

**GIRL SCOUT COUNCIL OF  
GREATER NEW YORK, INC.**

**FINANCIAL STATEMENTS  
AND AUDITOR'S REPORT**

**SEPTEMBER 30, 2013 AND 2012**

**GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**

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## **Independent Auditor's Report**

**Board of Directors  
Girl Scout Council of Greater New York, Inc.**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Girl Scout Council of Greater New York, Inc., which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, functional expenses and cash flows for the years 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 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 from 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 Scout Council of Greater New York, Inc. as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Loeb & Troper LLP*

January 20, 2014

## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 771,094	\$ 214,095
Investments at fair value (Note 3)	5,370,935	5,012,085
Contributions receivable - net (Note 4)	1,027,793	196,151
Accounts receivable (net of allowance for doubtful accounts of \$0 in 2013 and 2012)	25,126	64,117
Prepaid expenses and other assets	144,739	140,727
Inventory	3,471	5,450
Deferred rent receivable (Note 5)	71,610	98,687
Beneficial interest in a perpetual trust (Notes 3 and 6)	406,557	381,696
Fixed assets - net (Note 7)	<u>656,401</u>	<u>748,734</u>
Total assets	<u>\$ 8,477,726</u>	<u>\$ 6,861,742</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses (Note 9)	\$ 300,963	\$ 250,950
Deferred revenue	168,091	190,051
Deferred rent payable	109,874	174,848
Annuities payable	<u>9,780</u>	<u>10,402</u>
Total liabilities	<u>588,708</u>	<u>626,251</u>
Net assets (Exhibit B)		
Unrestricted	6,338,961	5,698,053
Temporarily restricted (Note 11)	1,131,500	144,742
Permanently restricted (Note 11)	<u>418,557</u>	<u>392,696</u>
Total net assets	<u>7,889,018</u>	<u>6,235,491</u>
Total liabilities and net assets	<u>\$ 8,477,726</u>	<u>\$ 6,861,742</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.



## STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013			2012				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, losses and other support								
Product sales	\$ 3,929,202			\$ 3,929,202	\$ 3,936,211			\$ 3,936,211
Direct costs of product sales	(1,160,647)			(1,160,647)	(1,136,628)			(1,136,628)
Contributions								
General public	350,854	\$ 539,000		889,854	267,954			267,954
Foundations and corporations	745,664	585,500	\$ 1,000	1,332,164	499,300	\$ 133,495	\$ 6,000	638,795
United Way of New York City	4,038			4,038	6,143			6,143
Legacies and bequests	19,695			19,695	22,648			22,648
Association fund raising	36,557			36,557	12,438			12,438
Donated goods	19,530			19,530	26,658			26,658
Governmental grants	40,000			40,000	42,000			42,000
Special events revenue	1,180,322			1,180,322	1,255,871			1,255,871
Direct cost of special events	(239,574)			(239,574)	(185,311)			(185,311)
Program fees (net of financial assistance of \$146,305 for 2013 and \$97,026 for 2012)	373,991			373,991	446,751			446,751
Net investment return (Note 3)	551,599			551,599	839,040			839,040
Change in value of beneficial interest in a perpetual trust			24,861	24,861			34,001	34,001
Rental income	335,689			335,689	319,538			319,538
Actuarial losses on annuity obligations	(1,968)			(1,968)	(1,918)			(1,918)
Other income	39,291			39,291	53,051			53,051
Net assets released from restrictions (Note 11)	137,742	(137,742)			484,635	(484,635)		
Total revenues, gains, losses and other support	<u>6,361,985</u>	<u>986,758</u>	<u>25,861</u>	<u>7,374,604</u>	<u>6,888,381</u>	<u>(351,140)</u>	<u>40,001</u>	<u>6,577,242</u>
Expenses (Exhibit C)								
Program services								
Membership services	1,563,185			1,563,185	1,510,685			1,510,685
Girl Scout program services	1,489,473			1,489,473	2,019,768			2,019,768
Camp operations	702,846			702,846	939,430			939,430
Adult education	364,557			364,557	472,655			472,655
Public information	268,515			268,515	247,330			247,330
Total program services	<u>4,388,576</u>			<u>4,388,576</u>	<u>5,189,868</u>			<u>5,189,868</u>
Supporting services								
Management and general	787,755			787,755	677,498			677,498
Fund development	544,746			544,746	517,940			517,940
Total supporting services	<u>1,332,501</u>			<u>1,332,501</u>	<u>1,195,438</u>			<u>1,195,438</u>
Total expenses	<u>5,721,077</u>			<u>5,721,077</u>	<u>6,385,306</u>			<u>6,385,306</u>
Change in net assets (Exhibit D)	640,908	986,758	25,861	1,653,527	503,075	(351,140)	40,001	191,936
Net assets - beginning of year	5,698,053	144,742	392,696	6,235,491	5,194,978	495,882	352,695	6,043,555
Net assets - end of year (Exhibit A)	<u>\$ 6,338,961</u>	<u>\$ 1,131,500</u>	<u>\$ 418,557</u>	<u>\$ 7,889,018</u>	<u>\$ 5,698,053</u>	<u>\$ 144,742</u>	<u>\$ 392,696</u>	<u>\$ 6,235,491</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013											
	Program Services					Supporting Services			Direct Cost of Special Events	Direct Cost of Product Sales	Total	Total 2012
	Membership Services	Girl Scout Program Services	Camp Operations	Adult Education	Public Information	Total	Management and General	Fund Development				
Salaries	\$ 769,926	\$ 673,219	\$ 325,622	\$ 144,977	\$ 117,420	\$ 2,031,164	\$ 374,498	\$ 270,601			\$ 2,676,263	\$ 2,743,754
Payroll taxes	55,647	48,686	23,659	10,474	8,484	146,950	94,427	19,550			260,927	280,331
Health and retirement benefits	171,967	144,165	46,116	32,761	26,532	421,541	30,510	60,835			512,886	483,488
Total salaries, payroll taxes and benefits	997,540	866,070	395,397	188,212	152,436	2,599,655	499,435	350,986			3,450,076	3,507,573
Professional and consulting fees	48,959	143,599	18,551	4,097	84,963	300,169	163,608	150,862			614,639	690,371
Cost of cookies and other products										\$ 1,160,647	1,160,647	1,136,628
Supplies	41,974	106,029	56,187	38,610	1,704	244,504	4,509	4,208			253,221	394,269
Postage and shipping	11,244	24,417	7,036	6,059	405	49,161	1,996	1,863			53,020	97,106
Printing and publications	26,629	24,708	5,445	12,772	11,551	81,105	4,697	4,384			90,186	115,592
Telephone	15,005	10,378	5,664	3,361	611	35,019	4,039	3,769			42,827	43,521
Travel	15,836	20,642	19,699	2,947	187	59,311	1,236	1,154			61,701	148,957
Conference and meetings	5,146	2,558	1,101	1,048	160	10,013	1,057	986			12,056	27,485
Event catering costs									\$ 239,574		239,574	185,311
Equipment leases and repairs	27,058	12,211	4,422	4,180	788	48,659	5,209	4,861			58,729	51,349
Assistance to individuals	11,509	26,943				38,452		2,500			40,952	180,503
Occupancy (Note 8)	275,909	189,675	151,067	80,103	12,695	709,449	7,519	8,275			725,243	748,860
Insurance	27,558	22,727	22,746	9,092		82,123	4,546	4,546			91,215	84,192
Investment management fees							36,721				36,721	31,372
Miscellaneous	2,509	100	4,269		200	7,078	51,515	4,684			63,277	86,361
Total expenses before depreciation and amortization and direct costs of product sales and special events	1,506,876	1,450,057	691,584	350,481	265,700	4,264,698	786,087	543,078	239,574	1,160,647	6,994,084	7,529,450
Depreciation and amortization	56,309	39,416	11,262	14,076	2,815	123,878	1,668	1,668			127,214	177,795
Total expenses before direct costs of product sales and special events	1,563,185	1,489,473	702,846	364,557	268,515	4,388,576	787,755	544,746	239,574	1,160,647	7,121,298	7,707,245
Less direct costs of product sales and special events									(239,574)	(1,160,647)	(1,400,221)	(1,321,939)
Total expenses (Exhibit B)	\$ 1,563,185	\$ 1,489,473	\$ 702,846	\$ 364,557	\$ 268,515	\$ 4,388,576	\$ 787,755	\$ 544,746	\$ -	\$ -	\$ 5,721,077	\$ 6,385,306

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## STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2012										
	Program Services					Supporting Services		Direct Cost of Special Events	Direct Cost of Product Sales	Total	
	Membership Services	Girl Scout Program Services	Camp Operations	Adult Education	Public Information	Total	Management and General				Fund Development
Salaries	\$ 768,376	\$ 869,121	\$ 293,767	\$ 206,150	\$ 70,033	\$ 2,207,447	\$ 285,191	\$ 251,116		\$ 2,743,754	
Payroll taxes	78,493	86,903	30,836	22,426	8,410	227,068	28,033	25,230		280,331	
Health and retirement benefits	135,377	149,880	53,184	38,679	14,505	391,625	48,349	43,514		483,488	
Total salaries, payroll taxes and benefits	982,246	1,105,904	377,787	267,255	92,948	2,826,140	361,573	319,860		3,507,573	
Professional and consulting fees	1,407	347,047	61,607	37,275	79,589	526,925	104,439	59,007		690,371	
Cost of cookies and other products									\$ 1,136,628	1,136,628	
Supplies	47,313	169,534	114,338	27,599	3,943	362,727	7,886	23,656		394,269	
Postage and shipping	16,508	20,392	8,740	16,508	10,682	72,830	5,826	18,450		97,106	
Printing and publications	13,871	18,495	10,403	16,183	24,274	83,226	3,468	28,898		115,592	
Telephone	10,010	9,139	5,658	2,176	1,741	28,724	7,834	6,963		43,521	
Travel	17,875	50,645	72,989	2,979	1,490	145,978	1,489	1,490		148,957	
Conference and meetings	2,474	8,520	4,672	8,795	1,374	25,835	825	825		27,485	
Event catering costs									\$ 185,311	185,311	
Equipment leases and repairs	7,702	11,297	4,622	3,594	2,567	29,782	11,297	10,270		51,349	
Assistance to individuals	117,327	48,736	12,635	1,805		180,503				180,503	
Occupancy (Note 8)	232,147	172,238	142,283	67,397	22,466	636,531	82,375	29,954		748,860	
Insurance	25,257	21,048	21,048	8,419		75,772	4,210	4,210		84,192	
Investment management fees							31,372			31,372	
Miscellaneous	8,101	11,882	4,861	3,780	2,700	31,324	44,236	10,801		86,361	
Total expenses before depreciation and amortization and direct costs of product sales and special events	1,482,238	1,994,877	841,643	463,765	243,774	5,026,297	666,830	514,384	185,311	1,136,628	7,529,450
Depreciation and amortization	28,447	24,891	97,787	8,890	3,556	163,571	10,668	3,556			177,795
Total expenses before direct costs of product sales and special events	1,510,685	2,019,768	939,430	472,655	247,330	5,189,868	677,498	517,940	185,311	1,136,628	7,707,245
Less direct costs of product sales and special events									(185,311)	(1,136,628)	(1,321,939)
Total expenses (Exhibit B)	\$ 1,510,685	\$ 2,019,768	\$ 939,430	\$ 472,655	\$ 247,330	\$ 5,189,868	\$ 677,498	\$ 517,940	\$ -	\$ -	\$ 6,385,306

See independent auditor's report.

The accompanying notes are an integral part of these statements.



## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 1,653,527	\$ 191,936
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	127,214	177,795
Net realized and unrealized gains on investments	(432,636)	(736,361)
Actuarial loss on annuity obligations	1,968	1,918
Change in value of beneficial interest in a perpetual trust	(24,861)	(34,001)
Decrease (increase) in assets		
Contributions receivable	(831,642)	203,331
Accounts receivable	38,991	(15,671)
Government grants receivable		58,500
Prepaid expenses and other assets	(4,012)	84,761
Inventory	1,979	9,019
Deferred rent receivable	27,077	19,955
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	50,013	(134,165)
Deferred revenue	(21,960)	97,985
Deferred rent payable	(64,974)	(53,623)
Net cash provided (used) by operating activities	<u>520,684</u>	<u>(128,621)</u>
Cash flows from investing activities		
Fixed asset acquisitions	(34,881)	(44,980)
Proceeds from sale of investments	1,058,162	1,981,964
Purchase of investments	(984,376)	(1,752,990)
Net cash provided by investing activities	<u>38,905</u>	<u>183,994</u>
Cash flows from financing activities		
Payment of annuity obligations	(2,590)	(2,590)
Proceeds from line of credit	760,000	950,000
Repayment of line of credit	(760,000)	(950,000)
Net cash used by financing activities	<u>(2,590)</u>	<u>(2,590)</u>
Net change in cash and cash equivalents	556,999	52,783
Cash and cash equivalents - beginning of year	<u>214,095</u>	<u>161,312</u>
Cash and cash equivalents - end of year	<u>\$ 771,094</u>	<u>\$ 214,095</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 2,761</u>	<u>5,710</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

**NOTE 1 - NATURE OF ORGANIZATION**

Girl Scout Council of Greater New York, Inc. (the "Council") was organized in 1940 to carry out the informal educational programs of the Girl Scout Council of the United States of America for girls ages 5 to 17 within the Greater New York area.

The programs seek to develop in each girl the following attributes: a deepening self-awareness, a strong value system, an ability to relate to others, and a commitment to society. The Council fulfills this purpose through the organization of troop and/or group activities; the operation and maintenance of a year-round camp; and the recruitment and development of adult volunteers.

The Council, which qualifies as a Section 501(c)(3) organization under the Internal Revenue Code (the Code), is exempt from federal income tax and has been classified as an organization that is not a private foundation under Section 501(a) of the Code. In addition, the Council is exempt from state and local income taxes and comparable laws. The Council qualifies for the maximum charitable contribution deduction by donors.

The Council is supported primarily by product sales, special events and contributions.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

**B. 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**C. Cash and Cash Equivalents**

For financial statement presentation purposes, the Council considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents, with the exception of money market accounts which are held in the Council's investment portfolio.

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**D. Investments**

Investments are reported in the accompanying financial statements at fair values, consist primarily of money market funds and equity and fixed-income mutual funds, and are maintained with a custodian. Donated securities are recorded at their fair values on the date they are received.

Income on investments is recorded as unrestricted unless otherwise restricted by the donor.

Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the financial statements.

**E. Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The Council determines if an allowance for doubtful contributions is necessary based on management's assessment of the aging of the receivable, current economic conditions and historical information.

Conditional promises to give are not included as support until the conditions are substantially met.

**F. Government Grants and Receivables**

Revenues and receivables from government grants are recognized when reimbursable expenses are incurred under the terms of the contract. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Interest is not charged on outstanding receivable balances. Management has determined that no allowance is necessary.

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**F. Government Grants and Receivables (continued)**

Government grants are subject to audit by the agencies. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments. Laws and regulations related to government programs are subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near term. Additionally, noncompliance with such laws and regulations could result in penalties and exclusion from the government programs.

**G. Inventory**

Inventory, which consists primarily of promotional materials such as tee shirts and sweatshirts, is stated at lower of cost or market value. Cost is determined on the first-in, first-out basis.

**H. Deferred Rent Receivable**

Rental income from subleased space is straight-lined over the term of the lease. The difference between the rent revenue earned by the Council on an accrual basis and the rental payments received in cash is attributable to several months of free rent and scheduled rent increases, and is reported as deferred rent receivable in the accompanying financial statements.

**I. Fixed Assets**

Land, buildings and building improvements, leasehold improvements, furniture and equipment are reported at their original cost if purchased by the Council, or at their fair value at the dates of donation. The Council capitalized all expenditures in excess of \$5,000 with estimated useful lives of more than one year.

Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the remaining lease term, or the estimated useful life of the improvement, whichever is shorter.

**J. Deferred Revenue**

The Council records monies received in advance of its annual breakfast event as deferred revenue until the event takes place.

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**K. Operating Leases and Deferred Rent Payable**

Operating leases are straight-lined over the term of the lease. The difference between the rent expense incurred by the Council on an accrual basis and the rental payments paid in cash is attributable to several months of free rent and scheduled rent increases, and is reported as deferred rent payable in the accompanying financial statements.

**L. Accrued Vacation**

The Council's policy is that employees cannot carry over any unused vacation into the next fiscal period. Consequently, no accrued vacation obligation has been recorded as of September 30, 2013 and 2012.

**M. Net Assets**

The net assets of the Council and changes therein are classified and reported as follows:

- **Unrestricted:** Unrestricted net assets represent those resources that are not subject to donor restrictions.
- **Temporarily restricted:** Temporarily restricted net assets represent those resources that are subject to donor-imposed stipulations that will be met either by the actions of the Council and/or the passage of time.
- **Permanently restricted:** Permanently restricted net assets represent those resources that require that the principal be invested in perpetuity and that only the income be used. The Council's permanently restricted net assets include a beneficial interest in a perpetual trust, which is shown at the Council's share of the fair value of the underlying trust's assets.

**N. Product Sales - Cookie Revenue**

The Girl Scout Cookie Sale in the five boroughs of New York City is an annual program activity in which Girl Scouts voluntarily participate. Of the \$4.00 paid by customers for each box for the years ended September 30, 2013 and 2012, respectively:

- \$0.96 and \$0.93 represents the cost of cookies.

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**N. Product Sales - Cookie Revenue (continued)**

- \$2.39 went to the Council to provide for 27,936 girls in 2013 and \$2.42 went to the Council to provide for 26,658 girls in 2012, as well as 9,087 volunteers in 2013 and 9,259 volunteers in 2012; the Council provides educational and cultural programs; leader training and materials; camping and service center facilities; publications; financial assistance and camperships; and professional and clerical services.
- \$0.65 in 2013 and 2012 went to the girls' troop treasury, to be used for troop program activities, trips, and materials for service projects and other supplies, as decided by the girls and their leaders.

**O. Contributions**

Contributions, including unconditional promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received and expended in the same fiscal year are reflected as unrestricted revenues.

**P. Donated Goods and Services**

Contributed goods are recognized at their fair values at the date of donation. Contributions of services are recognized when they are received if the services (a) create or enhance non-financial assets, or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

**Q. Volunteer Services**

The majority of the Council's activities are carried out by thousands of volunteers. No amounts representing the estimated fair value of these donated services are included in the accompanying financial statements, as those services do not meet the criteria for recognition under generally accepted accounting principles.

**R. Functional Allocation of Expenses**

The costs of providing the Council's services have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**S. Charitable Gift Annuities**

Charitable gift annuities are subject to the restrictions of gift instruments requiring the Council to pay stipulated amounts to beneficiaries. Such payments generally terminate at the beneficiary's death. The Council has used actuarial assumptions and discount rates to record the present value of estimated future payments to beneficiaries.

Contribution revenues for charitable gift annuities are recognized at the date the agreement is established, net of the liability recorded for the present value of the future payments to be made to the respective donors. The agreements provide that the trustee pay annuity amounts which range from 8.1% to 9.2% in quarterly installments and are discounted using a rate of 5%. Gains or losses resulting from changes in actuarial assumptions and accretions of the discount are recorded as increases or decreases in the unrestricted net asset class in the statements of activities.

**T. Fair Value Measurements**

*Fair Value Measurements* (FASB ASC Topic 820) establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**T. Fair Value Measurements (continued)**

There have been no changes in the methodologies used at September 30, 2013 and 2012. The following is a description of the valuation methodologies used for assets measured at fair value:

*Money market funds* - Valued at the closing price reported on the active market on which the individual securities are traded.

*Fixed income and equity mutual funds* - Valued at the closing price reported on the active market, which is based on the net asset value (NAV) of shares held at year end.

*Beneficial interest in perpetual trust* - Valued at the Council's share of the fair value of the underlying assets held in the trust.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values.

The assets at fair value as of September 30, 2013 and 2012 are set forth by level within the fair value hierarchy in Note 3.

**U. Uncertainty in Income Taxes**

The Council has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending September 30, 2010 and subsequent remain subject to examination by applicable taxing authorities.

**V. Subsequent Events**

In accordance with generally accepted accounting principles, subsequent events (after September 30, 2013) have been evaluated through January 20, 2014, which is the date the financial statements were available to be issued.

**W. Reclassifications**

Certain 2012 items have been reclassified to conform to the 2013 presentation. Included were reclassifications of allowance for doubtful accounts from accounts receivable to contributions receivable. Additionally, the 2012 proceeds and repayment of the line of credit was corrected from \$200,000 to \$950,000.

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 3 - INVESTMENTS AND FAIR VALUE HIERARCHY

The following table sets forth by level, within the fair value hierarchy, the investment balance and other assets recorded at fair value as of September 30, 2013 and 2012:

	2013		2012	
	Level 1	Level 3	Level 1	Level 3
Investments				
Money market funds	\$ <u>85,031</u>		\$ <u>32,097</u>	
Equity mutual funds				
U.S. Large Cap	2,024,433		1,354,274	
Dividend Fund			552,546	
Yacktman Fund			558,176	
U.S. Mid Cap	229,907		254,298	
U.S. Small Cap	119,083		101,546	
International				
developed	781,023		322,008	
Emerging markets	187,832		133,504	
Blended	<u>197,713</u>		<u>142,071</u>	
	<u>3,539,991</u>		<u>3,418,423</u>	
Fixed-income mutual				
fund	<u>1,745,913</u>		<u>1,561,565</u>	
Total investments	\$ <u>5,370,935</u>		\$ <u>5,012,085</u>	
Beneficial interest in				
perpetual trust		\$ <u>406,557</u>		\$ <u>381,696</u>

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 3 - INVESTMENTS AND FAIR VALUE HIERARCHY (continued)

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Level 3 assets for the years ended September 30, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Balance, beginning of year	\$ 381,696	\$ 347,695
Change in carrying value of trust	<u>24,861</u>	<u>34,001</u>
Balance, end of year	<u>\$ 406,557</u>	<u>\$ 381,696</u>

The Council's investments include funds subject to charitable gift annuity agreements.

In accordance with New York insurance law, the Council is required to maintain in the segregated custodial account, held for the protection of all annuitants of the corporation, an amount at least equal to the greater of \$100,000 or reserves required by New York insurance law plus a surplus of 25% of the required reserve. The Council established a reserve of \$125,000 in the segregated account. The fair market value of the segregated custodial account, including earnings, was \$177,375 and \$184,330 as of September 30, 2013 and 2012, respectively.

The Council transferred \$155,500 and \$200,000 during fiscal years ended September 30, 2013 and 2012, respectively, from the investment portfolio to the operating cash account.

Net investment return consisted of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividends	\$ 118,963	\$ 102,679
Net realized and unrealized gains on investments	<u>432,636</u>	<u>736,361</u>
Net investment return	<u>\$ 551,599</u>	<u>\$ 839,040</u>

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 4 - CONTRIBUTIONS RECEIVABLE

At the end of the fiscal year, contributions receivable were estimated to be due as follows:

	<u>2013</u>	<u>2012</u>
Due within a year		
2015	\$ 486,748	\$ 205,662
2016	359,500	
2017	104,500	
	<u>104,000</u>	<u>          </u>
	1,054,748	205,662
Allowance for doubtful accounts	(9,511)	(9,511)
Discount for contributions to be collected in excess of one year or more, at 2%	<u>(17,444)</u>	<u>          </u>
	<u>\$ 1,027,793</u>	<u>\$ 196,151</u>

Contributions receivable at September 30, 2013 include contributions from two donors which approximate 60% of the receivable balance.

## NOTE 5 - DEFERRED RENT RECEIVABLE

The Council entered into a sublease agreement with a local organization on September 15, 2010. The lease is noncancelable and expires on February 28, 2015. Future sublease payments are:

<u>Year Ending September 30</u>	
2014	\$ 251,898
2015	<u>127,812</u>
	<u>\$ 379,710</u>

The Council agreed to a rent concession. The rental income is recorded on the straight-line basis. The deferred rent receivable is \$71,610 and \$98,687 as of September 30, 2013 and 2012, respectively.

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

**NOTE 6 - BENEFICIAL INTEREST IN A PERPETUAL TRUST**

The Council is a 5% beneficiary of the Gaston Trust. The assets in this trust are managed by a trustee other than the Council and are predominantly invested in equity and fixed-income instruments. The Council is entitled to receive its share of the annual net investment income earned from the trust's assets in perpetuity. The reported value of the Council's portion of the beneficial interest as of September 30, 2013 and 2012, which is measured by its share of the fair value of the trust's assets, is \$406,557 and \$381,696, respectively.

The investment income distributed from the trust is unrestricted and is reported as such in the accompanying financial statements. The change in the fair value of the trust's assets is reported as an increase or decrease in permanently restricted net assets.

**NOTE 7 - FIXED ASSETS**

At the end of the fiscal year, fixed assets consisted of the following:

	<u>2013</u>	<u>2012</u>	<u>Estimated Useful Lives</u>
Land	\$ 115,654	\$ 115,654	
Buildings and building improvements	1,651,537	1,622,699	25 - 40 years
Leasehold improvements	350,337	350,337	3 - 10 years
Furniture and equipment	<u>962,160</u>	<u>956,117</u>	5 - 10 years
	3,079,688	3,044,807	
Less accumulated depreciation and amortization	<u>(2,423,287)</u>	<u>(2,296,073)</u>	
	<u>\$ 656,401</u>	<u>\$ 748,734</u>	

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 8 - COMMITMENTS AND CONTINGENCIES

- (1) The Council leases office space for its headquarters and field office under noncancelable operating lease agreements. The leases expire in various years through February 2015. The following are the minimum annual rental payments:

<u>Year Ending</u> <u>September 30</u>	
2014	\$ 610,474
2015	<u>248,057</u>
	<u>\$ 858,531</u>

Rent expense for the years ended September 30, 2013 and 2012 was \$533,894 and \$537,352, respectively.

- (2) The Council signed an agreement for a 5-year \$1,000,000 secured line of credit with Bank of New York Mellon on September 22, 2011. The line of credit's rate is one-month LIBOR plus 175 basis points with a minimum floor of 2%. As of September 30, 2013 and 2012, the interest rate was 2% with interest expense of \$2,761 and \$5,710, respectively, for the fiscal years then ended. No amounts were outstanding at September 30, 2013 and 2012.
- (3) The Council is subject to litigation in the routine course of conducting business. The Council is not aware of any pending or threatened litigation as of September 30, 2013.
- (4) The Council is responsible to report to various third parties, among which are the Internal Revenue Service, the New York State Department of Charities Registration, the New York State Office of the Attorney General, and the Office of Inspector General (OIG). These agencies and others have the right to audit the Council. In management's opinion, there are no material adjustments that may arise from these potential audits.

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

**NOTE 9 - RELATED PARTY**

The Council is a separately incorporated 501(c)(3) organization chartered by the Girl Scouts of the United States of America (GSUSA) to deliver the Girl Scout program in the five boroughs of New York City. Based on the charter, the Council collects membership dues on behalf of GSUSA from program participants. The dues are recorded as a liability by the Council upon collection. The amount collected on behalf of GSUSA as of September 30, 2013 and 2012 was \$451,934 and \$361,190, respectively. As of September 30, 2013 and 2012, \$104,391 and \$89,878, respectively, was due to GSUSA and included in accounts payable and accrued expenses.

**NOTE 10 - PENSION PLANS**

The Council participates in the National Girl Scout Council Retirement Plan (EIN 13-1624016, Plan #002), a noncontributory 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's pension expense and contributions to this plan for fiscal 2013 and 2012 was \$261,009 and \$213,595, respectively, which represents less than 5% of total contributions to the Plan. The national board of 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 stand-alone operation. The Plan is subject to certain funding requirements and, due to unfavorable market conditions, as of January 1, 2013 and 2012 the actuarial present value of accumulated plan benefits exceeded net plan assets available for plan benefits. Due to the nature of the Plan, no additional liability is required to be recognized at this time; however, it is projected that the Council's contribution requirements will continue to increase.

In 2011, the Council established a discretionary defined contribution pension plan. The contributions are based on a Board-approved percentage applied to employee earnings for the fiscal year. All employees are eligible as of the first day of employment. If the Board approves a contribution to the plan, the payments are made subsequent to year end. The Council did not make any contributions to the plan during the years ended September 30, 2013 and 2012.

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## GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

## NOTE 11 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

At the end of the fiscal year, temporarily restricted net assets were available for the following purposes and periods:

	<u>2013</u>	<u>2012</u>
Girl Scout programs and adult education	\$ 103,707	\$ 5,000
Time restrictions	<u>1,027,793</u>	<u>139,742</u>
Total temporarily restricted net assets	<u>\$ 1,131,500</u>	<u>\$ 144,742</u>

During the fiscal year, net assets released from restrictions consisted of the following:

	<u>2013</u>	<u>2012</u>
Girl Scout programs and adult education	\$ 5,000	\$ 394,635
Time restrictions	<u>132,742</u>	<u>90,000</u>
	<u>\$ 137,742</u>	<u>\$ 484,635</u>

Permanently restricted net assets are restricted in perpetuity, the income from which is expendable to support:

	<u>2013</u>	<u>2012</u>
Camp scholarships	\$ 12,000	\$ 11,000
General operations (beneficial interest in a perpetual trust)	<u>406,557</u>	<u>381,696</u>
	<u>\$ 418,557</u>	<u>\$ 392,696</u>