

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

SEPTEMBER 30, 2015 AND 2014

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, 2015 and 2014, 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, 2015 and 2014, 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 28, 2016

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 1,609,908	\$ 1,423,844
Investments at fair value (Note 3)	5,458,540	5,832,537
Contributions receivable - net (Note 4)	615,995	1,092,723
Accounts receivable	39,810	7,752
Prepaid expenses and other assets	176,034	191,162
Inventory	15,938	13,030
Deferred rent receivable (Note 5)		37,195
Beneficial interest in a perpetual trust (Notes 3 and 6)	379,286	417,979
Fixed assets - net (Note 7)	<u>1,871,909</u>	<u>805,578</u>
Total assets	<u>\$ 10,167,420</u>	<u>\$ 9,821,800</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses (Note 9)	\$ 482,450	\$ 419,288
Deferred revenue	101,734	257,807
Line of credit payable (Note 8)	900,000	200,000
Deferred rent payable	429,075	33,323
Annuities payable	<u>5,905</u>	<u>9,188</u>
Total liabilities	<u>1,919,164</u>	<u>919,606</u>
Net assets (Exhibit B)		
Unrestricted	6,736,028	6,715,476
Temporarily restricted (Note 11)	1,117,942	1,755,739
Permanently restricted (Note 11)	<u>394,286</u>	<u>430,979</u>
Total net assets	<u>8,248,256</u>	<u>8,902,194</u>
Total liabilities and net assets	<u>\$ 10,167,420</u>	<u>\$ 9,821,800</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

EXHIBIT B

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015				2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, losses and other support								
Product sales	\$ 4,075,049			\$ 4,075,049	\$ 3,810,424			\$ 3,810,424
Direct costs of product sales	(1,252,684)			(1,252,684)	(1,149,739)			(1,149,739)
Contributions								
General public	681,793	\$ 178,104		859,897	534,658	\$ 369,341		903,999
Foundations and corporations	249,889	138,250	\$ 2,000	390,139	554,898	652,500	\$ 1,000	1,208,398
United Way of New York City	4,177			4,177	2,747			2,747
Legacies and bequests	21,143			21,143	29,952			29,952
Donated goods	257,991			257,991	8,749			8,749
Governmental grants	34,300			34,300	33,500			33,500
Special events revenue	1,090,455			1,090,455	1,142,959			1,142,959
Direct cost of special events	(228,096)			(228,096)	(223,955)			(223,955)
Program fees (net of financial assistance of \$173,235 for 2015 and \$175,815 for 2014)	297,321			297,321	273,318			273,318
Net investment return (Note 3)	(125,333)			(125,333)	385,931			385,931
Change in value of beneficial interest in a perpetual trust			(38,693)	(38,693)			11,422	11,422
Rental income	142,897			142,897	318,504			318,504
Actuarial gains (losses) on annuity obligations	1,383			1,383	(1,998)			(1,998)
Other income	51,693			51,693	13,259			13,259
Net assets released from restrictions (Note 11)	954,151	(954,151)			397,602	(397,602)		
Total revenues, gains, losses and other support	<u>6,256,129</u>	<u>(637,797)</u>	<u>(36,693)</u>	<u>5,581,639</u>	<u>6,130,809</u>	<u>624,239</u>	<u>12,422</u>	<u>6,767,470</u>
Expenses (Exhibit C)								
Program services								
Membership services	1,564,301			1,564,301	1,554,347			1,554,347
Girl Scout program services	1,856,181			1,856,181	1,593,003			1,593,003
Camp operations	650,575			650,575	597,109			597,109
Adult education	566,412			566,412	329,011			329,011
Public information	203,529			203,529	148,317			148,317
Total program services	<u>4,840,998</u>			<u>4,840,998</u>	<u>4,221,787</u>			<u>4,221,787</u>
Supporting services								
Management and general	897,288			897,288	813,336			813,336
Fund development	497,291			497,291	719,171			719,171
Total supporting services	<u>1,394,579</u>			<u>1,394,579</u>	<u>1,532,507</u>			<u>1,532,507</u>
Total expenses	<u>6,235,577</u>			<u>6,235,577</u>	<u>5,754,294</u>			<u>5,754,294</u>
Change in net assets (Exhibit D)	20,552	(637,797)	(36,693)	(653,938)	376,515	624,239	12,422	1,013,176
Net assets - beginning of year	<u>6,715,476</u>	<u>1,755,739</u>	<u>430,979</u>	<u>8,902,194</u>	<u>6,338,961</u>	<u>1,131,500</u>	<u>418,557</u>	<u>7,889,018</u>
Net assets - end of year (Exhibit A)	<u>\$ 6,736,028</u>	<u>\$ 1,117,942</u>	<u>\$ 394,286</u>	<u>\$ 8,248,256</u>	<u>\$ 6,715,476</u>	<u>\$ 1,755,739</u>	<u>\$ 430,979</u>	<u>\$ 8,902,194</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

EXHIBIT C

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015										
	Program Services					Supporting Services		Direct Cost of Special Events	Direct Cost of Product Sales	Total	Total 2014
	Membership Services	Girl Scout Program Services	Camp Operations	Adult Education	Public Information	Total	Management and General				
Salaries	\$ 747,162	\$ 759,178	\$ 247,737	\$ 181,419	\$ 79,904	\$ 2,015,400	\$ 290,588	\$ 265,339		\$ 2,571,327	\$ 2,579,758
Payroll taxes	68,129	68,301	30,782	17,056	7,586	191,854	26,109	24,808		242,771	243,870
Health and retirement benefits	171,539	170,892	42,309	43,182	18,908	446,830	50,412	61,824		559,066	568,022
Total salaries, payroll taxes and benefits	986,830	998,371	320,828	241,657	106,398	2,654,084	367,109	351,971		3,373,164	3,391,650
Professional and consulting fees	1,840	104,306	1,097	132,811	66,000	306,054	380,009	57,992		744,055	655,454
Cost of cookies and other products									\$ 1,252,684	1,252,684	1,149,739
Supplies	66,596	149,772	93,545	68,014	3,750	381,677	14,214	9,655		405,546	215,836
Postage and shipping	6,189	17,636	3,664	2,327	710	30,526	364	17,713		48,603	53,958
Printing and publications	580	5,835	4,040	316	4,507	15,278	183	25,274		40,735	76,622
Telephone	19,019	21,558	6,377	5,836	1,091	53,881	2,638	1,792		58,311	41,251
Travel	11,748	78,447	16,743	2,499	1,358	110,795	1,173	797		112,765	69,338
Conference and meetings	2,744	17,473	546	675	206	21,644	863	586		23,093	19,365
Event catering costs									\$ 228,096	228,096	223,955
Equipment leases and repairs	23,916	20,875	5,531	5,786	1,767	57,875	7,396	5,023		70,294	53,801
Assistance to individuals	27,364	27,695				55,059				55,059	44,676
Occupancy (Note 8)	265,867	302,681	138,758	65,857	10,661	783,824	11,156	10,874		805,854	742,243
Insurance	32,780	27,519	29,222	10,927		100,448	5,463	5,463		111,374	107,398
Investment management fees							36,730			36,730	35,384
Bad debt							6,760			6,760	10,489
Interest							13,709			13,709	8,175
Miscellaneous		833	6,458		1,140	8,431	82,732	6,632		97,795	62,272
Total expenses before depreciation and amortization and direct costs of product sales and special events	1,445,473	1,773,001	626,809	536,705	197,588	4,579,576	930,499	493,772	228,096	1,252,684	7,484,627
Depreciation and amortization	118,828	83,180	23,766	29,707	5,941	261,422	3,519	3,519		268,460	201,766
Total expenses	1,564,301	1,856,181	650,575	566,412	203,529	4,840,998	934,018	497,291	228,096	1,252,684	7,753,087
Less direct costs of product sales, special events and investment management fees							(36,730)		(228,096)	(1,252,684)	(1,517,510)
Total expenses as reported by function on the statements of activities (Exhibit B)	\$ 1,564,301	\$ 1,856,181	\$ 650,575	\$ 566,412	\$ 203,529	\$ 4,840,998	\$ 897,288	\$ 497,291	\$ -	\$ -	\$ 6,235,577

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STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2014										
	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	\$ 795,726	\$ 621,746	\$ 225,081	\$ 138,762	\$ 47,715	\$ 1,829,030	\$ 360,979	\$ 389,749		\$ 2,579,758	
Payroll taxes	72,185	59,152	19,756	12,946	4,742	168,781	39,674	35,415		243,870	
Health and retirement benefits	189,918	138,097	42,705	31,813	11,963	414,496	64,496	89,030		568,022	
Total salaries, payroll taxes and benefits	1,057,829	818,995	287,542	183,521	64,420	2,412,307	465,149	514,194		3,391,650	
Professional and consulting fees	8,221	234,960	4,269	2,611	52,419	302,480	248,043	104,931		655,454	
Cost of cookies and other products									\$ 1,149,739	1,149,739	
Supplies	32,255	83,227	59,075	32,578	602	207,737	4,194	3,905		215,836	
Postage and shipping	5,438	21,298	3,752	2,561	1,315	34,364	215	19,379		53,958	
Printing and publications	8,055	12,346	6,041	4,056	5,675	36,173	297	40,152		76,622	
Telephone	15,504	15,043	4,795	2,532	768	38,642	1,351	1,258		41,251	
Travel	24,276	16,414	22,365	2,954	249	66,258	1,595	1,485		69,338	
Conference and meetings	12,024	2,861	2,045	654	123	17,707	859	799		19,365	
Event catering costs									\$ 223,955	223,955	
Equipment leases and repairs	16,312	19,356	3,807	3,846	725	44,046	5,052	4,703		53,801	
Assistance to individuals	13,654	30,467				44,121	305	250		44,676	
Occupancy (Note 8)	229,254	247,890	165,410	63,011	14,450	720,015	11,114	11,114		742,243	
Insurance	41,832	26,684	14,770	8,360	2,232	93,878	6,760	6,760		107,398	
Investment management fees							35,384			35,384	
Interest							10,489			10,489	
Miscellaneous							8,175			8,175	
	385	947	5,377		874	7,583	47,093	7,596		62,272	
Total expenses before depreciation and amortization and direct costs of product sales and special events	1,465,039	1,530,488	579,248	306,684	143,852	4,025,311	846,075	716,526	223,955	1,149,739	6,961,606
Depreciation and amortization	89,308	62,515	17,861	22,327	4,465	196,476	2,645	2,645			201,766
Total expenses	1,554,347	1,593,003	597,109	329,011	148,317	4,221,787	848,720	719,171	223,955	1,149,739	7,163,372
Less direct costs of product sales, special events and investment management fees							(35,384)		(223,955)	(1,149,739)	(1,409,078)
Total expenses as reported by function on the statements of activities (Exhibit B)	\$ 1,554,347	\$ 1,593,003	\$ 597,109	\$ 329,011	\$ 148,317	\$ 4,221,787	\$ 813,336	\$ 719,171	\$ -	\$ -	\$ 5,754,294

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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ (653,938)	\$ 1,013,176
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	268,460	201,766
Net realized and unrealized loss (gain) on investments	208,233	(307,894)
Actuarial (gain) loss on annuity obligations	(1,383)	1,998
Change in value of beneficial interest in a perpetual trust	38,693	(11,422)
Decrease (increase) in assets		
Contributions receivable	476,728	(64,930)
Accounts receivable	(32,058)	17,374
Prepaid expenses and other assets	15,128	(46,423)
Inventory	(2,908)	(9,559)
Deferred rent receivable	37,195	34,415
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	63,162	118,325
Deferred revenue	(156,073)	89,716
Deferred rent payable	395,752	(76,551)
Net cash provided by operating activities	<u>656,991</u>	<u>959,991</u>
Cash flows from investing activities		
Fixed asset acquisitions	(1,334,791)	(350,943)
Proceeds from sale of investments	2,610,407	752,236
Purchase of investments	(2,444,643)	(905,944)
Net cash used by investing activities	<u>(1,169,027)</u>	<u>(504,651)</u>
Cash flows from financing activities		
Payment of annuity obligations	(1,900)	(2,590)
Proceeds from line of credit	1,000,000	675,000
Repayment of line of credit	(300,000)	(475,000)
Net cash provided by financing activities	<u>698,100</u>	<u>197,410</u>
Net change in cash and cash equivalents	186,064	652,750
Cash and cash equivalents - beginning of year	<u>1,423,844</u>	<u>771,094</u>
Cash and cash equivalents - end of year	<u>\$ 1,609,908</u>	<u>\$ 1,423,844</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 13,709</u>	<u>\$ 8,175</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, 2015 AND 2014

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. The Council qualifies for the maximum charitable contribution deduction by donors.

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

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 funds 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, 2015 AND 2014****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****D. Investments**

Investments are reported in the accompanying financial statements at fair value and 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 value on the date they are received.

Income from 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. Governmental Grants

Revenues and receivables from governmental grants are recognized when reimbursable expenditures 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, 2015 AND 2014****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****F. Governmental Grants (continued)**

Government grants are subject to audit by the awarding agencies. No provision for any disallowances is reflected in the financial statements, since management does not anticipate any material adjustments.

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 Income and 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 the 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 date 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, 2015 AND 2014****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 the 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

Beginning in fiscal year 2015, the Council's policy is that employees can carry over 5 unused vacation days into the next fiscal period. An accrued vacation obligation of \$19,857 has been recorded as of September 30, 2015 and no obligation has been recorded as of September 30, 2014.

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 (\$5.00 per box for gluten-free cookies) for the years ended September 30, 2015 and 2014, respectively:

- \$1.13 and \$0.98 represents the average cost of cookies. In 2015, the Council added a gluten-free cookie which had a cost of \$2.25 per box.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2015 AND 2014****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****N. Product Sales - Cookie Revenue (continued)**

- \$2.22 went to the Council to provide for 29,242 girls in 2015 and \$2.31 went to the Council to provide for 29,034 girls in 2014, as well as 7,657 volunteers in 2015 and 8,058 volunteers in 2014; 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 and \$0.71 in 2015 and 2014, respectively, 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. Program Fees and Financial Assistance

Program fees are recognized once the services are provided. Financial assistance is awarded to girl scouts who may not have the ability to pay for the programs.

P. 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. Temporarily restricted contributions received and expended in the same fiscal year are reflected as unrestricted revenues.

Q. 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.

R. 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.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2015 AND 2014****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****S. 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.

T. 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 8.6% 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.

U. 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.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2015 AND 2014****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****U. Fair Value Measurements (continued)**

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.

There have been no changes in the methodologies used at September 30, 2015 and 2014. The following is a description of the valuation methodologies used for assets measured at fair value:

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

Money market funds, 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, 2015 and 2014 are set forth by level within the fair value hierarchy in Note 3.

V. 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, 2012 and subsequent remain subject to examination by applicable taxing authorities.

W. Subsequent Events

In accordance with generally accepted accounting principles, subsequent events (after September 30, 2015) have been evaluated through January 28, 2016, which is the date the financial statements were available to be issued.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

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, 2015 and 2014:

	2015		2014	
	Level 1	Level 3	Level 1	Level 3
Investments				
Money market funds	\$ <u>389,524</u>		\$ <u>251,870</u>	
Equity mutual and exchange traded funds				
U.S. Large Cap	1,851,643		2,154,026	
U.S. Mid Cap	253,002		253,242	
U.S. Small Cap	121,976		122,144	
International				
Developed	507,166		806,000	
Emerging markets	91,957		195,203	
Absolute return	240,000			
Commodity/REIT	<u>169,114</u>		<u>198,374</u>	
	<u>3,234,858</u>		<u>3,728,989</u>	
Fixed-income mutual fund	<u>1,834,158</u>		<u>1,851,678</u>	
Total investments	\$ <u>5,458,540</u>		\$ <u>5,832,537</u>	
Beneficial interest in perpetual trust		\$ <u>379,286</u>		\$ <u>417,979</u>

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 417,979	\$ 406,557
Change in carrying value of trust	<u>(38,693)</u>	<u>11,422</u>
Balance, end of year	\$ <u>379,286</u>	\$ <u>417,979</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 value of the segregated custodial account, including earnings, was \$182,755 and \$180,540 as of September 30, 2015 and 2014, respectively.

The Council transferred \$271,350 and \$25,000 during fiscal years ended September 30, 2015 and 2014, respectively, from the investment portfolio to the operating cash account.

Net investment return consisted of the following:

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 119,630	\$ 113,421
Net realized and unrealized gains (losses) on investments	(208,233)	307,894
Investment fees	<u>(36,730)</u>	<u>(35,384)</u>
Net investment return	\$ <u>(125,333)</u>	\$ <u>385,931</u>

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

NOTE 4 - CONTRIBUTIONS RECEIVABLE

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

Fiscal Year	2015	2014
2015		\$ 713,657
2016	\$ 333,492	165,250
2017	154,632	151,250
2018	101,700	50,250
2019	19,578	15,000
2020	11,500	
Thereafter	35,000	35,000
	655,902	1,130,407
Allowance for doubtful accounts	(27,000)	(20,000)
Discount for contributions to be collected in excess of one year, at 2%	(12,907)	(17,684)
	\$ 615,995	\$ 1,092,723

Contributions receivable at September 30, 2015 and September 30, 2014 include contributions from two donors which approximate 33%, respectively, 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 expired on February 28, 2015 and was not renewed.

The Council agreed to a rent concession. The rental income was recorded on the straight-line basis. The deferred rent receivable is \$0 and \$37,195 as of September 30, 2015 and 2014, respectively.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

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, 2015 and 2014, which is measured by its share of the fair value of the trust's assets, is \$379,286 and \$417,979, 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>2015</u>	<u>2014</u>	<u>Estimated Useful Lives</u>
Land	\$ 115,654	\$ 115,654	
Buildings and building improvements	1,676,355	1,667,134	25 - 40 years
Leasehold improvements	538,519	350,337	3 - 10 years
Furniture and equipment	794,906	1,064,116	5 - 10 years
Construction in progress	<u>541,533</u>	<u>233,390</u>	
	3,666,967	3,430,631	
Less accumulated depreciation and amortization	<u>(1,795,058)</u>	<u>(2,625,053)</u>	
	<u>\$ 1,871,909</u>	<u>\$ 805,578</u>	

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

NOTE 8 - COMMITMENTS AND CONTINGENCIES

- (1) The Council leased office space for its 23rd Street headquarters and field office under noncancelable operating lease agreements. The leases expired in February 2015. On March 30, 2014, the Council entered into a new office lease agreement for its headquarters in the Wall Street area. The new lease expires in November of 2030. The following are the minimum annual rental payments:

<u>Year Ending September 30</u>	
2016	\$ 510,621
2017	561,682
2018	612,745
2019	612,745
2020	612,745
Thereafter	<u>7,279,994</u>
	<u>\$ 10,190,532</u>

Rent expense for the years ended September 30, 2015 and 2014 was \$658,839 and \$590,474, 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%. On March 24, 2014, the Council converted its existing line into a new revolving credit line note with Bank of New York Mellon for \$2,750,000. The new line of credit's rate is one-month LIBOR plus 150 basis points with a minimum floor of 2%. The line of credit renews annually and borrowings against this line of credit are secured by the Council's investments. The line requires that the Council certify annually that collateralized securities are owned free of any restriction or encumbrances. As of September 30, 2015 and 2014, the interest rate was 2% with interest expense of \$13,709 and \$8,175, respectively, for the fiscal years then ended. \$900,000 and \$200,000 were outstanding at September 30, 2015 and 2014, respectively.

On April 4, 2014, Bank of New York Mellon issued a letter of credit to the Council's new landlord in the amount of \$101,468 that is set to expire April 4, 2016. The letter of credit is set to automatically renew annually until December 31, 2030 with the payment of a small administrative fee. The letter of credit is secured by the Council's investments and reduces the total amount of borrowings that the Council may draw under its line of credit.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2015 AND 2014****NOTE 8 - COMMITMENTS AND CONTINGENCIES (continued)**

- (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, 2015.
- (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.

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 during 2015 and 2014 was \$255,195 and \$393,460, respectively. As of September 30, 2015 and 2014, \$133,468 and \$111,347, 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, net of GSUSA subsidy to this plan, for fiscal 2015 and 2014 was \$285,222 and \$255,898, 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, 2015 and 2014 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.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

NOTE 10 - PENSION PLANS (continued)

In 2011, the Council established a discretionary defined contribution retirement plan. Additionally, the Council had a noncontributory tax-deferred 403(b) plan. During 2015, the Council merged these two plans into a single 403(b) plan. Contributions into the plan 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 contributed \$27,900 and \$21,668 to the plan during the years ended September 30, 2015 and 2014, respectively.

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>2015</u>	<u>2014</u>
Girl Scout programs and adult education	\$ 60,000	\$ 171,100
2 nd Century Campaign:		
Expansion Fund	67,500	62,500
Camp Kaufman Fund	125,711	182,444
Operations & Capacity Fund	100,000	100,000
Campaign General Fund	148,736	146,972
For periods after September 30	<u>615,995</u>	<u>1,092,723</u>
Total temporarily restricted net assets	\$ <u>1,117,942</u>	\$ <u>1,755,739</u>

During the fiscal year ended September 30, 2013 the Council launched its strategic 2nd Century Campaign to fund the future physical and programmatic areas that the Council will need to continue and expand its mission for another 100 years. The 2nd Century Campaign is divided into six areas:

- Expansion Fund - Contributions to this fund will fund new program initiatives that drive membership growth and support the Council's focal areas: Business and Entrepreneurship, STEM, Environmental Leadership and Personal Identity Leadership.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

NOTE 11 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS
(continued)

- Camp Kaufman Fund - Contributions to this fund will support the preservation and expansion of the 425-acre Girl Scout Camp in Dutchess County and ensure its programs remain relevant for girls. Together with outdoor classrooms, upgraded and new facilities will house innovative environmental leadership.
- Research Fund - Contributions to this fund will enable the Council to conduct in-depth research studies to learn how to best respond to the changing needs, circumstances and challenges confronting New York City girls, so that we can prepare them to be the leaders they can be and the world needs them to be.
- Leadership Center Fund - Contributions to this fund will establish a new centralized location in New York City where girls from all five boroughs will have a “safe haven” where they can come for shared experiences. The new Leadership Center also will house the Council’s administrative offices and provide space to develop and deliver programming and training for volunteers.
- Operations & Capacity Fund - Contributions to this fund will allow the Council to hire new staff members trained in specialized education areas to better our Girl Scouts in the 2nd Century, improve administrative office’s technological capacity, website and upgrade the administrative office.
- Campaign General Fund - Contributions to this fund will be eligible to be spent at the discretion of the Council’s management solely for the express purposes of the above five areas.

Temporarily restricted net assets classified above as restricted for time restrictions that are also purpose restricted to the 2nd Century campaign totaled \$487,852 and \$681,323 for the years ended September 30, 2015 and September 30, 2014, respectively.

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

	<u>2015</u>	<u>2014</u>
Girl Scout programs and adult education	\$ 147,500	\$ 52,500
2 nd Century Campaign	441,947	21,866
Lapse of time restrictions	<u>365,004</u>	<u>323,236</u>
	\$ <u>954,451</u>	\$ <u>397,602</u>

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

NOTE 11 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS
(continued)

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

	<u>2015</u>	<u>2014</u>
Camp scholarships	\$ 15,000	\$ 13,000
General operations (beneficial interest in a perpetual trust)	<u>379,286</u>	<u>417,979</u>
	\$ <u>394,286</u>	\$ <u>430,979</u>

NOTE 12 - MEASURE OF OPERATIONS

The Council's measure of operations includes all unrestricted operating revenues and expenses that are an integral part of its program and supporting activities, including product sales, special events, program services fees, unrestricted donations, and net assets released from donor restrictions to support operating activities. The measure of operations also includes distributions from reserve funds as appropriated by the Council's Finance Committee of the Board. The measure of operations excludes net income and gains or losses on the Council's investments, and changes in fair value of the annuities, depreciation and amortization, interest and related expenses, and contributions to temporarily and permanently restricted funds.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015 AND 2014

NOTE 12 - MEASURE OF OPERATIONS (continued)

	<u>2015</u>	<u>2014</u>
Increase (decrease) in unrestricted net assets	\$ <u>20,552</u>	\$ <u>376,515</u>
Adjustments to revenue, gains, losses and other support		
Investment return	125,333	(385,931)
Actuarial gain/losses on annuity obligations	(1,383)	1,998
Appropriation from reserve	<u>77,500</u>	<u>155,000</u>
Total revenue adjustments	<u>201,450</u>	<u>(228,933)</u>
Adjustments to expenses		
Depreciation	268,460	201,766
Interest	<u>13,709</u>	<u>8,175</u>
Total expense adjustments	<u>282,169</u>	<u>209,941</u>
Operating results	\$ <u>504,171</u>	\$ <u>357,523</u>