

Girl Scouts of West Central Florida, Inc.

Financial Statements

September 30, 2018 and 2017



GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of West Central Florida, Inc.
Tampa, Florida

We have audited the accompanying financial statements of Girl Scouts of West Central Florida, Inc. (the Council), which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of West Central Florida, Inc. as of September 30, 2018, 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.

CONTINUED

INDEPENDENT AUDITOR'S REPORT - CONTINUED

Prior Period Financial Statements

The financial statements of Girl Scouts of West Central Florida, Inc. as of September 30, 2017, were audited by other auditors whose report was dated December 28, 2017, expressed an unmodified opinion on those financial statements.

Report on Summarized Comparative Information

Other auditors previously audited the Council's 2017 financial statements, and expressed an unmodified audit opinion on those audited financial statements in their report dated December 28, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PDR CPAs + Advisors

Oldsmar, Florida
January 9, 2019

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2018 AND 2017

	<u>ASSETS</u>	
	2018	2017
Current assets		
Cash and cash equivalents	\$ 356,586	\$ 414,533
Inventory	223,353	223,762
Receivables	141,994	157,253
Prepaid expenses and other assets	123,272	137,747
Total current assets	845,205	933,295
Property and Equipment, Net	5,240,438	4,312,696
Other Assets		
Assets held for sale	-	56,692
Beneficial interest in assets held by others	83,376	80,792
Investments	5,925,072	5,870,160
Total Assets	\$ 12,094,091	\$ 11,253,635
	<u>LIABILITIES AND NET ASSETS</u>	
Current liabilities		
Accounts payable	\$ 206,637	\$ 221,118
Accrued expenses	353,497	327,682
Custodial funds	4,676	3,475
Deferred revenue	140,150	113,868
Current portion of notes payable	21,268	18,809
Total current liabilities	726,228	684,952
Notes payable, net of current portion	54,809	76,077
Total liabilities	781,037	761,029
Net assets		
Unrestricted	11,054,516	10,242,642
Temporarily restricted	53,437	56,608
Permanently restricted	205,101	193,356
Total net assets	11,313,054	10,492,606
Total Liabilities and Net Assets	\$ 12,094,091	\$ 11,253,635

See accompanying notes to financial statements

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total 2018</u>	<u>2017</u>
Revenues and Other Support					
Public support:					
Contributions	\$ 406,597	\$ 38,207	\$ -	\$ 444,804	\$ 295,545
United Way	318,527	-	-	318,527	343,119
Government contracts/grants	720,083	-	-	720,083	587,806
Special events, net of direct costs of \$123,264	262,390	-	-	262,390	230,495
Program:					
Product sales (net of cost of goods sold of \$3,886,977)	4,851,458	-	-	4,851,458	4,982,489
Girl Scout store (net of cost of goods sold of \$377,108)	299,682	-	-	299,682	268,048
Event fees	776,068	-	-	776,068	657,726
Other revenue:					
Rental income	49,803			49,803	54,235
Interest and dividend income	157,829	132	2,457	160,418	153,484
Other	97,678	-	-	97,678	117,753
Net assets released from restrictions	42,084	(42,084)	-	-	-
Total revenues and other support	<u>7,982,199</u>	<u>(3,745)</u>	<u>2,457</u>	<u>7,980,911</u>	<u>7,690,700</u>
Expenses					
Program services	6,542,792	-	-	6,542,792	6,184,269
Management and general	1,166,586	-	-	1,166,586	1,100,359
Fundraising	481,548	-	-	481,548	400,742
Total expenses	<u>8,190,926</u>	<u>-</u>	<u>-</u>	<u>8,190,926</u>	<u>7,685,370</u>
Change in Net Assets From Operations	(208,727)	(3,745)	2,457	(210,015)	5,330
Other Changes in Net Assets					
Realized and unrealized gains on investments	43,608	574	9,288	53,470	176,247
Gain (loss) on sale of assets	976,993	-	-	976,993	(21,134)
Derecognition of permanently restricted endowment	-	-	-	-	(81,043)
	<u>1,020,601</u>	<u>574</u>	<u>9,288</u>	<u>1,030,463</u>	<u>74,070</u>
Change in Net Assets	811,874	(3,171)	11,745	820,448	79,400
Net Assets at Beginning of Year	<u>10,242,642</u>	<u>56,608</u>	<u>193,356</u>	<u>10,492,606</u>	<u>10,413,206</u>
Net Assets at End of Year	<u>\$11,054,516</u>	<u>\$ 53,437</u>	<u>\$ 205,101</u>	<u>\$11,313,054</u>	<u>\$10,492,606</u>

See accompanying notes to financial statements

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Other Support				
Public support:				
Contributions	\$ 292,532	\$ -	\$ 3,013	\$ 295,545
United Way	343,119	-	-	343,119
Government contracts/grants	587,806	-	-	587,806
Special events, net of direct costs of \$119,768	230,495	-	-	230,495
Program:				
Product sales (net of cost of goods sold of \$3,999,654)	4,982,489	-	-	4,982,489
Girl Scout store (net of cost of goods sold of \$387,392)	268,048	-	-	268,048
Event fees	657,726	-	-	657,726
Other revenue				
Rental income	54,235			54,235
Interest and dividend income	150,168	236	3,080	153,484
Other	117,753	-	-	117,753
Net assets released from restrictions	738	(738)	-	-
				-
Total revenues and other support	<u>7,685,109</u>	<u>(502)</u>	<u>6,093</u>	<u>7,690,700</u>
Expenses				
Program services	6,184,269	-	-	6,184,269
Management and general	1,100,359	-	-	1,100,359
Fundraising	400,742	-	-	400,742
Total expenses	<u>7,685,370</u>	<u>-</u>	<u>-</u>	<u>7,685,370</u>
Change in Net Assets From Operations	(261)	(502)	6,093	5,330
Other Changes in Net Assets				
Realized and unrealized gains on investments	158,697	1,465	16,085	176,247
Loss on sale of assets	(21,134)	-	-	(21,134)
Derecognition of permanently restricted endowment	-	-	(81,043)	(81,043)
	<u>137,563</u>	<u>1,465</u>	<u>(64,958)</u>	<u>74,070</u>
Change in Net Assets	137,302	963	(58,865)	79,400
Net Assets at Beginning of Year	<u>10,105,340</u>	<u>55,645</u>	<u>252,221</u>	<u>10,413,206</u>
Net Assets at End of Year	<u>\$10,242,642</u>	<u>\$ 56,608</u>	<u>\$ 193,356</u>	<u>\$10,492,606</u>

See accompanying notes to financial statements

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	Program Services	Management and General	Fundraising	Total	
				2018	2017
Labor expenses					
Salaries	\$ 2,851,196	\$ 547,003	\$ 293,576	\$ 3,691,775	\$ 3,500,722
Employee benefits	817,481	143,233	75,455	1,036,169	967,621
Payroll taxes	234,781	40,694	23,960	299,435	281,254
Total salaries and related expenses	<u>3,903,458</u>	<u>730,930</u>	<u>392,991</u>	<u>5,027,379</u>	<u>4,749,597</u>
Other expenses					
Supplies	487,423	9,710	4,710	501,843	514,040
Building expense	358,710	52,901	1,156	412,767	412,451
Professional fees	249,156	59,539	23,320	332,015	336,417
Special assistance	291,295	-	16,863	308,158	171,745
Insurance	158,350	55,990	-	214,340	214,516
Grant subreceptent	198,427	-	-	198,427	174,626
Travel	144,405	21,991	3,912	170,308	149,379
Print and publications	159,877	1,595	4,375	165,847	160,848
Communications	123,637	14,064	17,035	154,736	144,837
Equipment	73,038	5,284	2,836	81,158	78,345
Staff development	30,436	44,507	4,469	79,412	58,960
Miscellaneous	75,634	406	353	76,393	52,898
Bank fees	33,164	24,424	5,108	62,696	55,046
Bad debt expense	42,024	-	-	42,024	43,671
Postage and shipping	33,096	1,247	4,420	38,763	45,892
Total other expenses	<u>2,458,672</u>	<u>291,658</u>	<u>88,557</u>	<u>2,838,887</u>	<u>2,613,671</u>
Total expenses before depreciation	6,362,130	1,022,588	481,548	7,866,266	7,363,268
Depreciation	<u>180,662</u>	<u>143,998</u>	<u>-</u>	<u>324,660</u>	<u>322,102</u>
Total expenses	<u>\$ 6,542,792</u>	<u>\$ 1,166,586</u>	<u>\$ 481,548</u>	<u>\$ 8,190,926</u>	<u>\$ 7,685,370</u>

See accompanying notes to financial statements

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 820,448	\$ 79,400
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	324,660	322,102
Bad debt expense	42,024	-
(Gain) loss on sale of property and equipment	(976,993)	23,684
Unrealized (gain) loss on investments	16,728	(126,703)
Derecognition of permanently restricted endowment	-	81,043
(Increase) decrease In:		
Receivables	(26,765)	(46,811)
Prepaid expenses and other assets	14,475	1,084
Inventory	409	(9,495)
Increase (decrease) In:		
Accounts payable	(14,481)	(3,129)
Accrued expenses	25,815	-
Custodial funds	1,201	-
Deferred revenue	26,282	-
Net cash provided by operating activities	<u>253,803</u>	<u>321,175</u>
Cash Flows from Investing Activities:		
Proceeds from sale of property and equipment	1,039,783	2,550
Purchase of property and equipment	(1,258,500)	(260,767)
Purchase of investments	(6,602,481)	(5,974,985)
Proceeds from sale of investments	6,528,257	5,769,821
Net cash used in investing activities	<u>(292,941)</u>	<u>(463,381)</u>
Cash Flows from Financing Activities:		
Payments on notes payable	(18,809)	(13,279)
Net Decrease in Cash and Cash Equivalents	<u>(57,947)</u>	<u>(155,485)</u>
Cash and Cash Equivalents at Beginning of Year	<u>414,533</u>	<u>570,018</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 356,586</u></u>	<u><u>\$ 414,533</u></u>
Supplemental Cash Flow Information:		
Noncash acquisition of fixed assets financed with debt	<u>\$ -</u>	<u>\$ 108,165</u>
Cash paid during the year for interest	<u><u>\$ 2,970</u></u>	<u><u>\$ 2,560</u></u>

See accompanying notes to financial statements

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE A - NATURE OF ORGANIZATION

Girl Scouts of West Central Florida, Inc. (the Council) is a nonprofit organization incorporated in Florida on October 1, 2007 for the purpose of administering Girl Scouting in Hillsborough, Polk, Pinellas, Pasco, Citrus, Marion, Sumter, and Hernando counties. The Council administers Girl Scouting throughout its jurisdiction in accordance with the bylaws and policies of the Council and the charter requirements of the Girl Scouts of the United States of America (GSUSA).

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Council have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

The Council presents information regarding its financial position and activities according to three classes of net assets described as follows:

- Unrestricted Net Assets - All resources over which the governing board has discretionary control. The governing board of the Council may elect to designate such resources for specific purposes. This designation may be removed at the Board's discretion.
- Temporarily Restricted Net Assets - Resources accumulated through donations or grants for specific operating or capital purpose. Such resources will become unrestricted when the requirements of the donor or grantee have been satisfied through expenditure for the specified purpose or program or through the passage of time.
- Permanently Restricted Net Assets - Resources accumulated through donations or grants that are subject to the restriction in perpetuity that the principal be invested. These net assets include the original value of the gift, plus any subsequent additions.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include allocation of functional expenses, asset lives, and fair value measurement of investments.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurement

The financial statements are prepared in accordance with an accounting standard, for all financial assets and liabilities and for nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements or on a recurring basis (at least annually). Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on a measurement date. The standard also establishes 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. There are three levels of inputs that may be used to measure fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Cash and Cash Equivalents Accounts

For purposes of the statements of cash flows, the Council considers all operating bank accounts consisting of highly liquid investments with an original maturity of three months or less as cash. Cash and cash equivalents held in the investment accounts are not considered cash for the purposes of the statements of cash flows.

Financial instruments which potentially subject the Council to concentrations of credit risk consist principally of cash held in financial institutions in excess of federally-insured limits. From time to time throughout the years ended September 30, 2018 and 2017, the Council's cash balance may have exceeded the federally insured limit. However, the Council has not experienced and does not expect to incur any losses in such accounts.

Receivables

Receivables consist mainly of grants receivable that are due from various granting agencies as well as amounts due from various troops for cookie sales. Receivables are stated at the amount that management expects to collect from outstanding balances. Management monitors the collection of its receivable balances on an ongoing basis. The Council provides for probable uncollectible amounts through a charge to earnings and a credit to the allowance for doubtful accounts when, in management's estimation, it is probable that the receivable is not collectible. The Council has determined that all amounts are collectible; accordingly no allowance for potentially uncollectible accounts has been recorded at September 30, 2018 and 2017.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Beneficial Interest in Assets Held by Others

The Organization established accounts with the Community Foundation of Tampa Bay which are included within temporarily and permanently restricted net assets. The Organization's interest in the assets held by the Community Foundation of Tampa Bay is recorded at fair value and included in the accompanying statements of financial position. Earnings on these funds are earmarked to be distributed on a periodic basis to the Council and are recorded as unrestricted revenue in the accompanying statements of activities. As of September 30, 2018 and 2017, the fair value of these assets was \$83,376 and \$80,792, respectively. Unrealized gains and losses are included in the statements of activities within investment income.

Investments

Investments include marketable debt and equity securities and are stated at fair market value in the statements of financial position. Investment income or loss (including gains or losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

Inventories

The Council maintains an inventory of Girl Scouting related equipment, uniforms, and badges for sale. The inventory is stated at the lower of cost or market on an average cost basis.

Property and Equipment

Property and equipment expenditures in excess of \$1,500 are capitalized at cost when purchased or, if donated, at estimated fair value. Improvements and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives with a range of three to thirty years.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies temporarily restricted net assets at that time.

Assets Held for Sale

Assets held for sale consists of real property that was previously held for use in the Council's operations.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Impairment of Long-Lived Assets

The Council evaluates its long-lived assets (including assets held for sale) for any events or changes in circumstances which indicate that the carrying amount of such assets may not be fully recoverable. The Council evaluates the recoverability of long-lived assets by measuring the carrying amount of such assets against the estimated undiscounted future cash flows associated with them. At the time such evaluation indicates that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values.

Revenue Recognition

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets.

Public grants from government agencies are recorded based on the terms of the grantor allotment which generally provides that revenue is earned when the allowable costs or units of service of the specific grant provisions have been incurred or provided. Such revenue is subject to audit by the grantor and, if the examination results in a non-allowance of units of service or expenses, the Council will be required to reimburse any overpayments.

Donated Premises, Services, and Materials

Donated materials are recorded as support at their fair value at the date of donation. Contributions of services are recorded as support at their estimated fair value if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The value of contributed services meeting the requirements for recognition in the financial statements is recorded as unrestricted support at the date of the donation. There were no significant donated goods and services for the years ended September 30, 2018 and 2017, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Council, but these services do not meet the criteria for recognition as contributed services under US GAAP.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs are allocated among program, management and general, and fundraising based on management's estimate of the time and expense spent for each of the functions. Program and supporting expenses, when specifically identifiable, are classified to the function which incurred the expense. These functions are defined as follows:

- Program services - the costs associated with the Council's efforts to achieve the stated mission and goals.
- Management and general - the costs of operating the Council's offices, including gathering, processing, and maintaining financial information.
- Fundraising - the costs associated with soliciting contributions or holding special events for the benefit of the Council.

Advertising

Advertising costs are expensed as incurred and were approximately \$84,000 and \$50,000 for the years ended September 30, 2018 and 2017, respectively.

Income Tax Status

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Uncertain Tax Positions

The Council accounts for the effect of any uncertain tax positions based on a "more likely than not" threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a "cumulative probability assessment" that aggregates the estimated tax liability for all uncertain tax positions. The Council has identified its tax status as a tax-exempt entity as its only significant tax position; however, the Council has determined that such tax position does not result in an uncertainty requiring recognition. The Council is not currently under examination by any taxing jurisdiction. The Council's federal returns are generally open for examination for three years following the date filed.

Troops' Accounts and Activities

The accompanying financial statements do not include financial data for individual Girl Scout troops. Bank accounts held by troops are under the Council's federal identification number but not under the control of the Council. The Council has no signature authority nor does it access troop accounts, in accordance with the Council's established policies and procedures, other than for the purposes of closing dormant or forfeited accounts after an extended period of inactivity, and to process ACH payments to pay for product sales or event reimbursement or financial assistance. Annually, troops are required to report to the Council the balance in their accounts and the sources and uses of funds since the last reporting date.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative total amounts. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2017, from which the summarized information was derived

Reclassifications

Certain reclassifications have been made to the 2017 financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTE C - RECEIVABLES

Grants receivable are included in receivables on the statements of financial position and at September 30, 2018 consist of five grants receivable totaling \$104,347. Grants receivable at September 30, 2017 consist of four grants receivable totaling \$142,376.

NOTE D - INVESTMENTS

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position.

Investments consist of the following at September 30:

	2018		2017	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash and cash equivalents	\$ 123,417	\$ 123,417	\$ 101,783	\$ 101,783
Bonds	2,473,850	2,441,550	3,083,851	3,060,365
Mutual funds	2,025,707	2,238,256	1,254,702	1,431,192
Equities	1,020,885	1,121,849	1,118,130	1,276,820
Total	<u><u>\$5,643,859</u></u>	<u><u>\$5,925,072</u></u>	<u><u>\$5,558,466</u></u>	<u><u>\$5,870,160</u></u>

Any declines in market value are not deemed to be permanent so no investments are considered impaired.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE D - INVESTMENTS - CONTINUED

The following schedule summarizes the investment return for the years ended September 30:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 160,028	\$ 152,955
Unrealized (loss)/gain on investments	(16,728)	126,703
Realized gain on investments	98,023	73,575
Net investment fees	<u>(27,825)</u>	<u>(24,031)</u>
	<u>53,470</u>	<u>176,247</u>
Total	<u>\$ 213,498</u>	<u>\$ 329,202</u>

With regard to its invested assets, the Council has an investment policy with an overall objective of supporting the activities of the Council while providing long-term growth of assets at a level of risk deemed acceptable by the Council's Board of Directors. The Council funds its cash flow needs from investments rather than borrowing, which led to the creation of both short and long-term components of the Council's investment portfolio. The short-term component consists of highly liquid investments, while the long-term component consists primarily of equities. The Council maintains a prudent and diversified portfolio management by a third-party investment firm, subject to oversight by a Finance Committee staffed by volunteer professionals. For the year ended September 30, 2018, the Council was in compliance with its investment policy.

NOTE E - FAIR VALUE MEASUREMENTS

The following is a description of the valuation methodologies used for investments measured at fair value at September 30, 2018 and 2017:

Cash and cash equivalents: The carrying amounts reported in the statements of financial position approximate the fair value due to the short maturities of those investments.

US treasury securities, government sponsored enterprise securities, and corporate bonds: Valued using quoted market prices and/or other observable market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models and other pricing models. These models are primarily industry standard models that consider various assumptions including time value and yield curve as well as other relevant economic measures.

Mutual funds: Valued at the closing prices reported on the applicable exchange on which the fund is traded.

Equities: Comprised of common stock valued at the closing price reported in the active market in which the individual securities are traded.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE E - FAIR VALUE MEASUREMENTS - CONTINUED

Beneficial interest in assets held by others: The investments are managed by an unrelated third party and are valued based upon the third-party information without adjustment. The Organization does not develop nor are they provided with the quantitative inputs used to develop the fair market values.

The following is a summary of the levels within the fair value hierarchy for the Council's assets measured at fair value on a recurring basis as of September 30, 2018 and 2017:

Assets by Designated Type	September 30, 2018			
	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 123,417	\$ 123,417	\$ -	\$ -
Bonds	2,441,550	2,441,550	-	-
Mutual funds	2,238,256	2,238,256	-	-
Equities	1,121,849	1,121,849		
Beneficial interest in assets held by others	83,376	-	-	83,376
Total fair value	\$ 6,008,448	\$ 5,925,072	\$ -	\$ 83,376

Assets by Designated Type	September 30, 2017			
	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 101,783	\$ 101,783	\$ -	\$ -
Bonds	3,060,365	3,060,365	-	-
Mutual funds	1,431,192	1,431,192	-	-
Equities	1,276,820	1,276,820	-	-
Beneficial interest in assets held by others	80,792	-	-	80,792
Total fair value	\$ 5,950,952	\$ 5,870,160	\$ -	\$ 80,792

The following is a reconciliation of the Council's level 3 investments:

	2018	2017
Balance at beginning of the year	\$ 80,792	\$ 154,703
Investment income	1,409	1,438
Net appreciation (realized/unrealized)	2,259	6,432
Grant disbursements	(1,084)	(738)
Derecognition of permanently restricted endowment	-	(81,043)
	\$ 83,376	\$ 80,792

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE F - PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

Property and equipment consisted of the following at September 30:

	<u>2018</u>	<u>2017</u>
Land	1,391,257	\$ 657,750
Buildings and improvements	7,936,216	7,719,550
Furnishings, equipment, and vehicles	1,957,848	1,783,722
Land and leasehold improvements	491,359	551,343
Livestock	28,275	28,275
Construction in progress	129,548	28,972
	<u>11,934,503</u>	<u>10,769,612</u>
Less accumulated depreciation	<u>(6,694,065)</u>	<u>(6,456,916)</u>
Total	<u><u>\$ 5,240,438</u></u>	<u><u>\$ 4,312,696</u></u>

Depreciation expense was \$324,660 and \$322,102 for the years ended September 30, 2018 and 2017, respectively.

At September 30, 2018 and 2017, the Council had construction in process of \$129,548 and \$28,972, respectively. The construction in progress is for improvements and repairs to various properties owned by the Council. Depreciation will commence when the projects are completed and placed into service.

At September 30, 2017, the Council had assets held for sale of \$56,692. These assets included land, building and improvements for Camp ScoutCrest. The property was sold in January 2018 and a gain of approximately \$975,000 was realized which is included in gain on sale of assets in the accompanying statement of activities.

NOTE G - NOTES PAYABLE

Notes payable consists of the following at September 30:

	<u>2018</u>	<u>2017</u>
Note payable to bank, bearing interest at 3.75% fixed rate, due in monthly installments of \$1,980 including interest, maturing February 2022, and secured by a vehicle	<u>76,077</u>	<u>\$ 94,886</u>
Less current portion	<u>(21,268)</u>	<u>(18,809)</u>
	<u><u>\$ 54,809</u></u>	<u><u>\$ 76,077</u></u>

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE G - NOTES PAYABLE - CONTINUED

Future maturities of the notes payable and deferred loan costs for each of the following years ending September 30, are as follows:

<u>Years Ending</u> <u>September 30,</u>	<u>Debt Service</u>
2019	\$ 21,268
2020	22,080
2021	22,922
2022	9,807
	<u>\$ 76,077</u>

NOTE H - ENDOWMENT

The Council's endowment (the Fund) consists of three individual funds held by the Community Foundation of Tampa Bay (CFTB) and a permanent endowment created through a Council-wide pledge campaign. The endowments held by CFTB were established by the Council for a variety of purposes and are held by a third-party trustee. As such, the Council has no direct influence over the investment policies governing the funds held with CFTB, but has a separate investment policy for the funds managed exclusively by the Council. As required by US GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Council has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the 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 the donor-restricted endowment funds that are not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in accordance with the calculation provided in the donor agreement as calculated by CFTB.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE H - ENDOWMENT - CONTINUED

In accordance with FUPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds that are overseen by the Council:

- (1) The duration and preservation of the fund
- (2) The purposes of the Council and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Council
- (7) The investment policies of the Council

For the years ended September 30, 2018 and 2017, the Council has elected not to add appreciation for cost of living or other spending policies, due to inflation and other economic conditions, to its permanently restricted endowment.

Summary of endowment assets:

Net Assets by Designated Type	September 30, 2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 15,230	\$ 205,101	\$ 220,331
Total	<u>\$ -</u>	<u>\$ 15,230</u>	<u>\$ 205,101</u>	<u>\$ 220,331</u>

Net Assets by Designated Type	September 30, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment funds	\$ -	\$ 15,608	\$ 193,356	\$ 208,964
Total	<u>\$ -</u>	<u>\$ 15,608</u>	<u>\$ 193,356</u>	<u>\$ 208,964</u>

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE H - ENDOWMENT - CONTINUED

Changes in endowment net assets for the years ended September 30 include:

September 30, 2018	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 15,608	\$ 193,356	\$ 208,964
Grant disbursements	-	(1,084)	-	(1,084)
Donations	-	-	-	-
Investment income	-	132	2,457	2,589
Realized and unrealized gains on investments	-	574	9,288	9,862
Endowment net assets, end of year	\$ -	\$ 15,230	\$ 205,101	\$ 220,331

September 30, 2017	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 14,645	\$ 252,221	\$ 266,866
Grant disbursements	-	(738)	-	(738)
Donations	-	-	3,013	3,013
Investment income	-	236	3,080	3,316
Realized and unrealized gains on investments	-	1,465	16,085	17,550
Derecognition of permanently restricted endowment	-	-	(81,043)	(81,043)
Endowment net assets, end of year	\$ -	\$ 15,608	\$ 193,356	\$ 208,964

In regards to the Council's permanently restricted endowment fund, all investment income and appreciation of the endowment is considered permanently restricted and added to the original value of the gift until the endowment reaches donor directed level in accordance with the donor agreement.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE I - FRINGE BENEFITS

The Council participates in the National Girl Scout Council Retirement Plan (the Plan), a noncontributory defined benefit pension plan sponsored by Girl Scouts USA (Plan #02) (EIN number 13-1624016). The National Board of Girl Scouts USA 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 freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2018. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives the Plan the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. The Plan has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2017 and 2017 were \$33.1 million and \$32.4 million, respectively. The aggregate annual contributions decreased from 2017 to 2018 due to the reduction in the Plan's total annual aggregate contributions from \$34.3 million to \$32.5 million effective May 1, 2017 and the spin-off of Girl Scouts of Louisiana East effective May 1, 2018. Aggregate contributions to be made in fiscal 2019 are expected to continue to be \$32.2 million.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE I - FRINGE BENEFITS - CONTINUED

Net Plan assets available and Plan liabilities are as follows:

	<u>2018</u>	<u>2017</u>
Fair value of Plan assets	\$ 398,500,000	\$ 409,500,000
Accumulated liability of the Plan	\$ 644,900,000	\$ 708,600,000
Plan funded ratio	62%	58%

The risks of participating in multiemployer plans are different from single-employer plans in the following aspects:

- a. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- b. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Contributions made by the Council in fiscal years 2018 and 2017 were \$507,636 and \$528,207, respectively. These contributions were not greater than 5% of total plan contributions during 2018 and 2017.

The Council also maintains a 401(k) retirement plan, in which the council will make a matching contribution not to exceed 2% of each individual's salary. The amount contributed to the 401(k) plan during 2018 and 2017 was \$33,073 and \$30,387, respectively.

NOTE J - RELATED PARTY TRANSACTIONS

The Council is a chartered member of GSUSA. As part of being a chartered member, the Council collects and passes through membership fees on behalf of GSUSA. The total paid to GSUSA by the Council for membership dues collected on behalf of GSUSA in 2018 and 2017 was \$216,650 and \$103,215, respectively. The Council purchases a majority of its merchandise inventory from GSUSA. In both 2018 and 2017, approximately 81% of the Council's merchandise inventory purchases were from GSUSA.

As part of the Council's product sales program, a portion of proceeds from the sale of items is retained by the troops and groups participating in the program. The amount of proceeds retained per troop or group varies and is based on the number of items sold by that particular troop or group. In 2018 and 2017, troops and groups retained approximately \$1,400,000 and \$1,500,000, respectively, in the Council's product sales program.

NOTE K - CONCENTRATION RISK

The Council received approximately 56% and 60% of its operating funds from the program-related sale of cookie products during 2018 and 2017, respectively. Due to licensing restrictions imposed by GSUSA, only two national suppliers are authorized to produce Girl Scout cookie products. This limited amount of suppliers may represent a business risk to the Council, and any adverse change in a supplier's ability to provide an adequate amount of goods for resale may have a negative impact on the Council's operations.

GIRL SCOUTS OF WEST CENTRAL FLORIDA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018 AND 2017

NOTE L - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of September 30:

	<u>2018</u>	<u>2017</u>
Restricted contributions for programs	\$ 38,207	\$ 41,000
Scholarship fund	<u>15,230</u>	<u>15,608</u>
	<u>\$ 53,437</u>	<u>\$ 56,608</u>

Net assets of \$42,084 and \$738 were released from restrictions during the years ended September 30, 2018 and 2017, respectively, by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

NOTE M - GRANTS, JUVENILE WELFARE BOARD OF PINELLAS COUNTY

The Juvenile Welfare Board of Pinellas County provided the Council funding during 2018 and 2017. The Council has recorded revenue of \$241,468 and \$148,106 for the years ended September 30, 2018 and 2017, respectively.

NOTE N - SUBSEQUENT EVENTS

The Council has evaluated all subsequent events through January 9, 2019, the date the financial statements were available and issued. The Council is not aware of any subsequent events which would require recognition or disclosure in the financial statements.