



Financial Statements

September 30, 2017 and 2016

# Girl Scouts of Northeastern New York, Inc.

## Financial Statements

September 30, 2017 and 2016

### CONTENTS

	<b>Page</b>
<b>Independent Auditor's Report</b>	1-2
<b>Financial Statements</b>	
Statements of Financial Position	3
Statement of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-16
<b>Supplementary Information</b>	
Schedule of Functional Expenses - 2017	17
Schedule of Functional Expenses - 2016	18



## Independent Auditor's Report

Board of Directors  
Girl Scouts of Northeastern New York, Inc.  
Albany, New York

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

We have audited the accompanying financial statements of the Girl Scouts of Northeastern New York, Inc. (a New York not-for-profit organization), which comprise the statement of financial position as of September 30, 2017, the related statements of activities 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 of material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Girl Scouts of Northeastern New York, Inc. as of September 30, 2017, 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.

***Report on Comparative and Summarized Comparative Information***

We have previously audited the Girl Scouts of Northeastern New York, Inc.'s financial statements as of and for the year ended September 30, 2016, and we expressed an unmodified opinion on those audited financial statements in our report dated February 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Matter***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BST & CO. CPAs, LLP

Albany, New York  
January 12, 2018



# Girl Scouts of Northeastern New York, Inc.

## Statements of Financial Position

	September 30,	
	2017	2016
<b>ASSETS</b>		
Cash	\$ 973,501	\$ 156,915
Cash, restricted	274,929	294,144
Investments	5,287,351	5,620,845
Accounts receivable, net	57,163	124,384
Inventory	69,076	81,511
Prepaid expenses	59,500	39,484
Fixed assets, net	2,811,929	2,609,948
Beneficial interests in perpetual trusts	4,102,973	3,864,909
	<b>\$ 13,636,422</b>	<b>\$ 12,792,140</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Line-of-credit	\$ 962,000	\$ 645,000
Accounts payable	125,392	121,584
Accrued liabilities	234,984	248,972
Due to Girl Scouts of USA and troops	-	2,775
Deferred revenue	15,415	23,689
Total liabilities	1,337,791	1,042,020
<b>COMMITMENTS</b>		
<b>NET ASSETS</b>		
Unrestricted		
Undesignated	7,528,288	7,229,122
Board designated	359,964	335,625
	7,888,252	7,564,747
Temporarily restricted	275,121	295,079
Permanently restricted	4,135,258	3,890,294
Total net assets	12,298,631	11,750,120
	<b>\$ 13,636,422</b>	<b>\$ 12,792,140</b>

See accompanying Notes to Financial Statements.

# Girl Scouts of Northeastern New York, Inc.

## Statement of Activities

	Year Ended September 30, 2017 (comparative totals for 2016)			Total 2016	
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>REVENUES, PUBLIC, AND OTHER SUPPORT</b>					
Revenues					
Cookie sales revenue, net	\$ 2,905,114	\$ -	\$ -	\$ 2,905,114	\$ 2,453,805
Magazine/nut sales revenue, net	177,837	-	-	177,837	186,689
Sale of merchandise, net	131,742	-	-	131,742	142,760
Total product sales revenue	<u>3,214,693</u>	<u>-</u>	<u>-</u>	<u>3,214,693</u>	<u>2,783,254</u>
Program service fees					
Camping fees and related revenue	402,679	-	-	402,679	359,289
Other program revenue	81,492	-	-	81,492	123,662
Total program service fees	<u>484,171</u>	<u>-</u>	<u>-</u>	<u>484,171</u>	<u>482,951</u>
Total revenues	<u>3,698,864</u>	<u>-</u>	<u>-</u>	<u>3,698,864</u>	<u>3,266,205</u>
Public and other support					
Contributions					
Foundations and corporations	8,909	-	-	8,909	35,667
Individuals	57,329	36,095	6,900	100,324	127,757
Beneficial interests in perpetual trusts	3,855	158,036	-	161,891	222,488
Grants	4,000	-	-	4,000	3,200
Special events, net	37,646	-	-	37,646	52,785
Investment income	112,511	3,185	-	115,696	111,482
Net assets released from restrictions	215,660	(215,660)	-	-	-
Total public and other support	<u>439,910</u>	<u>(18,344)</u>	<u>6,900</u>	<u>428,466</u>	<u>553,379</u>
Total revenues, public, and other support	<u>4,138,774</u>	<u>(18,344)</u>	<u>6,900</u>	<u>4,127,330</u>	<u>3,819,584</u>
<b>EXPENSES</b>					
Program services	3,344,677	-	-	3,344,677	3,372,220
Supporting services					
Management and general	773,384	-	-	773,384	599,980
Fundraising	298,813	-	-	298,813	260,831
Total expenses	<u>4,416,874</u>	<u>-</u>	<u>-</u>	<u>4,416,874</u>	<u>4,233,031</u>
<b>Change in net assets from operations</b>	<b><u>(278,100)</u></b>	<b><u>(18,344)</u></b>	<b><u>6,900</u></b>	<b><u>(289,544)</u></b>	<b><u>(413,447)</u></b>
<b>NONOPERATING REVENUES, GAINS, AND LOSSES</b>					
Realized gains on sales of investments, net	486,640	-	-	486,640	10,737
Unrealized gains (losses) on investments, net	96,825	(1,792)	-	95,033	416,034
Unrealized gains on beneficial interests in perpetual trusts, net	-	-	238,064	238,064	44,914
Miscellaneous revenue	18,140	178	-	18,318	5,861
Total nonoperating revenues, gains, and losses	<u>601,605</u>	<u>(1,614)</u>	<u>238,064</u>	<u>838,055</u>	<u>477,546</u>
<b>CHANGE IN NET ASSETS</b>	<b><u>323,505</u></b>	<b><u>(19,958)</u></b>	<b><u>244,964</u></b>	<b><u>548,511</u></b>	<b><u>64,099</u></b>
<b>NET ASSETS, beginning of year</b>	<u>7,564,747</u>	<u>295,079</u>	<u>3,890,294</u>	<u>11,750,120</u>	<u>11,686,021</u>
<b>NET ASSETS, end of year</b>	<b><u>\$ 7,888,252</u></b>	<b><u>\$ 275,121</u></b>	<b><u>\$ 4,135,258</u></b>	<b><u>\$ 12,298,631</u></b>	<b><u>\$ 11,750,120</u></b>

See accompanying Notes to Financial Statements.

# Girl Scouts of Northeastern New York, Inc.

## Statements of Cash Flows

	<b>Years Ended September 30,</b>	
	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Change in net assets	\$ 548,511	\$ 64,099
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	240,033	239,986
Bad debts	77,768	12,283
Unrealized gains on beneficial interests in perpetual trusts, net	(238,064)	(44,914)
Realized gains on sales of investments, net	(486,640)	(10,737)
Unrealized gains on investments, net	(95,033)	(416,034)
(Increase) decrease in		
Accounts receivable	(10,547)	(71,550)
Inventory	12,435	(3,828)
Prepaid expenses	(20,016)	38,736
Increase (decrease) in		
Accounts payable	3,808	(113,642)
Accrued liabilities	(13,988)	31,050
Due to Girl Scouts of USA and troops	(2,775)	(2,479)
Deferred revenue	(8,274)	(18,418)
	<b>7,218</b>	<b>(295,448)</b>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Cash restricted, net	19,215	(94,560)
Purchase of fixed assets	(442,014)	(291,504)
Proceeds from sale of investments	1,369,244	278,686
Purchase of investments	(454,077)	(557,284)
	<b>492,368</b>	<b>(664,662)</b>
<b>CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES</b>		
Line-of-credit, net	317,000	645,000
Repayments of long-term debt	-	(3,621)
	<b>317,000</b>	<b>641,379</b>
<b>Net increase (decrease) in cash</b>	<b>816,586</b>	<b>(318,731)</b>
<b>CASH, beginning of year</b>	<b>156,915</b>	<b>475,646</b>
<b>CASH, end of year</b>	<b>\$ 973,501</b>	<b>\$ 156,915</b>
<b>SUPPLEMENTARY CASH FLOW INFORMATION</b>		
Cash paid during the year for		
Interest	\$ 31,224	\$ 14,772

See accompanying Notes to Financial Statements.

# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 1 - Organization and Summary of Significant Accounting Policies

The Girl Scouts of Northeastern New York, Inc. (GSNENY) is a not-for-profit organization chartered by Girl Scouts of the USA. GSNENY offers an informal education program for girls ages 5 to 17 in the upstate New York counties of Albany, Clinton, Columbia, Essex, Franklin, Fulton, Greene, Hamilton, Montgomery, Rensselaer, Saratoga, Schenectady, Schoharie, Warren, Washington, and a portion of St. Lawrence.

GSNENY provides opportunities in an accepting and nurturing environment for girls to build character and skills for success in the real world. In partnership with committed adult volunteers, girls develop qualities that should serve them all their lives, like leadership, strong values, social conscience, and conviction about their own potential and self-worth.

GSNENY receives the majority of its revenues, public, and other support from the operation of its programs. Major classes of revenue include troop sales of cookies, magazines, nuts, and merchandise to the general public; and rental fees generated through the operation of several summer camp scouting programs. GSNENY supplements its operations with contributions from individuals, foundations, corporations, other sources, as well as earnings from investments.

#### *a. Basis of Accounting and Financial Statement Presentation*

The financial statements of GSNENY have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) for not-for-profit entities.

All revenues are considered to be available for unrestricted use unless specifically restricted. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is satisfied or expires, temporarily restricted net assets are reclassified to unrestricted net assets. However, if a restriction is fulfilled in the reporting period in which the contribution is received, GSNENY reports the support as unrestricted.

*Unrestricted net assets* represent resources available for support of GSNENY's operations over which the Board has discretionary control.

*Unrestricted, board designated net assets* represent resources designated for use by the Board (see Note 8).

*Temporarily restricted net assets* represent resources that must be used for purposes specified by the donor (see Note 9).

*Permanently restricted net assets* represent gifts received and third-party trusts with the donor-stipulation that the contribution must remain intact in perpetuity. The donors of these assets permit GSNENY to use all of the income earned on related investments for general or specific purposes (see Note 10).

#### *b. Estimates*

The preparation of financial statements in conformity with U.S. GAAP 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 year. Actual results could differ from those estimates.



# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *c. Fair Value Measurements*

GSNENY reports certain assets at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date (Note 2).

#### *d. Restricted Cash*

Restricted cash consists of all cash balances at the end of the year, which is for specific purposes designated by the donor.

#### *e. Investments*

GSNENY accounts for its investments at fair value. Net realized and unrealized gains (losses) on investments are determined using the specific identification method and are reflected in the statement of activities.

#### *f. Accounts Receivable, Net*

Accounts receivable primarily includes amounts due from grantors and GSNENY's share of revenue due from various troops relating to cookies sales. Accounts receivable are carried at original invoice amount less an estimate made for doubtful accounts based on review of outstanding amounts and historical collection percentages. The allowance for doubtful accounts was \$35,000 at both September 30, 2017 and 2016. Accounts receivable are written off when deemed uncollectible, and the recoveries of accounts receivable previously written off are recorded when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is not charged on outstanding accounts receivable.

#### *g. Inventory*

GSNENY's inventory consists of Girl Scout merchandise for sale in its three stores, and is valued at the lower of average cost or market. There is no reserve for obsolete inventory as of September 30, 2017 and 2016.

#### *h. Fixed Assets, Net*

Acquisition of land, buildings, and equipment and expenditures which materially change capacities or extend useful lives are reported at cost, net of accumulated depreciation. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred. When fixed assets are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is included in GSNENY's change in net assets.

Depreciation is provided for in amounts to relate the cost of depreciable assets to expenses over their estimated useful lives on the straight-line method. The estimated lives used in determining depreciation vary from three to forty years.

# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

*i. Long-lived Assets*

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value. There were no impairments of long-lived assets as of September 30, 2017 and 2016.

*j. Beneficial Interest in Perpetual Trust*

GSNENY is the irrevocable beneficiary of perpetual charitable trusts held by trustees. The beneficial interests in the trusts are reported at their fair value, which is estimated as the fair value of the underlying trust assets. Distributions of income from the trust assets are unrestricted. The value of the beneficial interests in the trusts is adjusted annually for the change in their estimated fair values.

Those changes in value are reported as increases or decreases in permanently restricted net assets because the trust assets will never be distributed to GSNENY.

*k. Revenue Recognition*

Product sales revenue is recognized as an increase to unrestricted net assets when the products are sold and delivered. The gross revenue and related product costs are as follows:

	Year Ended September 30, 2017		
	Cookie Sales	Magazine/ Nut Sales	Merchandise Sales
Gross revenue	\$ 4,798,649	\$ 450,271	\$ 310,224
Cost of product sales	1,893,535	272,434	178,482
Total product sales revenue	\$ 2,905,114	\$ 177,837	\$ 131,742
	Year Ended September 30, 2016		
	Cookie Sales	Magazine/ Nut Sales	Merchandise Sales
Gross revenue	\$ 4,204,830	\$ 474,932	\$ 325,375
Cost of product sales	1,751,025	288,243	182,615
Total product sales revenue	\$ 2,453,805	\$ 186,689	\$ 142,760

Revenues from camping fees and other program revenue are recognized in the period the event takes place.

Deferred revenue represents the unearned portion of program services support which is designated for future periods.

# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 1 - Organization and Summary of Significant Accounting Policies - Continued

#### *l. Advertising*

GSNENY records advertising costs as expenses when they are incurred. Advertising expense was approximately \$66,100 and \$65,800 for the years ended September 30, 2017 and 2016, respectively.

#### *m. Donated Goods and Services*

Donated goods are recorded at their estimated fair values at the date of receipt. Support arising from donated services is recognized if the services received require specialized skills, are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions totaled approximately \$6,400 and \$57,100 for the years ended September 30, 2017 and 2016, respectively, which are included herein as contributions in the accompanying statement of activities.

A substantial number of volunteers have donated significant amounts of their time to GSNENY's program services and fundraising activities; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

#### *n. Functional Allocation of Expenses*

Expenses that are directly identifiable are charged to programs. Expenses related to more than one function are charged to program services and other functions using specific allocation methods. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of GSNENY.

#### *o. Income Taxes*

GSNENY is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

GSNENY files Form 990 annually with the Internal Revenue Service. When annual returns are filed, some tax positions taken are highly certain to be sustained upon examination by the taxing authorities, while other tax positions are subject to uncertainty about the technical merits of the position or amount of the position's tax benefit that would ultimately be sustained. Management evaluated GSNENY's tax positions and concluded that GSNENY had taken no tax positions that required adjustment or disclosure in its financial statements as of September 30, 2017 and 2016.

#### *p. Comparative Totals Summarized Financial Information for 2016*

The statement of activities includes certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with GSNENY's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

#### *q. Subsequent Events*

GSNENY has evaluated subsequent events for potential recognition or disclosure through January 12, 2018, the date the financial statements were available to be issued.

# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 2 - Investments

The framework for measuring fair value includes 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 (Level 1) and the lowest priority to unobservable inputs (Level 3).

The following three levels of inputs may be used to measure fair value:

Level 1 Unadjusted quoted market prices in active markets for identical assets.

Level 2 Observable inputs other than quoted market prices and can include active markets and markets not considered to be active.

Level 3 Unobservable inputs that are supported by little or no market activity.

Fair value measurement level within a 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.

Following is a description of the valuation methodologies used for assets measured at fair value at September 30, 2017 and 2016:

*Equity Securities:* Valued at the closing price reported on the active market on which the individual security is traded.

*Mutual Funds:* Valued at the quoted net asset value of shares held at year end.

*Fixed Income Corporate Bonds:* Valued at third-party evaluated appraised prices that maximize observable quantitative and qualitative inputs currently available on comparable securities with similar features (type of issuer, credit rating, coupon, maturity, etc.) and apply yield levels that reflect comparable credit and liquidity risks.

The following tables summarize GSNENY's investments:

	September 30, 2017			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Level 1 Investments				
Equity securities	\$ 1,832,043	\$ 1,622,447	\$ 7,918	\$ 3,446,572
Mutual funds	634,801	288,309	508	922,602
	2,466,844	1,910,756	8,426	4,369,174
Level 2 Investments				
Fixed income, corporate bonds	907,449	13,252	2,524	918,177
Investments	\$ 3,374,293	\$ 1,924,008	\$ 10,950	\$ 5,287,351

# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 2 - Investments - Continued

	September 30, 2016			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Level 1 Investments				
Equity securities	\$ 2,336,751	\$ 1,621,705	\$ 5,243	\$ 3,953,213
Mutual funds	325,711	178,757	1,239	503,229
	2,662,462	1,800,462	6,482	4,456,442
Level 2 Investments				
Fixed income, corporate bonds	1,143,329	24,542	3,468	1,164,403
Investments	\$ 3,805,791	\$ 1,825,004	\$ 9,950	\$ 5,620,845

### Note 3 - Fixed Assets, Net

A summary of fixed assets, net, is as follows:

	September 30,	
	2017	2016
Land and improvements	\$ 572,534	\$ 572,534
Buildings and improvements	3,755,006	3,732,719
Furniture and equipment	740,558	678,449
Vehicles	455,647	417,196
Computer hardware and software	222,740	222,740
	5,746,485	5,623,638
Less accumulated depreciation	(3,450,773)	(3,210,740)
	2,295,712	2,412,898
Work in progress	516,217	197,050
Fixed assets, net	\$ 2,811,929	\$ 2,609,948

### Note 4 - Special Events

Special events revenue totaling approximately \$80,200 is presented in the financial statements net of approximately \$42,600 of related expenditures for the year ended September 30, 2017. Special events revenue totaling approximately \$90,500 is presented in the financial statements net of approximately \$37,700 of related expenditures for the year ended September 30, 2016.

# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 5 - Beneficial Interests in Perpetual Trusts

GSNENY is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, GSNENY has the irrevocable right to receive distributions and the income earned (net of brokerage fees) on the trust assets in perpetuity, some of which is restricted for specific uses. The fair value of the beneficial interest in a trust is recognized as an asset and as a permanently restricted contribution at the date the trust is established. GSNENY's estimate of fair value is based on fair value information received from the trustees. These assets are not subject to the control or direction of GSNENY. As discussed in Note 2, because there are no observable market transactions for assets similar to the beneficial interests in the trusts and because the trusts cannot be redeemed, the valuation technique used by GSNENY is a Level 3 fair value measure.

The following table summarizes the trust's activity:

	September 30,	
	2017	2016
Beneficial interests in perpetual trusts, <i>beginning of year</i>	\$ 3,864,909	\$ 3,819,995
Change in beneficial interests in perpetual trusts	399,955	267,402
Amounts distributed to GSNENY	<u>(161,891)</u>	<u>(222,488)</u>
Beneficial interests in perpetual trusts, <i>end of year</i>	<u>\$ 4,102,973</u>	<u>\$ 3,864,909</u>

The change in fair value of the beneficial interests in the trusts is recognized in the statement of activities as unrealized gains on beneficial interests in perpetual trusts, net.

### Note 6 - Retirement Plans

#### a. 403(B) Plan

GSNENY established a calendar year 403(b) plan covering substantially all employees. Employer voluntary contributions are equal to \$25 per month, per employee, and are made for employees who contribute a minimum of \$100 per month and meet certain eligibility requirements. Total annual employer contributions are limited to \$300 per year, per employee. GSNENY expense related to this plan was approximately \$59,500 and \$15,300 for the years ended September 30, 2017 and 2016, respectively.

#### b. Multiemployer Pension Plan

GSNENY participates in the National Girl Scout Council Retirement Plan (Plan), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA (NBGS) voted to freeze the Plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The Plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the Plan prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 6 - Retirement Plans - Continued

#### b. Multiemployer Pension Plan - Continued

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2017. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCRП the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCRП has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions were approximately \$33,100,000 and \$34,300,000 for the years ended December 31, 2017 and 2016, respectively. The aggregate annual contributions decreased from 2016 to 2017 due to the reduction in the Plan's total annual aggregate contributions from approximately \$34,300,000 to \$32,500,000 effective May 1, 2017. Aggregate contributions for the year ending December 31, 2018 are expected to continue to be approximately \$32,500,000. GSNENY made contributions into the Plan of approximately \$226,800 and \$232,400 for the years ended September 30, 2017 and 2016, respectively.

### Note 7 - Line-of-Credit

GSNENY has a \$3,000,000 and had a \$2,000,000 line-of-credit with NBT Bank, of which \$962,000 and \$645,000 was outstanding as of September 30, 2017 and 2016, respectively. The current line-of-credit is renewable March 31, 2018. Interest is charged at *The Wall Street Journal* prime rate minus .50% and will never fall below 2.75% (3.75% and 3.00% at September 30, 2017 and 2016, respectively). The line-of-credit is secured by the NBT Financial Group investment account, the value of which must be greater than \$2,858,000 at all times. If the value of the account falls below \$2,858,000, then the borrowing under the line-of-credit must not exceed 70% of the account value.

### Note 8 - Unrestricted, Board Designated Net Assets

Unrestricted, board designated net assets are available for the following uses:

	September 30,	
	2017	2016
Financial Assistance	\$ 310,813	\$ 286,474
Girl Leadership Development Programs	49,151	49,151
Unrestricted, Board designated	<u>\$ 359,964</u>	<u>\$ 335,625</u>

On November 4, 2011, the Board of Directors established a Board designated scholarship fund totaling \$500,000, which will be funded over a ten-year period at \$50,000 per year. The amount of unrestricted new assets transferred to Board designated funds totaled \$300,000 as of September 30, 2017.

# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 9 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following uses:

	September 30,	
	2017	2016
Maintaining and improving GSNENY's facilities for outdoor activities	\$ 204,180	\$ 220,231
Various GSNENY programs	70,941	74,848
Temporarily restricted net assets	\$ 275,121	\$ 295,079

### Note 10 - Permanently Restricted Net Assets

Permanently restricted net assets are available for the following uses:

	September 30,	
	2017	2016
Beneficial interest in perpetual trusts	\$ 4,102,973	\$ 3,864,909
Donor restricted Investments	32,285	25,385
Permanently restricted net assets	\$ 4,135,258	\$ 3,890,294

### Note 11 - Commitments

#### a. Operating Leases

GSNENY is committed under noncancelable operating leases for commercial space, internet services, and equipment. The leases require monthly payments ranging from \$60 to \$2,250 and expire at various times ranging from October 2017 through December 2022. Rental expense under these leases was approximately \$74,400 and \$72,000 for the years ended September 30, 2017 and 2016, respectively.

A summary of future minimum lease payments is as follows:

For the year ending September 30,		
2018	\$	57,079
2019		42,888
2020		20,263
2021		18,068
2022		15,500
Thereafter		3,525
	\$	157,323



# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 11 - Commitments - Continued

#### *b. Professional Services Agreements*

GSNENY has a one-year agreement with a third party to perform legal services on behalf of all of the Girl Scouts in New York State, which expired December 31, 2017. The agreement required GSNENY to pay quarterly payments of \$3,745, for a total of \$14,980. The prior agreement required GSNENY to pay an initial payment of \$4,000 and three quarterly payments of \$5,000, for a total of \$19,000 and expired December 31, 2016. GSNENY has agreements with several other Girl Scout Councils within New York State to repay GSNENY for a portion of these legal services, which is used to offset the expense to GSNENY.

GSNENY entered into an agreement during September 2015 with a third party to provide IT support for all GSNENY locations. The agreement required GSNENY to pay a one-time fee of \$1,080, and required a monthly fee of \$2,995. The agreement was cancellable by either party with 30 days written notice. During December 2017, GSNENY renewed this agreement for one additional year. The renewed agreement requires GSNENY to pay a monthly fee of \$3,268 and is cancellable by either party with 60 days written notice.

#### *c. Girl Scout Troop Activity*

Individual Girl Scout troops may hold cash in bank accounts that are under GSNENY's federal identification number. These bank accounts are not under GSNENY's control, and it has no signature authority over these accounts. GSNENY will not have access to these funds as long as a troop or group is functioning according to Girl Scout policy and procedures. Individual troops and groups have the responsibility to use these funds in their control for the purposes of Girl Scouting as determined by the members and adult volunteers. The accompanying financial statements do not include financial data for individual Girl Scout troops.

### Note 12 - Risk and Uncertainties

#### *a. Significant Revenue Sources*

Approximately 70% and 64% of GSNENY's unrestricted operating revenues during the years ended September 30, 2017 and 2016, respectively, were derived through its share of program related troop cookie sales. Such a concentration provides that changes in the enrollment of registered scouts, sales participation, public demand, and consumption trends, or changes in prices and availability from GSNENY's sole supplier of these products, could have a direct material effect on GSNENY's future unrestricted operating revenues.

#### *b. Significant Vendors*

One of GSNENY's vendors provides a specialized product that GSNENY would not be able to obtain elsewhere if the vendor relationship ceased as it relates to troop cookie sales.

#### *c. Concentrations of Credit Risk*

GSNENY maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, GSNENY may have bank deposits in excess of amounts insured by the FDIC.

# Girl Scouts of Northeastern New York, Inc.

## Notes to Financial Statements September 30, 2017 and 2016

### Note 13 - New Accounting Pronouncement Issued But Not Yet Implemented

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. GSNENY has not yet selected a transition method and is currently evaluating the effect that the standard will have on its financial statements.

In July 2015, the FASB issued ASU 2015-11, *Inventory* (Topic 330): *Simplifying the Measurement of Inventory*. ASU 2015-11 requires an entity to measure inventory using the first-in, first-out or average cost methods to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal and transportation. The new standard will be effective for annual financial statements issued for fiscal years beginning after December 15, 2016. GSNENY is currently evaluating the impact of the adoption of the new standard on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than twelve months. A lease will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for the fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. GSNENY is currently evaluating the impact of the adoption of the new standard on its financial statements.

In August 2016, the FASB issued ASU 2016-14 - Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*. ASU 2016-14 contains amendments that make improvements to the information provided in the financial statements and accompanying notes of not-for-profit entities. The amendments include improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. The amendments in ASU 2016-14 are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. GSNENY has not estimated the extent of the potential impact, if any, of ASU 2016-14 on its financial statements.

# Girl Scouts of Northeastern New York, Inc.

## Schedule of Functional Expenses

	Year Ended September 30, 2017			
	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 1,450,442	\$ 298,856	\$ 129,136	\$ 1,878,434
Benefits and payroll taxes	438,649	89,252	39,120	567,021
Advertising	60,622	921	4,588	66,131
Bad debts	76,815	928	25	77,768
Camperships and other awards	96,653	-	100	96,753
Conferences, conventions, meetings, and courses	13,143	6,597	982	20,722
Contract services	215,314	133,173	70,571	419,058
Depreciation	185,690	37,782	16,561	240,033
Information technology	7,933	2,409	1,374	11,716
Insurance	61,583	20,057	5,344	86,984
Interest expense	-	34,138	-	34,138
Licenses & Fees	691	22,026	975	23,692
Maintenance and repairs	108,449	10,149	3,931	122,529
Miscellaneous	2,688	43,694	215	46,597
Occupancy	102,149	4,509	10,965	117,623
Office supplies and equipment lease	15,793	5,527	2,521	23,841
Postage and shipping	19,365	1,541	2,195	23,101
Printing, publications, and subscriptions	30,833	2,229	2,834	35,896
Professional service fees	-	30,831	-	30,831
Small equipment purchases	45,096	4,190	2,093	51,379
Staff recruitment	20,446	4,267	-	24,713
Supplies and recognition awards	245,288	1,224	496	247,008
Telephone	26,394	6,272	2,587	35,253
Travel and transportation	120,641	12,812	2,200	135,653
<b>Total functional expenses</b>	<b><u>\$ 3,344,677</u></b>	<b><u>\$ 773,384</u></b>	<b><u>\$ 298,813</u></b>	<b><u>\$ 4,416,874</u></b>

# Girl Scouts of Northeastern New York, Inc.

## Schedule of Functional Expenses

	Year Ended September 30, 2016			
	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 1,525,886	\$ 302,210	\$ 140,263	\$ 1,968,359
Benefits and payroll taxes	431,200	85,404	39,638	556,242
Advertising	58,369	-	7,426	65,795
Bad debts	12,283	-	-	12,283
Camperships and other awards	70,350	-	-	70,350
Conferences, conventions, meetings, and courses	10,819	23,482	2,075	36,376
Contract services	205,222	27,296	6,455	238,973
Depreciation	186,039	36,846	17,101	239,986
Information technology	13,502	3,011	2,106	18,619
Insurance	57,301	17,989	5,014	80,304
Interest expense	-	14,772	-	14,772
Licenses & Fees	578	-	-	578
Lobbying	-	2,337	-	2,337
Maintenance and repairs	99,951	3,094	2,084	105,129
Miscellaneous	15,378	28,015	184	43,577
Occupancy	109,625	224	7	109,856
Office supplies and equipment lease	17,123	5,660	2,992	25,775
Postage and shipping	20,723	1,087	1,984	23,794
Printing, publications, and subscriptions	35,646	3,286	2,746	41,678
Professional service fees	-	27,134	-	27,134
Small equipment purchases	11,607	1,953	696	14,256
Staff recruitment	39,877	2,970	27,600	70,447
Supplies and recognition awards	325,112	1,129	878	327,119
Telephone	41,775	1,312	609	43,696
Travel and transportation	83,854	10,769	973	95,596
<b>Total functional expenses</b>	<b><u>\$ 3,372,220</u></b>	<b><u>\$ 599,980</u></b>	<b><u>\$ 260,831</u></b>	<b><u>\$ 4,233,031</u></b>