# Girl Scouts of Citrus Council, Inc.

## Financial Statements

## For The Year Ended September 30, 2011

BMWL
Batts Morrison Wales & Lee
Certified Public Accountants

BMWL
BATTS MORRISON WALES & LEE
KEEPING WATCH FOR NONPROFIT ORGANIZATIONS AND THEIR LEADERS

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying 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. 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 audit.

We conducted our audit 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 audit provides 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 Citrus Council, Inc. as of September 30, 2011, the changes in its net assets, its functional expenses, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
May 10, 2012

CERTIFIED PUBLIC ACCOUNTANTS
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SERVING NONPROFIT ORGANIZATIONS ACROSS THE UNITED STATES FROM OUR OFFICES IN ORLANDO AND ATLANTA

# GIRL SCOUTS OF CITRUS COUNCIL, INC.

STATEMENT OF FINANCIAL POSITION

September 30, 2011

**ASSETS**

| | |
|---|---|
| **ASSETS** | |
| Cash and cash equivalents | $ 1,176,096 |
| Cash and investments in trust | 1,961,115 |
| Property and equipment, net | 3,391,282 |
| Other assets, net | 183,406 |
| **Total assets** | **$ 6,711,899** |

**LIABILITIES AND NET ASSETS**

| | |
|---|---|
| **LIABILITIES** | |
| Accounts payable and accrued expenses | $ 455,074 |
| Note payable | 472,478 |
| **Total liabilities** | **927,552** |
| **NET ASSETS** | |
| Unrestricted | 5,138,471 |
| Temporarily restricted | 639,694 |
| Permanently restricted | 6,182 |
| **Total net assets** | **5,784,347** |
| **Total liabilities and net assets** | **$ 6,711,899** |

The Accompanying Notes are an Integral
Part of These Financial Statements

# GIRL SCOUTS OF CITRUS COUNCIL, INC.

STATEMENT OF ACTIVITIES

For The Year Ended September 30, 2011

| | |
|---|---|
| **CHANGE IN UNRESTRICTED NET ASSETS** | |
| Revenue and support: | |
| Program sales revenue | $ 6,442,406 |
| Less: Cost of sales | (3,475,628) |
| Excess of program sales revenue over costs | 2,966,778 |
| Contributions and grant revenue | 300,847 |
| Program service fees | 241,702 |
| United Way funding | 103,652 |
| Other income | 28,983 |
| Net investment loss | (26,537) |
| Total revenue and support | 3,615,425 |
| Net assets released from use restrictions | 7,949 |
| Total revenue and support and net assets released from use restrictions | 3,623,374 |
| Expenses: | |
| Program expenses: | |
| Service to troops | 1,369,794 |
| Educational programs | 987,328 |
| Properties | 613,216 |
| Public relations | 124,855 |
| Total program expenses | 3,095,193 |
| Supporting expenses: | |
| Administration | 425,351 |
| Fund development | 420,103 |
| Total supporting expenses | 845,454 |
| Total expenses | 3,940,647 |
| **Change in unrestricted net assets** | **(317,273)** |
| **CHANGE IN TEMPORARILY RESTRICTED NET ASSETS** | |
| Net investment gain | 2,818 |
| Net assets reclassified to permanently restricted | (4,825) |
| Net assets released from use restrictions | (7,949) |
| **Change in temporarily restricted net assets** | **(9,956)** |
| **CHANGE IN PERMANENTLY RESTRICTED NET ASSETS** | |
| Net assets reclassified from temporarily restricted | 4,825 |
| Contributions | 1,357 |
| **Change in permanently restricted net assets** | **6,182** |
| **CHANGE IN NET ASSETS** | **(321,047)** |
| **NET ASSETS - Beginning of year** | **6,105,394** |
| **NET ASSETS - End of year** | **$ 5,784,347** |

The Accompanying Notes are an Integral
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# GIRL SCOUTS OF CITRUS COUNCIL, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2011

| | Program Expenses | | | | Supporting Expenses | | |
|---|---|---|---|---|---|---|---|
| | Service to Troops | Educational Programs | Properties | Public Relations | Administration | Fund Development | Total Expenses |
| Personnel expenses | $ 980,576 | $ 617,570 | $ 147,292 | $ 53,964 | $ 161,775 | $ 267,485 | $ 2,228,662 |
| Occupancy | 39,703 | 27,617 | 204,375 | 7,977 | 27,862 | 9,542 | 317,076 |
| Professional fees | 46,950 | 42,596 | 8,168 | 31,950 | 137,411 | 41,781 | 308,856 |
| Depreciation and amortization | 50,598 | 31,867 | 161,068 | 2,785 | 8,348 | 13,802 | 268,468 |
| Program expenses | 28,077 | 102,377 | 1,965 | 6,638 | 4,294 | 5,382 | 148,733 |
| Food costs | 16,882 | 55,283 | 236 | 308 | 7,142 | 2,679 | 82,530 |
| Maintenance and repairs | 11,845 | 14,738 | 47,068 | 652 | 1,954 | 3,231 | 79,488 |
| Conferences, conventions and meetings | 10,504 | 12,367 | 256 | 419 | 16,251 | 31,347 | 71,144 |
| Telephone | 27,334 | 17,241 | 3,991 | 1,504 | 4,510 | 7,457 | 62,037 |
| Assistance to girls and adults | 55,776 | 2,617 | — | — | — | — | 58,393 |
| Equipment rental | 22,002 | 13,857 | 5,048 | 1,211 | 3,880 | 7,052 | 53,050 |
| Printing and publications | 12,129 | 10,320 | 159 | 13,922 | 5,561 | 8,294 | 50,385 |
| Transportation | 27,830 | 9,676 | 37 | 76 | 2,552 | 1,961 | 42,132 |
| Recognition items | 19,177 | 3,750 | 95 | 213 | 2,649 | 12,197 | 38,081 |
| Interest | — | — | 31,084 | — | — | — | 31,084 |
| Miscellaneous | 7,614 | 11,701 | 1,612 | 2,778 | 3,504 | 1,677 | 28,886 |
| Supplies | 10,350 | 5,970 | 636 | 417 | 3,941 | 1,850 | 23,164 |
| Bank and merchant fees | 18 | 811 | 2 | 1 | 21,068 | 64 | 21,964 |
| Postage and shipping | 2,429 | 6,808 | 124 | 40 | 3,332 | 4,302 | 17,035 |
| Bad debts and nonsufficient fund fees | — | 162 | — | — | 9,317 | — | 9,479 |
| **Total expenses** | **$ 1,369,794** | **$ 987,328** | **$ 613,216** | **$ 124,855** | **$ 425,351** | **$ 420,103** | **$ 3,940,647** |

The Accompanying Notes are an Integral
Part of These Financial Statements

# GIRL SCOUTS OF CITRUS COUNCIL, INC.

STATEMENT OF CASH FLOWS

For The Year Ended September 30, 2011

| | |
|---|---|
| **OPERATING CASH FLOWS** | |
| Cash received from program sales | $ 6,442,406 |
| Cash received from contributors and grantors | 405,856 |
| Cash received from program service and other revenue | 270,685 |
| Cash paid to vendors and employees | (6,884,691) |
| Interest paid | (31,084) |
| Net investment losses | (23,719) |
| **Net operating cash flows** | **179,453** |
| **INVESTING CASH FLOWS** | |
| Change in cash and investments in trust | 41,945 |
| Purchases of and improvements to property and equipment | (28,789) |
| **Net investing cash flows** | **13,156** |
| **FINANCING CASH FLOWS** | |
| Repayments of note payable | (20,949) |
| **Net financing cash flows** | **(20,949)** |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | **171,660** |
| **CASH AND CASH EQUIVALENTS - Beginning of year** | **1,004,436** |
| **CASH AND CASH EQUIVALENTS - End of year** | **$ 1,176,096** |

| | |
|---|---|
| **RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS** | |
| Change in net assets | $ (321,047) |
| Adjustments to reconcile change in net assets to net operating cash flows: | |
| Depreciation and amortization | 268,468 |
| Change in other assets, net | 42,081 |
| Change in accounts payable and accrued expenses | 189,951 |
| **Net operating cash flows** | **$ 179,453** |

The Accompanying Notes are an Integral
Part of These Financial Statements

## NOTE A – NATURE OF ACTIVITIES

Girl Scouts of Citrus Council, Inc. ("the Council") is a Florida not-for-profit corporation organized to promote and manage scouting programs for girls in the following six counties of east central Florida: Brevard, Lake, Orange, Osceola, Seminole, and Volusia. Approximately 1,200 individual Girl Scout troops are served by the Council.

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Revenue recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as in increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. When a restriction expires (that is, when a 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 use restrictions."

### Cash and cash equivalents

The Council considers all investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

### Cash and investments in trust

Investments in trust consist of marketable securities and are carried at estimated fair value as determined by quoted market prices.

### Allowance for doubtful accounts

Receivables are stated net of an allowance for doubtful accounts, if any. The Council estimates the allowance for doubtful accounts based on an analysis of specific accounts, taking into consideration the age of the past due account and an assessment of the debtor's ability to pay. Accounts are considered past due when payments are not made in accordance with specified terms. Accounts are written off when management determines the amounts are uncollectible.

### Property and equipment, net

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation and amortization of property and equipment are provided over the estimated useful lives of the respective assets on a straight-line basis.

### Restrictions on net assets

Temporarily restricted net assets primarily consist of amounts held for girl scouting activities in central Brevard County, Florida. Permanently restricted net assets consist of amounts held for the Council's scouterships endowment, camperships endowment, and camp capital projects endowment. Upon the attainment of $100,000 for each related endowment, endowment earnings may be utilized for their restricted purposes. The scouterships endowment is designed to help girls who are economically challenged participate in the Council's activities by helping them acquire uniforms, badges and program materials, and pay for various activity registration fees. The camperships endowment is designed to enhance the Council's camp related activities. The camp capital projects endowment is designed to enhance the Council's camp facilities through various capital improvements.

## NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Income taxes

The Council is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Council is further classified as a public charity and not a private foundation for federal tax purposes. The Council has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements. The Council has not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America.

### Troop accounts and activities

General practice in Girl Scouting organizations is to omit the account balances and activities of individual troops from the financial statements of their respective councils. It is management's opinion that omission of troop account balances and activities does not result in a material misstatement in the financial statements and that such omission actually represents the fairest presentation of the Council's financial position, activities, functional expenses, and cash flows. The balances and activity levels of troop accounts have not been measured by the Council.

### Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those used in determining the allowance for doubtful accounts, the estimated fair value of investments and useful lives of property and equipment. Actual results could differ from the estimates.

### Subsequent events

The Council has evaluated for possible financial reporting and disclosure subsequent events through May 10, 2012, the date as of which the financial statements were available to be issued.

## NOTE C – CONCENTRATIONS

The Council maintains its cash and cash equivalents in deposit accounts or other investment accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

The Council's term debt is held by one financial institution. Additionally, sales of cookies generated approximately 91% of the Council's total gross income.

## NOTE D – CASH AND INVESTMENTS IN TRUST

During 1968, the Council created the Girl Scout Trust Fund. Principal and income of the trust are expended at the discretion of the Board of Directors of the Council. Approximately $1,343,000 was held by the trust as of September 30, 2011.

During 1975, the Council created the Girl Scout Gertrude M. Alford Trust Fund as a result of receiving a bequest restricted to support Girl Scout activities in the central Brevard County, Florida area. Principal and income of the trust may be distributed for these purposes. Approximately $618,000 was held by the trust as of September 30, 2011, and is included in temporarily restricted net assets.

## NOTE D – CASH AND INVESTMENTS IN TRUST (Continued)

Cash and investments in trust consisted of the following:

| | |
|---|---|
| Fixed income and equity securities | $ 1,528,250 |
| Cash and cash equivalents | 330,331 |
| Mutual funds | 63,019 |
| Other | 39,515 |
| Total cash and investments in trust | $ 1,961,115 |

Net investment loss for the year ended September 30, 2011 includes approximately $65,000 of interest and dividends and ($89,000) of net realized and unrealized losses.

## NOTE E – ACCOUNTS RECEIVABLE, NET

Other assets, net includes accounts receivable as follows:

| | |
|---|---|
| Cookie sales receivable | $ 121,148 |
| Allowance for doubtful accounts | (121,148) |
| Total accounts receivable, net | $ — |

## NOTE F – FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States ("GAAP") define fair value as the price the Council would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. GAAP also established a hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs, and to establish classification of fair value measurements for disclosure purposes. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – quoted prices in active markets for identical investments

Level 2 – other significant observable inputs (such as quoted prices for similar investments)

Level 3 – significant unobservable inputs

## NOTE F – FAIR VALUE MEASUREMENTS (Continued)

Estimated fair value of certain assets measured on a recurring basis at September 30, 2011 are as follows:

| | | Estimated Fair Value Measurements at Reporting Date Using | | |
|---|---|---|---|---|
| | Estimated Fair Value | Quoted Prices In Active Markets for Identical Assets (Level 1) | Other Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Equity securities | $ 979,006 | $ 979,006 | $ — | $ — |
| Fixed income securities | 569,993 | 569,993 | — | — |
| Mutual funds | 63,019 | 63,019 | — | — |
| Other | 39,515 | 39,515 | — | — |
| Total | $ 1,651,533 | $ 1,651,533 | $ — | $ — |

## NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| Category | |
|---|---|
| Land and land improvements | $ 1,723,200 |
| Buildings and building improvements | 4,272,245 |
| Furniture, fixtures and equipment | 583,285 |
| Total property and equipment | 6,578,730 |
| Less: Accumulated depreciation and amortization | (3,187,448) |
| Net property and equipment | $ 3,391,282 |

Depreciation expense for the year ended September 30, 2011 amounted to approximately $266,000.

Certain land used for Girl Scout camps that is located in Orange County, Florida, reverts to the City of Orlando if it is no longer used for Girl Scout purposes. The carrying value of the land is immaterial as of September 30, 2011, and the net book value of buildings and improvements located on the subject parcels was approximately $33,000 as of September 30, 2011.

Certain land used for Girl Scout troop meetings and events that is located in Orange County, Florida, reverts to a certain unrelated trust if it is no longer used for Girl Scout purposes. The carrying value of the land was approximately $41,000 as of September 30, 2011, and the net book value of buildings and improvements located on the subject parcel was approximately $28,000 as of September 30, 2011.

## NOTE H – NOTE PAYABLE

Note payable consisted of a note payable to a bank. The note is collateralized by certain property and equipment with interest payable monthly at 6.34% per annum until May 21, 2010. Principal and interest of $4,337 is payable monthly thereafter until the note matures in May 2013.

**NOTE H – NOTE PAYABLE (Continued)**

Approximate future maturities of the above note payable are as follows:

| Year Ending September 30, | |
|---|---|
| 2012 | $ 23,000 |
| 2013 | 449,000 |
| Total | $ 472,000 |

Interest expense amounted to $31,084 for the year ended September 30, 2011.

**NOTE I – RETIREMENT PLANS**

The Council participates in the National Girl Scout Council Retirement Plan ("the Plan"), a noncontributory, multiple-employer defined benefit pension plan sponsored by Girl Scouts of the United States of America, which covers substantially all of the employees of various Girl Scout councils. Benefits are based on years of service and salary levels. The Council contributed approximately $112,000 to the Plan during the year ended September 30, 2011. The National Board of the Girl Scouts of the United States of America 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 FASB ASC 715-80, Compensation Retirement Benefits – Multiemployer Plans. 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 maintains a Section 401(k) profit sharing plan ("the Profit Sharing Plan"). All Council employees are eligible to participate in voluntary salary reduction contributions to the Profit Sharing Plan. All employees over the age of twenty-one who have completed one year of service with the Council are eligible to receive employer matching contributions. The Council may match employee contributions to the Profit Sharing Plan, up to 3% of compensation. The Council did not make any contributions to the Profit Sharing Plan during the year ended September 30, 2011.