

Girl Scout Council of Greater New York, Inc.

Independent Auditor's Report and Financial Statements

September 30, 2018 and 2017



Girl Scout Council of Greater New York, Inc.
September 30, 2018 and 2017

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Girl Scout Council of Greater New York, Inc., which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Audited by Other Auditors

The 2017 financial statements were audited by other auditors and their report thereon, dated February 23, 2018, expressed an unmodified opinion.

BKD, LLP

New York, New York
February 8, 2019

Girl Scout Council of Greater New York, Inc.
Statements of Financial Position
September 30, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents	\$ 190,304	\$ 902,821
Investments at fair value	6,348,199	6,135,744
Contributions receivable, net	1,232,336	1,602,810
Accounts receivable	44,052	100,287
Government grants receivable	393,392	34,000
Prepaid expenses and other assets	194,853	173,733
Inventory	67,567	44,919
Beneficial interest in a perpetual trust	431,362	416,241
Property and equipment, net	1,920,533	1,981,407
Total assets	\$ 10,822,598	\$ 11,391,962
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 285,966	\$ 263,544
Deferred revenue	194,145	89,662
Line of credit payable	-	400,000
Deferred rent payable	725,926	643,996
Annuities payable	2,483	5,202
Total liabilities	1,208,520	1,402,404
Net Assets		
Unrestricted	7,355,267	7,347,070
Temporarily restricted	1,827,449	2,226,247
Permanently restricted	431,362	416,241
Total net assets	9,614,078	9,989,558
Total liabilities and net assets	\$ 10,822,598	\$ 11,391,962

Girl Scout Council of Greater New York, Inc.
Statements of Activities
Years Ended September 30, 2018 and 2017

	2018				2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, Losses and Other Support								
Product sales	\$ 5,110,353	\$ -	\$ -	\$ 5,110,353	\$ 4,944,154	\$ -	\$ -	\$ 4,944,154
Direct cost of product sales	(1,760,079)	-	-	(1,760,079)	(1,688,195)	-	-	(1,688,195)
Contributions								
General public	674,792	493,807	-	1,168,599	980,098	1,343,782	-	2,323,880
Foundations and corporations	654,510	136,806	-	791,316	535,360	600,997	-	1,136,357
United Way of New York City	1,771	-	-	1,771	2,068	-	-	2,068
Legacies and bequests	42,539	-	-	42,539	25,189	-	-	25,189
Donated goods	32,694	-	-	32,694	39,146	-	-	39,146
Governmental grants	359,392	-	-	359,392	34,000	-	-	34,000
Special events revenue	1,518,306	-	-	1,518,306	1,184,997	-	-	1,184,997
Direct cost of special events	(272,281)	-	-	(272,281)	(251,448)	-	-	(251,448)
Program fees (net of financial assistance of \$337,925 and \$171,765 for 2018 and 2017, respectively)	363,967	-	-	363,967	412,156	-	-	412,156
Net investment return	332,395	-	-	332,395	666,137	-	-	666,137
Change in value of beneficial interest in a perpetual trust	-	-	15,121	15,121	-	-	32,565	32,565
Rental income	108,529	-	-	108,529	84,415	-	-	84,415
Actuarial gains (losses) on annuity obligations	1,049	-	-	1,049	(1,328)	-	-	(1,328)
Other income	49,424	-	-	49,424	30,624	-	-	30,624
Donor release	-	-	-	-	-	-	-	-
Net assets released from restrictions	1,029,411	(1,029,411)	-	-	316,667	(316,667)	-	-
Total revenues, gains, losses and other support	<u>8,246,772</u>	<u>(398,798)</u>	<u>15,121</u>	<u>7,863,095</u>	<u>7,314,040</u>	<u>1,628,112</u>	<u>32,565</u>	<u>8,974,717</u>
Expenses								
Program Services								
Membership services	2,541,443	-	-	2,541,443	2,004,450	-	-	2,004,450
Girl Scout program services	1,978,840	-	-	1,978,840	1,485,227	-	-	1,485,227
Camp operations	1,206,305	-	-	1,206,305	1,443,248	-	-	1,443,248
Adult education	256,768	-	-	256,768	280,227	-	-	280,227
Advocacy and public information	369,455	-	-	369,455	307,127	-	-	307,127
Total program services	<u>6,352,811</u>	<u>-</u>	<u>-</u>	<u>6,352,811</u>	<u>5,520,279</u>	<u>-</u>	<u>-</u>	<u>5,520,279</u>
Supporting Services								
Management and general	1,123,838	-	-	1,123,838	919,812	-	-	919,812
Fund development	761,926	-	-	761,926	619,255	-	-	619,255
Total supporting services	<u>1,885,764</u>	<u>-</u>	<u>-</u>	<u>1,885,764</u>	<u>1,539,067</u>	<u>-</u>	<u>-</u>	<u>1,539,067</u>
Total expenses	<u>8,238,575</u>	<u>-</u>	<u>-</u>	<u>8,238,575</u>	<u>7,059,346</u>	<u>-</u>	<u>-</u>	<u>7,059,346</u>
Change in Net Assets	8,197	(398,798)	15,121	(375,480)	254,694	1,628,112	32,565	1,915,371
Net Assets, Beginning of Year	<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>
Net Assets, End of Year	<u>\$ 7,355,267</u>	<u>\$ 1,827,449</u>	<u>\$ 431,362</u>	<u>\$ 9,614,078</u>	<u>\$ 7,347,070</u>	<u>\$ 2,226,247</u>	<u>\$ 416,241</u>	<u>\$ 9,989,558</u>

Girl Scout Council of Greater New York, Inc.
Statements of Functional Expenses
Years Ended September 30, 2018 and 2017

	2018											Total 2017	
	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	Advocacy and Public Information	Total	Management and General	Fund Development	Total				
Salaries	\$ 1,194,084	\$ 819,064	\$ 563,914	\$ 103,662	\$ 138,747	\$ 2,819,471	\$ 320,239	\$ 369,422	\$ -	\$ -	\$ 3,509,132	\$ 3,076,176	
Payroll taxes	116,595	79,411	54,927	10,147	13,634	274,714	31,337	36,255	-	-	342,306	302,214	
Health and retirement benefits	166,253	112,925	78,514	14,433	19,318	391,443	42,321	51,435	-	-	485,199	535,009	
Total salaries, payroll taxes and benefits	1,476,932	1,011,400	697,355	128,242	171,699	3,485,628	393,897	457,112	-	-	4,336,637	3,913,399	
Professional and consulting fees	97,501	260,801	100,800	4,030	127,044	590,176	375,956	36,498	-	-	1,002,630	851,995	
Cost of cookies and other products	-	-	-	-	-	-	-	-	-	1,760,079	1,760,079	1,688,195	
Supplies	163,364	186,268	168,276	28,317	1,929	548,154	30,713	18,598	-	-	597,465	482,803	
Postage and shipping	7,550	28,226	7,905	999	1,216	45,896	2,679	19,725	-	-	68,300	76,077	
Printing and publications	2,220	1,910	8,035	-	4,782	16,947	1,622	41,769	-	-	60,338	57,294	
Telephone	16,367	13,894	18,911	2,414	2,677	54,263	7,868	9,010	-	-	71,141	62,950	
Girls and volunteer transportation	67,133	22,909	27,357	-	6,000	123,399	3,547	2,951	-	-	129,897	63,274	
Travel	14,156	14,462	29,730	598	1,323	60,269	6,617	5,104	-	-	71,990	52,785	
Conference and meetings	21,742	7,223	3,085	-	1,361	33,411	6,487	2,555	-	-	42,453	16,114	
Event catering costs	-	-	-	-	-	-	-	-	272,281	-	272,281	251,448	
Equipment leases and repairs	48,407	36,783	-	-	-	85,190	85,666	91	-	-	170,947	92,541	
Assistance to individuals	155,179	53,824	9,146	-	-	218,149	841	5,875	-	-	224,865	74,226	
Occupancy	316,824	250,819	79,206	66,005	39,603	752,457	79,206	118,809	-	-	950,472	837,287	
Insurance	28,055	23,411	23,743	9,351	1,870	86,430	7,476	3,741	-	-	97,647	101,317	
Investment management fees	-	-	-	-	-	-	38,449	-	-	-	38,449	36,910	
Bad debt	-	-	-	-	-	-	-	-	-	-	-	6,981	
Interest	-	-	-	-	-	-	6,999	-	-	-	6,999	16,387	
Miscellaneous	47,670	4,888	13,170	490	158	66,376	94,678	10,709	-	-	171,763	121,596	
Total expenses before depreciation and amortization and direct costs of product sales and special events	2,463,100	1,916,818	1,186,719	240,446	359,662	6,166,745	1,142,701	732,547	272,281	1,760,079	10,074,353	8,803,579	
Depreciation and amortization	78,343	62,022	19,586	16,322	9,793	186,066	19,586	29,379	-	-	235,031	232,320	
Total expenses	2,541,443	1,978,840	1,206,305	256,768	369,455	6,352,811	1,162,287	761,926	272,281	1,760,079	10,309,384	9,035,899	
Less direct costs of product sales, special events and investment management fees	-	-	-	-	-	-	(38,449)	-	(272,281)	(1,760,079)	(2,070,809)	(1,976,553)	
Total expenses as reported by function on the statements of activities	\$ 2,541,443	\$ 1,978,840	\$ 1,206,305	\$ 256,768	\$ 369,455	\$ 6,352,811	\$ 1,123,838	\$ 761,926	\$ -	\$ -	\$ 8,238,575	\$ 7,059,346	

Girl Scout Council of Greater New York, Inc.
Statements of Functional Expenses
Year Ended September 30, 2017

	2017											
	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	Advocacy and 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	
Payroll taxes	91,213	54,701	54,758	8,811	11,780	221,263	48,991	31,960	-	-	302,214	
Health and retirement benefits	170,569	102,245	102,193	16,542	22,000	413,549	61,795	59,665	-	-	535,009	
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	
Professional and consulting fees	68,839	151,732	87,969	48,600	82,925	440,065	319,758	92,172	-	-	851,995	
Cost of cookies and other products	-	-	-	-	-	-	-	-	-	1,688,195	1,688,195	
Supplies	91,611	177,642	181,551	25,221	1,242	477,267	3,041	2,495	-	-	482,803	
Postage and shipping	5,494	31,706	8,193	2,233	2,373	49,999	180	25,898	-	-	76,077	
Printing and publications	6,361	6,960	9,499	710	6,908	30,438	627	26,229	-	-	57,294	
Telephone	24,782	16,230	12,567	3,664	3,049	60,292	1,460	1,198	-	-	62,950	
Girls and volunteer transportation	8,093	15,188	39,298	202	81	62,862	226	186	-	-	63,274	
Travel	14,696	15,306	17,935	1,765	963	50,665	1,165	955	-	-	52,785	
Conference and meetings	10,827	1,395	2,388	437	176	15,223	489	402	-	-	16,114	
Event catering costs	-	-	-	-	-	-	-	-	251,448	-	251,448	
Equipment leases and repairs	34,511	27,038	8,637	6,496	2,618	79,300	7,274	5,967	-	-	92,541	
Assistance to individuals	53,286	20,866	-	-	-	74,152	74	-	-	-	74,226	
Occupancy	297,974	183,409	260,227	39,034	32,757	813,401	11,181	12,705	-	-	837,287	
Insurance	30,392	25,527	25,334	10,131	2,026	93,410	4,052	3,855	-	-	101,317	
Investment management fees	-	-	-	-	-	-	36,910	-	-	-	36,910	
Bad debt	-	-	-	-	-	-	6,981	-	-	-	6,981	
Interest	-	-	-	-	-	-	16,387	-	-	-	16,387	
Miscellaneous	4,891	6,876	12,751	-	2,734	27,252	86,546	7,798	-	-	121,596	
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	
Depreciation and amortization	110,878	55,439	29,852	21,323	8,529	226,021	2,964	3,335	-	-	232,320	
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	
Less direct costs of product sales, special events and investment management fees	-	-	-	-	-	-	(36,910)	-	(251,448)	(1,688,195)	(1,976,553)	
Total expenses as reported by function on the statements of activities	\$ 2,004,450	\$ 1,485,227	\$ 1,443,248	\$ 280,227	\$ 307,127	\$ 5,520,279	\$ 919,812	\$ 619,255	\$ -	\$ -	\$ 7,059,346	

Girl Scout Council of Greater New York, Inc.
Statements of Cash Flows
Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating Activities		
Change in net assets	\$ (375,480)	\$ 1,915,371
Items not requiring (providing) operating cash flows		
Depreciation and amortization	235,031	232,320
Net realized and unrealized gain on investments	(195,636)	(585,198)
Actuarial losses (gain) on annuity obligations	(1,049)	1,328
Change in value of beneficial interest in a perpetual trust	(15,121)	(32,565)
Changes in		
Contributions receivable	370,474	(1,088,261)
Accounts receivable	56,235	(44,979)
Government grants receivable	(359,392)	(39,000)
Prepaid expenses and other assets	(21,120)	(8,531)
Inventory	(22,648)	(6,661)
Accounts payable and accrued expenses	22,422	(136,085)
Deferred revenue	104,483	(9,445)
Deferred rent payable	81,930	82,529
Net cash provided by (used in) operating activities	<u>(119,871)</u>	<u>280,823</u>
Investing Activities		
Property and equipment acquisitions	(174,157)	(182,247)
Proceeds from sale of investments	407,175	740,016
Purchase of investments	(423,994)	(306,360)
Net cash provided by (used in) investing activities	<u>(190,976)</u>	<u>251,409</u>
Financing Activities		
Payment of annuity obligations	(1,670)	(1,670)
Proceeds from line of credit	500,000	200,000
Repayment of line of credit	(900,000)	(700,000)
Net cash used in financing activities	<u>(401,670)</u>	<u>(501,670)</u>
Net Change in Cash and Cash Equivalents	(712,517)	30,562
Cash and Cash Equivalents, Beginning of Year	<u>902,821</u>	<u>872,759</u>
Cash and Cash Equivalents, End of Year	<u>\$ 190,304</u>	<u>\$ 903,321</u>
Supplemental Cash Flows Information		
Cash paid for interest	\$ 6,999	\$ 16,387

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2018 and 2017

Note 1: Nature and Purpose 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

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.

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.

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 and consist mainly of money market accounts.

Girl Scout Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2018 and 2017

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. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

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.

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.

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.

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.

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.

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2018 and 2017

Property and Equipment

Property and equipment are stated at their original cost, less accumulated depreciation. The Council capitalizes all expenditures in excess of \$5,000 with estimated useful lives of more than one year.

Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of their lease term or their estimated useful lives.

Long-Lived Asset Impairment

The Council evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended 2018 and 2017.

Deferred Revenue

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

Accrued Vacation

Beginning in fiscal year 2015 employees can carry over 5 unused vacation into the next fiscal year. Consequently, accrued vacation obligations of \$53,001 and \$38,358 has been recorded as of September 30, 2018 and 2017 and is recorded in accounts payable and accrued expenses.

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.

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2018 and 2017

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 gluten-free and specialty cookies retail) for the years ended September 30, 2018 and 2017, respectively:

- Cookies with a \$4.00 sales price have an average cost of \$1.03 in 2018 and 2017, while cookies with a \$5.00 sales price have an average cost of \$2.01 in 2018 and \$2.08 in 2017.
- In 2018, \$2.32 for \$4.00 boxes and \$2.34 for \$5.00 boxes went to the Council to provide for 24,298 girls and 8,721 volunteers. 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 8,291 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 2018 and 2017 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.

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.

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 statements 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.

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.

Rental Income

Rental income consists of leased space for which the lease agreements are renewed annually. Rental income is recognized in accordance with the lease agreement.

Girl Scout Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2018 and 2017

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.

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. Based on the time spent by level of employee.

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.

Subsequent Events

In accordance with generally accepted accounting principles, subsequent events (after September 30, 2018) have been evaluated through February 8, 2019, which is the date the financial statements were available to be issued.

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2018 and 2017

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, 2018 and 2017:

	2018	2017
	Level 1	Level 1
	<hr/>	<hr/>
Equity mutual and exchange traded funds		
Money market funds	\$ 354,846	\$ 277,304
U.S. Large Cap	1,918,336	1,956,222
U.S. Mid Cap	169,486	150,634
U.S. Small Cap	175,629	154,404
International		
Developed	964,299	969,344
Emerging markets	252,150	267,956
Absolute return	330,867	310,382
Commodity/REIT	370,026	177,379
	<hr/>	<hr/>
	4,535,639	4,263,625
Fixed-income mutual fund	<hr/>	<hr/>
	1,812,560	1,872,119
Total investments	<hr/> <hr/>	<hr/> <hr/>
	\$ 6,348,199	\$ 6,135,744

The following table sets forth by level, within the fair value hierarchy, the other assets recorded at fair value as of September 30, 2018 and 2017:

	2018	2017
	Level 3	Level 3
	<hr/>	<hr/>
Beneficial interest in perpetual trust	<hr/> <hr/>	<hr/> <hr/>
	\$ 431,362	\$ 416,241

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2018 and 2017

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, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
	Beneficial Interest in Perpetual Trust	Beneficial Interest in Perpetual Trust
Balance, beginning of year	\$ 416,241	\$ 383,676
Change in carrying value of trust	<u>15,121</u>	<u>32,565</u>
Balance, end of year	<u>\$ 431,362</u>	<u>\$ 416,241</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 \$175,455 and \$179,958 as of September 30, 2018 and 2017, respectively.

The Council appropriated \$106,455 and \$163,406 during fiscal years ended September 30, 2018 and 2017, respectively from the investment portfolio to the operating cash account. The Council also transferred \$167,525 and \$180,441 from the investment portfolio to the operating cash account in 2018 and 2017, respectively.

Net investment return consisted of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 175,208	\$ 117,849
Net realized and unrealized gains on investments	195,636	585,198
Investment fees	<u>(38,449)</u>	<u>(36,910)</u>
Net investment return	<u>\$ 332,395</u>	<u>\$ 666,137</u>

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
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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.

There have been no changes in the methodologies used at September 30, 2018 and 2017. 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.

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2018 and 2017

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>2018</u>	<u>2017</u>
2018	\$ -	\$ 565,656
2019	441,261	402,373
2020	389,623	277,916
2021	241,333	212,333
2022	<u>243,250</u>	<u>235,000</u>
	1,315,467	1,693,278
Allowance for doubtful accounts	(30,000)	(30,000)
Discount for contributions to be collected in excess of one year, at 3.5% in 2018 and 2.5% in 2017	<u>(53,131)</u>	<u>(60,468)</u>
	<u>\$ 1,232,336</u>	<u>\$ 1,602,810</u>

Contributions receivable at September 30, 2018 and 2017 include a contribution from a donor which approximates 61% and 59%, 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, 2018 and 2017, which is measured by its share of the fair value of the trust's assets, is \$431,362 and \$416,241, 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.

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2018 and 2017

Note 6: Property and Equipment

At the end of the fiscal year, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Lives</u>
Land	\$ 115,654	\$ 115,654	
Buildings and building improvements	2,748,480	2,626,275	25 - 40 years
Leasehold improvements	538,519	538,519	7-15 years
Furniture and equipment	965,350	876,283	5 - 10 years
Construction in progress	<u>-</u>	<u>37,115</u>	
	4,368,003	4,193,846	
Less accumulated depreciation and amortization	<u>(2,447,470)</u>	<u>(2,212,439)</u>	
	<u>\$ 1,920,533</u>	<u>\$ 1,981,407</u>	

Note 7: Commitments and Contingencies

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>	
2019	\$ 612,745
2020	612,745
2021	671,102
2022	682,773
2023	682,773
Thereafter	<u>5,243,346</u>
	<u>\$ 8,505,484</u>

Rent expense for the years ended September 30, 2018 and 2017 was \$792,105 and \$693,394, respectively.

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
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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, 2018 and 2017, the interest rate was 3.36% and 2.74% with interest expense of \$6,999 and \$16,387, respectively, for the fiscal years then ended. As of September 30, 2018 and 2017 the balance outstanding was \$0 and \$400,000, respectively. Subsequent to year end, the Council borrowed \$1,000,000 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.

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, 2018.

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. As of September 1, 2018 most dues are paid directly to GSUSA without the Council's participation unless financial aid or lifetime dues are involved. The amount collected on behalf of GSUSA as of September 30, 2018 and 2017 was \$97,370 and \$382,485, respectively. As of September 30, 2018 and 2017, \$5,032 and \$3,260, respectively, was due to GSUSA and included in accounts payable and accrued expenses.

Girl Scout Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2018 and 2017

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. The National Board of Girl Scouts of the United States of America voted to freeze future benefits under the Plan effective July 31, 2010. The Plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the Plan prior to the plan freeze. Accrued and vested benefits prior to July 31, 2010 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 2018 and 2017 was \$275,690 and \$293,955, respectively, which represents less than 5% of total contributions to the Plan. 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, 2018 and 2017 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 \$0- and \$17,000 to the plan during the years ended September 30, 2018 and 2017, 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>2018</u>	<u>2017</u>
Girl Scout programs and adult education	\$ 54,164	\$ 127,700
2 nd Century Campaign:		
Expansion Fund	26,922	75,000
Camp Kaufman Fund	-	90,000
Troop 6000 Program	507,875	313,680
Campaign General Fund	6,152	17,057
For periods after September 30	<u>1,232,336</u>	<u>1,602,810</u>
Total temporarily restricted net assets	<u>\$ 1,827,449</u>	<u>\$ 2,226,247</u>

Girl Scout Council of Greater New York, Inc.
Notes to Financial Statements
September 30, 2018 and 2017

Temporarily restricted net assets classified above as restricted for time restrictions that are also purpose restricted to the 2nd Century campaign totaled \$1,143,384 and \$1,572,716 as of September 30, 2018 and 2017, respectively.

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

	2018	2017
Girl Scout programs and adult education	\$ 174,975	\$ 85,125
2 nd Century Campaign	247,702	195,830
Lapse of time restrictions	606,734	35,712
	\$ 1,029,411	\$ 316,667

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

	2018	2017
General operations (beneficial interest in a perpetual trust)	\$ 431,362	\$ 416,241
	\$ 431,362	\$ 416,241

Note 11: Government Contract

During December 2018, the Council signed a contract with the City of New York Department of Homeless Services (DHS) to provide necessary after-school programming for children so they can obtain necessary activities, workshops and education during critical stage of their lives through the Troop 6000 program. The contract allows for the reimbursement of certain direct expenses of up to \$960,000 from the commencement of the program May 1, 2017 through April 30, 2020. The Council recognized claim revenue of \$359,392 for the fiscal year ended September 30, 2018 which has been recorded in accounts receivable.

Girl Scout Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2018 and 2017

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.

	<u>2018</u>	<u>2017</u>
Increase in unrestricted net assets	\$ 8,197	\$ 254,694
Adjustments to revenue, gains, losses and other support		
Investment return	(332,395)	(666,137)
Actuarial gains/losses on annuity obligations	(1,049)	1,328
Board appropriation from reserve	<u>167,525</u>	<u>163,406</u>
Total revenue adjustments	<u>(165,919)</u>	<u>(501,403)</u>
Adjustments to expenses		
Depreciation and amortization	235,031	232,320
Interest	<u>6,999</u>	<u>16,387</u>
Total expense adjustments	<u>242,030</u>	<u>248,707</u>
Operating results	<u>\$ 84,308</u>	<u>\$ 1,998</u>

Girl Scout Council of Greater New York, Inc.

Notes to Financial Statements

September 30, 2018 and 2017

Note 13: Future Changes in Accounting Principles

Revenue Recognition

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for annual periods beginning after December 15, 2018, for nonpublic entities (December 15, 2017, for not-for-profits that are conduit debt obligors), and any interim periods within annual reporting periods that begin after December 15, 2019, for nonpublic entities (December 15, 2018, for not-for-profits that are conduit debt obligors). The Council intends to begin the process of evaluating the impact the amendment will have on the financial statements.

Presentation of Financial Statements for Not-for-Profit Entities

The FASB recently issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which changes requirements for financial statements and notes of all not-for-profit (NFP) entities and is effective for fiscal years beginning after December 15, 2017.

A summary of the changes by financial statement area most relevant to the Council is as follows:

Statement of Financial Position

- The statement of financial position will distinguish between two new classes of net assets – those with donor-imposed restrictions and those without. This is a change from the previously required three classes of net assets – unrestricted, temporarily restricted and permanently restricted.

Statement of Activities

- Expenses are reported by both nature and function in one location. Investment income is shown net of external and direct internal investment expenses. Disclosure of the expenses netted against investment income is no longer required.

Notes to the Financial Statements

- Enhanced quantitative and qualitative disclosures provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one-year from the date of the statement of financial position.
- Amounts and purposes of governing Board designations and appropriations as of the end of the period are disclosed.

Girl Scout Council of Greater New York, Inc.
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The Council intends to begin the process of evaluating the impact the amendment will have on the financial statements.

FASB Releases Not-for-Profit Accounting Standard for Grants and Contributions

ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, clarifies existing guidance on determining whether a transaction with a resource provider, e.g., the receipt of funds under a government grant or contract, is a contribution or an exchange transaction. The guidance requires all organizations to evaluate whether the resource provider is receiving commensurate value in a transfer of assets transaction, and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction would be accounted for as an exchange transaction by applying Topic 606, *Revenue from Contracts with Customers*, or other topics. The standard clarifies that a resource provider is not synonymous with the general public. Indirect benefit received by the public as a result of the assets transferred is not equivalent to commensurate value received by the resource provider. If commensurate value is not received by the resource provider, i.e., the transaction is nonexchange, the recipient organization would record the transaction as a contribution under Topic 958 and determine whether the contribution is conditional or unconditional.

FASB expects that the new standard could result in more grants and contracts being accounted for as contributions (often conditional contributions) than under current generally accepted accounting principles. Because of this, it believes the clarifying guidance about whether a contribution is conditional or unconditional, which affects the timing of revenue recognition, is important. Both the recipient and resource provider would equally apply the guidance. For public entities, the standard will be effective for annual reporting periods beginning on or after June 15, 2018. For all other entities, the standard will be effective for reporting periods beginning on or after December 15, 2018.

Accounting Standard Update – Statement of Cash Flows: Restricted Cash

ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, clarifies the presentation and disclosure requirements of restricted cash. The ASU requires entities to include restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling beginning-of-period and end-of-period total cash in the statement of cash flows. The amendments apply to all entities with restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230, including NFP entities. The ASU requires disclosure of information about the nature of restrictions on cash, cash equivalents and restricted cash balances. The ASU is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods therein and for all other entities the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted which includes adoption in an interim period. The Council does not expect the amendment to have an effect on the financial statements currently but it could in future periods if the Council has restricted cash balances.