

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

SEPTEMBER 30, 2017 AND 2016

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, 2017 and 2016, 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, 2017 and 2016, 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

February 23, 2018

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 902,821	\$ 872,759
Investments at fair value (Note 3)	6,135,744	5,984,202
Contributions receivable - net (Note 4)	1,602,810	514,549
Accounts receivable	134,287	49,808
Prepaid expenses and other assets	173,733	165,202
Inventory	44,919	38,258
Beneficial interest in a perpetual trust (Notes 3 and 5)	416,241	383,676
Fixed assets - net (Note 6)	<u>1,981,407</u>	<u>2,031,480</u>
Total assets	<u>\$ 11,391,962</u>	<u>\$ 10,039,934</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses (Note 8)	\$ 263,544	\$ 399,629
Deferred revenue	89,662	99,107
Line of credit payable (Note 7)	400,000	900,000
Deferred rent payable	643,996	561,467
Annuities payable	<u>5,202</u>	<u>5,544</u>
Total liabilities	<u>1,402,404</u>	<u>1,965,747</u>
Net assets (Exhibit B)		
Unrestricted	7,347,070	7,092,376
Temporarily restricted (Note 10)	2,226,247	598,135
Permanently restricted (Note 10)	<u>416,241</u>	<u>383,676</u>
Total net assets	<u>9,989,558</u>	<u>8,074,187</u>
Total liabilities and net assets	<u>\$ 11,391,962</u>	<u>\$ 10,039,934</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017			2016				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, losses and other support								
Product sales	\$ 4,944,154			\$ 4,944,154	\$ 4,164,442			\$ 4,164,442
Direct cost of product sales	(1,688,195)			(1,688,195)	(1,273,810)			(1,273,810)
Contributions								
General public	980,098	\$ 1,343,782		2,323,880	675,225	\$ 20,000		695,225
Foundations and corporations	535,360	600,997		1,136,357	295,182	169,844		465,026
United Way of New York City	2,068			2,068	4,504			4,504
Legacies and bequests	25,189			25,189	17,637			17,637
Donated goods	39,146			39,146	74,878			74,878
Governmental grants	34,000			34,000	29,000			29,000
Special events revenue	1,184,997			1,184,997	1,185,306			1,185,306
Direct cost of special events	(251,448)			(251,448)	(228,984)			(228,984)
Program fees (net of financial assistance of \$171,765 and \$165,855 for 2017 and 2016, respectively)	412,156			412,156	297,291			297,291
Net investment return (Note 3)	666,137			666,137	482,918			482,918
Change in value of beneficial interest in a perpetual trust			\$ 32,565	32,565			\$ 4,390	4,390
Rental income	84,415			84,415	127,167			127,167
Actuarial losses on annuity obligations	(1,328)			(1,328)	(1,309)			(1,309)
Other income	30,624			30,624	44,373			44,373
Donor release (Note 10)						15,000	(15,000)	
Net assets released from restrictions (Note 10)	316,667	(316,667)			724,651	(724,651)		
Total revenues, gains, losses and other support	<u>7,314,040</u>	<u>1,628,112</u>	<u>32,565</u>	<u>8,974,717</u>	<u>6,618,471</u>	<u>(519,807)</u>	<u>(10,610)</u>	<u>6,088,054</u>
Expenses (Exhibit C)								
Program services								
Membership services	2,004,450			2,004,450	1,612,520			1,612,520
Girl Scout program services	1,485,227			1,485,227	1,473,031			1,473,031
Camp operations	1,443,248			1,443,248	1,068,777			1,068,777
Adult education	280,227			280,227	410,205			410,205
Public information	307,127			307,127	268,474			268,474
Total program services	<u>5,520,279</u>			<u>5,520,279</u>	<u>4,833,007</u>			<u>4,833,007</u>
Supporting services								
Management and general	919,812			919,812	794,803			794,803
Fund development	619,255			619,255	634,313			634,313
Total supporting services	<u>1,539,067</u>			<u>1,539,067</u>	<u>1,429,116</u>			<u>1,429,116</u>
Total expenses	<u>7,059,346</u>			<u>7,059,346</u>	<u>6,262,123</u>			<u>6,262,123</u>
Change in net assets (Exhibit D)	254,694	1,628,112	32,565	1,915,371	356,348	(519,807)	(10,610)	(174,069)
Net assets - beginning of year	7,092,376	598,135	383,676	8,074,187	6,736,028	1,117,942	394,286	8,248,256
Net assets - end of year (Exhibit A)	<u>\$ 7,347,070</u>	<u>\$ 2,226,247</u>	<u>\$ 416,241</u>	<u>\$ 9,989,558</u>	<u>\$ 7,092,376</u>	<u>\$ 598,135</u>	<u>\$ 383,676</u>	<u>\$ 8,074,187</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017												
	Program Services					Supporting Services				Direct Cost of Special Events	Direct Cost of Product Sales	Total	Total 2016
	Membership Services	Girl Scout Program Services	Camp Operations	Adult Education	Public Information	Total	Management and General	Fund Development					
Salaries	\$ 980,033	\$ 592,967	\$ 590,096	\$ 95,058	\$ 126,966	\$ 2,385,120	\$ 346,621	\$ 344,435			\$ 3,076,176	\$ 2,706,016	
Payroll taxes	91,213	54,701	54,758	8,811	11,780	221,263	48,991	31,960			302,214	265,409	
Health and retirement benefits	170,569	102,245	102,193	16,542	22,000	413,549	61,795	59,665			535,009	598,005	
Total salaries, payroll taxes and benefits	1,241,815	749,913	747,047	120,411	160,746	3,019,932	457,407	436,060			3,913,399	3,569,430	
Professional and consulting fees	68,839	151,732	87,969	48,600	82,925	440,065	319,758	92,172			851,995	740,535	
Cost of cookies and other products										\$ 1,688,195	1,688,195	1,273,810	
Supplies	91,611	177,642	181,551	25,221	1,242	477,267	3,041	2,495			482,803	351,615	
Postage and shipping	5,494	31,706	8,193	2,233	2,373	49,999	180	25,898			76,077	56,335	
Printing and publications	6,361	6,960	9,499	710	6,908	30,438	627	26,229			57,294	45,916	
Telephone	24,782	16,230	12,567	3,664	3,049	60,292	1,460	1,198			62,950	52,024	
Girls and volunteer transportation	8,093	15,188	39,298	202	81	62,862	226	186			63,274	29,552	
Travel	14,696	15,306	17,935	1,765	963	50,665	1,165	955			52,785	37,387	
Conference and meetings	10,827	1,395	2,388	437	176	15,223	489	402			16,114	7,167	
Event catering costs									\$ 251,448		251,448	228,984	
Equipment leases and repairs	34,511	27,038	8,637	6,496	2,618	79,300	7,274	5,967			92,541	80,460	
Assistance to individuals	53,286	20,866				74,152	74				74,226	46,148	
Occupancy (Note 7)	297,974	183,409	260,227	39,034	32,757	813,401	11,181	12,705			837,287	844,825	
Insurance	30,392	25,527	25,334	10,131	2,026	93,410	4,052	3,855			101,317	98,162	
Investment management fees							36,910				36,910	35,582	
Bad debt							6,981				6,981		
Interest							16,387				16,387	16,765	
Miscellaneous	4,891	6,876	12,751		2,734	27,252	86,546	7,798			121,596	98,139	
Total expenses before depreciation and amortization and direct costs of product sales and special events	1,893,572	1,429,788	1,413,396	258,904	298,598	5,294,258	953,758	615,920	251,448	1,688,195	8,803,579	7,612,836	
Depreciation and amortization	110,878	55,439	29,852	21,323	8,529	226,021	2,964	3,335			232,320	187,663	
Total expenses	2,004,450	1,485,227	1,443,248	280,227	307,127	5,520,279	956,722	619,255	251,448	1,688,195	9,035,899	7,800,499	
Less direct costs of product sales, special events and investment management fees							(36,910)		(251,448)	(1,688,195)	(1,976,553)	(1,538,376)	
Total expenses as reported by function on the statements of activities (Exhibit B)	\$ 2,004,450	\$ 1,485,227	\$ 1,443,248	\$ 280,227	\$ 307,127	\$ 5,520,279	\$ 919,812	\$ 619,255	\$ -	\$ -	\$ 7,059,346	\$ 6,262,123	

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STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2016										
	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	\$ 806,836	\$ 564,120	\$ 473,719	\$ 161,073	\$ 96,876	\$ 2,102,624	\$ 274,704	\$ 328,688		\$ 2,706,016	
Payroll taxes	80,159	61,952	37,633	15,143	10,499	205,386	25,898	34,125		265,409	
Health and retirement benefits	172,243	137,570	75,746	39,802	23,697	449,058	64,337	84,610		598,005	
Total salaries, payroll taxes and benefits	1,059,238	763,642	587,098	216,018	131,072	2,757,068	364,939	447,423		3,569,430	
Professional and consulting fees	13,770	145,700	53,499	37,676	77,200	327,845	308,797	103,893		740,535	
Cost of cookies and other products									\$ 1,273,810	1,273,810	
Supplies	57,991	126,217	129,727	29,490	1,076	344,501	3,512	3,602		351,615	
Postage and shipping	4,543	21,900	6,169	4,077	3,354	40,043	226	16,066		56,335	
Printing and publications	4,018	4,691	3,440	1,095	7,168	20,412	245	25,259		45,916	
Telephone	22,110	10,911	10,852	3,583	2,229	49,685	1,155	1,184		52,024	
Girls and volunteer transportation	1,606	9,751	17,533	477	185	29,552				29,552	
Travel	10,005	9,053	12,639	2,152	994	34,843	1,256	1,288		37,387	
Conference and meetings	1,271	2,703	2,237	308	83	6,602	279	286		7,167	
Event catering costs									\$ 228,984	228,984	
Equipment leases and repairs	29,182	18,931	9,875	7,211	2,022	67,221	6,536	6,703		80,460	
Assistance to individuals	16,227	29,921				46,148				46,148	
Occupancy (Note 7)	279,486	247,478	186,359	77,645	30,633	821,601	10,779	12,445		844,825	
Insurance	29,523	24,520	24,510	9,804	1,961	90,318	3,922	3,922		98,162	
Investment management fees							35,582			35,582	
Bad debt											
Interest							16,765			16,765	
Miscellaneous	875	2,496	7,615		3,607	14,593	73,998	9,548		98,139	
Total expenses before depreciation and amortization and direct costs of product sales and special events	1,529,845	1,417,914	1,051,553	389,536	261,584	4,650,432	827,991	631,619	228,984	7,612,836	
Depreciation and amortization	82,675	55,117	17,224	20,669	6,890	182,575	2,394	2,694		187,663	
Total expenses	1,612,520	1,473,031	1,068,777	410,205	268,474	4,833,007	830,385	634,313	228,984	7,800,499	
Less direct costs of product sales, special events and investment management fees							(35,582)		(228,984)	(1,538,376)	
Total expenses as reported by function on the statements of activities (Exhibit B)	\$ 1,612,520	\$ 1,473,031	\$ 1,068,777	\$ 410,205	\$ 268,474	\$ 4,833,007	\$ 794,803	\$ 634,313	\$ -	\$ 6,262,123	

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, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 1,915,371	\$ (174,069)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	232,320	187,663
Net realized and unrealized gain on investments	(585,198)	(221,916)
Actuarial loss on annuity obligations	1,328	1,309
Change in value of beneficial interest in a perpetual trust	(32,565)	(4,390)
Decrease (increase) in assets		
Contributions receivable	(1,088,261)	101,446
Accounts receivable	(84,479)	(9,998)
Prepaid expenses and other assets	(8,531)	10,832
Inventory	(6,661)	(22,320)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(136,085)	(82,821)
Deferred revenue	(9,445)	(2,627)
Deferred rent payable	82,529	132,392
Net cash provided (used) by operating activities	<u>280,323</u>	<u>(84,499)</u>
Cash flows from investing activities		
Fixed asset acquisitions	(182,247)	(347,234)
Proceeds from sale of investments	740,016	542,998
Purchase of investments	(306,360)	(846,744)
Net cash provided (used) by investing activities	<u>251,409</u>	<u>(650,980)</u>
Cash flows from financing activities		
Payment of annuity obligations	(1,670)	(1,670)
Proceeds from line of credit	200,000	
Repayment of line of credit	(700,000)	
Net cash used by financing activities	<u>(501,670)</u>	<u>(1,670)</u>
Net change in cash and cash equivalents	30,062	(737,149)
Cash and cash equivalents - beginning of year	<u>872,759</u>	<u>1,609,908</u>
Cash and cash equivalents - end of year	<u>\$ 902,821</u>	<u>\$ 872,759</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 16,387</u>	<u>\$ 16,765</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, 2017 AND 2016

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.

Girl Scout Council of Greater New York’s vision is to be the premiere leadership organization for girls in NYC delivered through the mission of building girls of courage, confidence and character who make the world a better place. 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, 2017 AND 2016****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 exchanged traded 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, included in accounts receivable, 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, 2017 AND 2016****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. 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.

I. Deferred Revenue

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

J. 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.

K. 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 \$38,358 and \$28,356 has been recorded as of September 30, 2017 and 2016, respectively.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2017 AND 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****L. 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.

M. 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 and specialty cookies) for the years ended September 30, 2017 and 2016, respectively:

- Cookies with a \$4.00 sales price have an average cost of \$1.03 in 2017 and \$.99 in 2016, while cookies with a \$5.00 sales price have an average cost of \$2.08 in fiscal 2017.
- In 2017, \$2.32 for \$4.00 boxes and \$2.27 for \$5.00 boxes went to the Council to provide for 29,821 girls and 8,291 volunteers. In 2016, \$2.36 went to the Council to provide for 27,802 girls and 8,213 volunteers. 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 both 2017 and 2016, 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.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2017 AND 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****N. 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.

O. Contributions and Special Events

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. The Council conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special events revenues in the accompanying financial statements.

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. Rental Income

Rental income consists of leased space for which the lease agreements are renewed annually. Revenue is recognized upon deliverance of the property to the lessee.

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.

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.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2017 AND 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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 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, 2017 AND 2016****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****U. Fair Value Measurements (continued)**

There have been no changes in the methodologies used at September 30, 2017 and 2016. 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.

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. Furthermore, while the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The assets at fair value as of September 30, 2017 and 2016 are set forth by level within the fair value hierarchy in Note 3.

V. Reclassification

A portion of travel expense for 2016 was reclassified to Girls and volunteer transportation to conform to the 2017 presentation.

W. 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, 2014 and subsequent remain subject to examination by applicable taxing authorities.

X. Subsequent Events

In accordance with generally accepted accounting principles, subsequent events (after September 30, 2017) have been evaluated through February 23, 2018, 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, 2017 AND 2016

NOTE 3 - INVESTMENTS AND FAIR VALUE HIERARCHY

The following table sets forth by level, within the fair value hierarchy, the investment balance recorded at fair value as of September 30, 2017 and 2016:

	<u>2017</u> <u>Level 1</u>	<u>2016</u> <u>Level 1</u>
Equity mutual and exchange traded funds		
Money market funds	\$ 277,304	\$ 502,517
U.S. Large Cap	1,956,222	2,430,611
U.S. Mid Cap	150,634	130,266
U.S. Small Cap	154,404	129,427
International		
Developed	969,344	540,851
Emerging markets	267,956	68,675
Absolute return	310,382	282,773
Commodity/REIT	<u>177,379</u>	<u>181,446</u>
	4,263,625	4,266,566
Fixed-income mutual fund	<u>1,872,119</u>	<u>1,717,636</u>
Total investments	\$ <u>6,135,744</u>	\$ <u>5,984,202</u>

The following table sets forth by level, within the fair value hierarchy, the other assets recorded at fair value as of September 30, 2017 and 2016:

	<u>2017</u> <u>Level 3</u>	<u>2016</u> <u>Level 3</u>
Beneficial interest in perpetual trust	\$ <u>416,241</u>	\$ <u>383,676</u>

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
	Beneficial Interest in Perpetual Trust	Beneficial Interest in Perpetual Trust
Balance, beginning of year	\$ 383,676	\$ 379,286
Change in carrying value of trust	<u>32,565</u>	<u>4,390</u>
Balance, end of year	\$ <u>416,241</u>	\$ <u>383,676</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 \$179,958 and \$182,513 as of September 30, 2017 and 2016, respectively.

The Council appropriated \$163,406 and \$130,117 during fiscal years ended September 30, 2017 and 2016, respectively from the investment portfolio to the operating cash account. The Council also transferred \$180,441 and \$0 from the investment portfolio to the operating cash account in 2017 and 2016, respectively.

Net investment return consisted of the following:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 117,849	\$ 296,584
Net realized and unrealized gains on investments	585,198	221,916
Investment fees	<u>(36,910)</u>	<u>(35,582)</u>
Net investment return	\$ <u>666,137</u>	\$ <u>482,918</u>

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

NOTE 4 - CONTRIBUTIONS RECEIVABLE

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

<u>Fiscal Year</u>	<u>2017</u>	<u>2016</u>
2017		\$ 298,791
2018	\$ 565,656	136,623
2019	402,373	65,700
2020	277,916	14,000
2021	212,333	835
2022	<u>235,000</u>	<u>35,000</u>
	1,693,278	550,949
Allowance for doubtful accounts	(30,000)	(27,000)
Discount for contributions to be collected in excess of one year, at 2.5% in 2017 and 2% in 2016	<u>(60,468)</u>	<u>(9,400)</u>
	<u>\$ 1,602,810</u>	<u>\$ 514,549</u>

Contributions receivable at September 30, 2017 and 2016 include contributions from two donors which approximate 65% and 33%, respectively, of the receivable balance.

NOTE 5 - 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, 2017 and 2016, which is measured by its share of the fair value of the trust's assets, is \$416,241 and \$383,676, 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.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

NOTE 6 - FIXED ASSETS

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

	<u>2017</u>	<u>2016</u>	<u>Estimated Useful Lives</u>
Land	\$ 115,654	\$ 115,654	
Buildings and building improvements	2,626,275	2,259,941	25 - 40 years
Leasehold improvements	538,519	538,519	7-15 years
Furniture and equipment	876,283	830,786	5 - 10 years
Construction in progress	<u>37,115</u>	<u>266,699</u>	
	4,193,846	4,011,599	
Less accumulated depreciation and amortization	<u>(2,212,439)</u>	<u>(1,980,119)</u>	
	<u>\$ 1,981,407</u>	<u>\$ 2,031,480</u>	

NOTE 7 - COMMITMENTS AND CONTINGENCIES

- (1) On March 30, 2014 the Council entered into an agreement to lease office space for its headquarters in the Wall Street area. The lease expires in November of 2030. The following are the minimum annual rental payments:

<u>Year Ending September 30</u>	
2018	\$ 612,745
2019	612,745
2020	612,745
2021	671,102
2022	682,773
Thereafter	<u>5,926,119</u>
	<u>\$ 9,118,229</u>

Rent expense for the years ended September 30, 2017 and 2016 was \$693,394 and \$728,121, respectively.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2017 AND 2016****NOTE 7 - COMMITMENTS AND CONTINGENCIES (continued)**

- (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, 2017 and 2016, the interest rate was 2.74% and 2.03% with interest expense of \$16,387 and \$16,765, respectively, for the fiscal years then ended. As of September 30, 2017 and 2016 the balance outstanding was \$400,000 and \$900,000, respectively. Subsequent to year end, the Council borrowed \$500,000 from the line of credit for seasonal cash flow purposes.

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 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.

- (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, 2017.
- (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 8 - 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 2017 and 2016 was \$382,485 and \$486,085, respectively. As of September 30, 2017 and 2016, \$3,260 and \$33,740, respectively, was due to GSUSA and is included in accounts payable and accrued expenses.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

NOTE 9 - 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 2017 and 2016 was \$293,955 and \$299,233, 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, 2017 and 2016 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 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 \$17,000 and \$12,900 to the plan during the years ended September 30, 2017 and 2016, respectively.

NOTE 10 - 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>2017</u>	<u>2016</u>
Girl Scout programs and adult education	\$ 127,700	\$ 32,990
2 nd Century Campaign:		
Expansion Fund	75,000	7,000
Camp Kaufman Fund	90,000	
Troop 6000 Program	313,680	
Operations & Capacity Fund		5,000
Campaign General Fund	17,057	38,596
For periods after September 30	<u>1,602,810</u>	<u>514,549</u>
Total temporarily restricted net assets	\$ <u>2,226,247</u>	\$ <u>598,135</u>

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2017 AND 2016****NOTE 10 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS
(continued)**

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.
- 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 \$1,572,716 and \$447,360 as of September 30, 2017 and 2016, respectively.

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GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

NOTE 10 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS
(continued)

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

	<u>2017</u>	<u>2016</u>
Girl Scout programs and adult education	\$ 85,125	\$ 86,354
2 nd Century Campaign	195,830	536,851
Lapse of time restrictions	<u>35,712</u>	<u>101,446</u>
	<u>\$ 316,667</u>	<u>\$ 724,651</u>

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

	<u>2017</u>	<u>2016</u>
General operations (beneficial interest in a perpetual trust)	<u>\$ 416,241</u>	<u>\$ 383,676</u>
	<u>\$ 416,241</u>	<u>\$ 383,676</u>

During 2016, at the behest of the donor, the Council transferred the \$15,000 in permanently restricted camp scholarship contributions to temporarily restricted net assets. The donor stipulated that the prior corpus received for the scholarships may be spent on scholarships to the Council's camp programs.

NOTE 11 - 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, 2017 AND 2016

NOTE 11 - MEASURE OF OPERATIONS (continued)

	<u>2017</u>	<u>2016</u>
Increase in unrestricted net assets	\$ <u>254,694</u>	\$ <u>356,348</u>
Adjustments to revenue, gains, losses and other support		
Investment return	(666,137)	(482,918)
Actuarial gains/losses on annuity obligations	1,328	1,309
Board appropriation from reserve	<u>163,406</u>	<u>130,117</u>
Total revenue adjustments	<u>(501,403)</u>	<u>(351,492)</u>
Adjustments to expenses		
Depreciation and amortization	232,320	187,663
Interest	<u>16,387</u>	<u>16,765</u>
Total expense adjustments	<u>248,707</u>	<u>204,428</u>
Operating results	\$ <u><u>1,998</u></u>	\$ <u><u>209,284</u></u>