Council's federal employer identification number should be reflected annually in the Council's Form 990, and we will take reasonable efforts to obtain the information necessary to effectuate this reporting before September 30, 2012.
26. Substantially all troop income comes from troop commissions on cookie, nut and QSP sales. In addition, the troops generally operate on a break-even basis and do not generally have significant increases in cash balances from year-to-year.
27. To the best of our knowledge and belief, no events have occurred subsequent to September 30, 2011 and through the date of this letter that would require adjustments to, or disclosure in, the aforementioned financial statements.
28. We have reviewed the drafts of the financial statements and have found no inconsistencies or deficiencies in the drafts as compared with the information that we have made available to you.
29. We have reviewed and accepted all adjustments to the financial statements proposed by you in connection with your engagement and we agree to post them to our books and records.
30. The only known entities, other than the Board of Directors, Finance Committee and management of the Council, expected to rely on the financial statement are Wells Fargo and Girl Scouts of U.S.A., Inc.

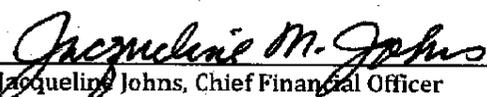
GIRL SCOUTS OF CITRUS COUNCIL, INC.

  
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Nora Bagby, Chair of the Board of Directors

5/10/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Maryann Barry, Chief Executive Officer

5/10/12  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Jacqueline Johns, Chief Financial Officer

5/10/12  
\_\_\_\_\_  
Date