



Financial Statements

September 30, 2018 and 2017

Girl Scouts of Northeastern New York, Inc.

Financial Statements

September 30, 2018 and 2017

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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, 2018, 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 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 the Girl Scouts of Northeastern 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.

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, 2017, and we expressed an unmodified opinion on those audited financial statements in our report dated January 12, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2017, 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 18, 2019



Girl Scouts of Northeastern New York, Inc.

Statements of Financial Position

	September 30,	
	2018	2017
ASSETS		
Cash	\$ 653,605	\$ 973,501
Cash, restricted	193,280	274,929
Investments	5,852,912	5,287,351
Accounts receivable, net	52,410	57,163
Pledges receivable, net	288,186	-
Inventory	67,041	69,076
Prepaid expenses	93,499	59,500
Fixed assets, net	3,606,663	2,811,929
Beneficial interests in perpetual trusts	4,245,019	4,102,973
	\$ 15,052,615	\$ 13,636,422
LIABILITIES AND NET ASSETS		
LIABILITIES		
Line-of-credit	\$ 2,073,090	\$ 962,000
Accounts payable	158,811	125,392
Accrued liabilities	260,825	234,984
Deferred revenue	24,462	15,415
Total liabilities	2,517,188	1,337,791
COMMITMENTS		
NET ASSETS		
Unrestricted		
Undesignated	7,439,469	7,528,288
Board designated	339,385	359,964
	7,778,854	7,888,252
Temporarily restricted	475,894	275,121
Permanently restricted	4,280,679	4,135,258
Total net assets	12,535,427	12,298,631
	\$ 15,052,615	\$ 13,636,422

See accompanying Notes to Financial Statements.

Girl Scouts of Northeastern New York, Inc.

Statement of Activities

	Year Ended September 30, 2018 (comparative totals for 2017)				Total 2017
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
REVENUES, PUBLIC, AND OTHER SUPPORT					
Revenues					
Cookie sales revenue, net	\$ 2,902,286	\$ -	\$ -	\$ 2,902,286	\$ 2,905,114
Magazine/nut sales revenue, net	152,133	-	-	152,133	177,837
Sale of merchandise, net	141,500	-	-	141,500	131,742
Total product sales revenue	<u>3,195,919</u>	<u>-</u>	<u>-</u>	<u>3,195,919</u>	<u>3,214,693</u>
Program service fees					
Camping fees and related revenue	439,011	-	-	439,011	402,679
Other program revenue	83,174	-	-	83,174	81,492
Total program service fees	<u>522,185</u>	<u>-</u>	<u>-</u>	<u>522,185</u>	<u>484,171</u>
Total revenues	<u>3,718,104</u>	<u>-</u>	<u>-</u>	<u>3,718,104</u>	<u>3,698,864</u>
Public and other support					
Contributions					
Foundations and corporations	18,175	19,103	-	37,278	8,909
Capital Campaign	-	327,826	-	327,826	-
Individuals	30,554	23,854	3,375	57,783	100,324
Beneficial interests in perpetual trusts	19,621	134,497	-	154,118	161,891
Memorials and bequests	10,000	-	-	10,000	-
Grants	-	4,000	-	4,000	4,000
Special events, net	-	36,161	-	36,161	37,646
Investment income	128,272	3,348	-	131,620	115,696
Net assets released from restrictions	345,238	(345,238)	-	-	-
Total public and other support	<u>551,860</u>	<u>203,551</u>	<u>3,375</u>	<u>758,786</u>	<u>428,466</u>
Total revenues, public, and other support	<u>4,269,964</u>	<u>203,551</u>	<u>3,375</u>	<u>4,476,890</u>	<u>4,127,330</u>
EXPENSES					
Program services	3,763,505	-	-	3,763,505	3,344,677
Supporting services					
Management and general	648,319	-	-	648,319	773,384
Fundraising	415,455	-	-	415,455	298,813
Total expenses	<u>4,827,279</u>	<u>-</u>	<u>-</u>	<u>4,827,279</u>	<u>4,416,874</u>
Change in net assets from operations	<u>(557,315)</u>	<u>203,551</u>	<u>3,375</u>	<u>(350,389)</u>	<u>(289,544)</u>
NONOPERATING REVENUES, GAINS, AND LOSSES					
Realized gains on sales of investments, net	1,420,108	-	-	1,420,108	486,640
Unrealized gains (losses) on investments, net	(998,159)	(3,032)	-	(1,001,191)	95,033
Unrealized gains on beneficial interests in perpetual trusts, net	-	-	142,046	142,046	238,064
Miscellaneous revenue	25,968	254	-	26,222	18,318
Total nonoperating revenues, gains, and losses	<u>447,917</u>	<u>(2,778)</u>	<u>142,046</u>	<u>587,185</u>	<u>838,055</u>
CHANGE IN NET ASSETS	(109,398)	200,773	145,421	236,796	548,511
NET ASSETS, beginning of year	<u>7,888,252</u>	<u>275,121</u>	<u>4,135,258</u>	<u>12,298,631</u>	<u>11,750,120</u>
NET ASSETS, end of year	<u>\$ 7,778,854</u>	<u>\$ 475,894</u>	<u>\$ 4,280,679</u>	<u>\$ 12,535,427</u>	<u>\$ 12,298,631</u>

See accompanying Notes to Financial Statements.

Girl Scouts of Northeastern New York, Inc.

Statements of Cash Flows

	Years Ended September 30,	
	2018	2017
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 236,796	\$ 548,511
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	234,941	240,033
Provision for bad debts	(5,000)	77,768
Unrealized gains on beneficial interests in perpetual trusts, net	(142,046)	(238,064)
Realized gains on sales of investments, net	(1,420,108)	(486,640)
Unrealized (gains) losses on investments, net	1,001,191	(95,033)
(Increase) decrease in		
Accounts receivable	9,753	(10,547)
Pledges receivable	(288,186)	-
Inventory	2,035	12,435
Prepaid expenses	(33,999)	(20,016)
Increase (decrease) in		
Accounts payable	33,419	3,808
Accrued liabilities	25,841	(13,988)
Due to Girl Scouts of USA and troops	-	(2,775)
Deferred revenue	9,047	(8,274)
	(336,316)	7,218
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Cash restricted, net	81,649	19,215
Purchase of fixed assets	(1,029,675)	(442,014)
Proceeds from sale of investments	5,082,618	1,369,244
Purchase of investments	(5,229,262)	(454,077)
	(1,094,670)	492,368
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES		
Line-of-credit, net	1,111,090	317,000
Net increase (decrease) in cash	(319,896)	816,586
CASH, beginning of year	973,501	156,915
CASH, end of year	\$ 653,605	\$ 973,501
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid during the year for		
Interest	\$ 59,707	\$ 34,138

See accompanying Notes to Financial Statements.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

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 9).

Temporarily restricted net assets represent resources that must be used for purposes specified by the donor (see Note 10).

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 11).

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, 2018 and 2017

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 3).

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 \$30,000 and \$35,000 at September 30, 2018 and 2017, respectively. 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. Pledges Receivable

Pledges receivable represent unconditional promises to give by donors. Pledges receivable that are expected to be collected during the next year are recorded at net realizable value. Pledges receivable expected to be collected after one year are recorded at fair value, which is measured as the present value of estimated future cash flows discounted at an adjusted risk-free rate. Amortization of the discount is reflected as contributions. Pledges receivable are carried at original pledge amount less estimated future cash flows discounted and an estimate made for doubtful accounts based on review of outstanding amounts. The allowance for doubtful accounts was \$10,000 at September 30, 2018.

Pledges receivable are written off when deemed uncollectible. Recoveries of accounts previously written off are recorded when received. A contribution receivable is considered to be past due if any portion of the receivable balance has been outstanding for more than 90 days.

h. 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 net realizable value. There is no reserve for obsolete inventory as of September 30, 2018 and 2017.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

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

i. Fixed Assets, Net

Acquisition of fixed assets 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.

j. 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, 2018 and 2017.

k. 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.

l. 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, 2018		
	Cookie Sales	Magazine/ Nut Sales	Merchandise Sales
Gross revenue	\$ 4,847,004	\$ 372,537	\$ 331,751
Cost of product sales	1,944,718	220,404	190,251
Total product sales revenue	\$ 2,902,286	\$ 152,133	\$ 141,500
	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

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

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

l. Revenue Recognition - Continued

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.

m. Advertising

GSNENY records advertising costs as expenses when they are incurred. Advertising expense was approximately \$84,400 and \$66,100 for the years ended September 30, 2018 and 2017, respectively.

n. 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. There were no in-kind contributions received during the year ended September 30, 2018. In-kind contributions totaled approximately \$6,400 for the year ended September 30, 2017, 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.

o. 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.

p. 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, 2018 and 2017.

q. Comparative Totals Summarized Financial Information for 2017

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, 2017, from which the summarized information was derived.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

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

r. Subsequent Events

GSNENY has evaluated subsequent events for potential recognition or disclosure through January 18, 2019, the date the financial statements were available to be issued.

Note 2 - Pledges Receivable, Net

A summary of pledges receivable, net, are expected to be received as follows:

During the year ending September 30,	
2019	\$ 21,570
2020	18,220
2021	268,220
2022	18,020
2023	<u>4,830</u>
	330,860
Less discount to present value	(32,674)
Less allowance for doubtful pledges	<u>(10,000)</u>
Total pledges receivables, net	<u>\$ 288,186</u>

Note 3 - 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, 2018 and 2017:

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

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

Note 3 - Investments - Continued

Mutual Funds and Fixed Income Government Notes and Bonds: 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, 2018			Fair Value
	Cost	Unrealized Gains	Unrealized Losses	
Level 1 Investments				
Equity securities	\$ 769,371	\$ 756,093	\$ 2,649	\$ 1,522,815
Mutual funds	3,844,163	245,250	84,942	4,004,471
U.S. Government notes and bonds	26,410	4,693	-	31,103
	<u>4,639,944</u>	<u>1,006,036</u>	<u>87,591</u>	<u>5,558,389</u>
Level 2 Investments				
Corporate bonds	298,688	-	4,165	294,523
	<u>298,688</u>	<u>-</u>	<u>4,165</u>	<u>294,523</u>
Investments	<u>\$ 4,938,632</u>	<u>\$ 1,006,036</u>	<u>\$ 91,756</u>	<u>\$ 5,852,912</u>
	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
U.S. Government notes and bonds	26,410	7,224	-	33,634
	<u>2,493,254</u>	<u>1,917,980</u>	<u>8,426</u>	<u>4,402,808</u>
Level 2 Investments				
Corporate bonds	881,039	6,028	2,524	884,543
	<u>881,039</u>	<u>6,028</u>	<u>2,524</u>	<u>884,543</u>
Investments	<u>\$ 3,374,293</u>	<u>\$ 1,924,008</u>	<u>\$ 10,950</u>	<u>\$ 5,287,351</u>

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

Note 4 - Fixed Assets, Net

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

	September 30,	
	2018	2017
Land and improvements	\$ 594,821	\$ 572,534
Buildings and improvements	4,664,721	3,755,006
Furniture and equipment	832,936	740,558
Vehicles	498,273	455,647
Computer hardware and software	654,723	222,740
	7,245,474	5,746,485
Less accumulated depreciation	(3,685,713)	(3,450,773)
	3,559,761	2,295,712
Work in progress	46,902	516,217
	\$ 3,606,663	\$ 2,811,929

Note 5 - Special Events

Special events revenue totaling approximately \$94,000 is presented in the financial statements net of approximately \$57,900 of related expenditures for the year ended September 30, 2018. 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.

Note 6 - 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 3, 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,	
	2018	2017
Beneficial interests in perpetual trusts, <i>beginning of year</i>	\$ 4,102,973	\$ 3,864,909
Change in beneficial interests in perpetual trusts	296,164	399,955
Amounts distributed to GSNENY	(154,118)	(161,891)
	\$ 4,245,019	\$ 4,102,973

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

Note 6 - Beneficial Interests in Perpetual Trusts - Continued

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 7 - 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 \$56,500 and \$59,500 for the years ended September 30, 2018 and 2017, 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.

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, 2018. 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 \$32,400,000 and \$33,100,000 for the years ended December 31, 2018 and 2017, respectively. The aggregate annual contributions decreased from 2017 to 2018 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, 2019 are expected to continue to be approximately \$32,200,000. GSNENY made contributions into the Plan of approximately \$216,600 and \$226,800 for the years ended September 30, 2018 and 2017, respectively.

Note 8 - Lines-of-Credit

GSNENY has a \$3,000,000 working capital line-of-credit with NBT Bank, of which \$1,486,603 and \$962,000 was outstanding as of September 30, 2018 and 2017, respectively. The current line-of-credit is renewable June 30, 2019. Interest is charged at *The Wall Street Journal* prime rate minus .50% or the one-month LIBOR plus 1.75%, at the election of management, and will never fall below 2.75% (3.92% and 3.75% at September 30, 2018 and 2017, respectively).

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

Note 8 - Lines-of-Credit - Continued

GSNENY also has a \$1,000,000 capital improvements line-of-credit with NBT Bank, of which \$586,487 was outstanding as of September 30, 2018. The current line-of-credit is renewable June 30, 2019. Interest is charged at the one-month LIBOR plus 1.75% or fixed for one year at the U.S. Treasury rate plus 1.75% with the fixed rate expiring in January 2019, at the election of management (3.53% at September 30, 2018).

Both lines-of-credit are secured by the NBT Financial Group investment account, the value of which must be greater than \$5,714,285 at all times. If the value of the account falls below \$5,714,285, then the borrowing under the line-of-credit must not exceed 70% of the account value. In connection with the lines-of-credit, the GSNENY is required to meet certain reporting requirements. The working capital line-of-credit requires the GSNENY to maintain a zero balance for 30 consecutive days during the loan year.

Note 9 - Unrestricted, Board Designated Net Assets

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

	September 30,	
	2018	2017
Financial Assistance	\$ 290,234	\$ 310,813
Girl Leadership Development Programs	49,151	49,151
Unrestricted, Board designated	\$ 339,385	\$ 359,964

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 net assets transferred to Board designated funds totaled \$350,000 as of September 30, 2018.

Note 10 - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following uses:

	September 30,	
	2018	2017
Capital Campaign	\$ 288,186	\$ -
Maintaining and improving GSNENY's facilities for outdoor activities	116,548	204,180
Various GSNENY programs	71,160	70,941
Temporarily restricted net assets	\$ 475,894	\$ 275,121

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

Note 11 - Permanently Restricted Net Assets

Permanently restricted net assets are available for the following uses:

	September 30,	
	2018	2017
Beneficial interest in perpetual trusts	\$ 4,245,019	\$ 4,102,973
Donor restricted Investments	35,660	32,285
Permanently restricted net assets	<u>\$ 4,280,679</u>	<u>\$ 4,135,258</u>

Note 12 - 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 \$128 to \$1,323 and expire at various times ranging from April 2019 through August 2023. Rental expense under these leases was approximately \$71,000 and \$74,400 for the years ended September 30, 2018 and 2017, respectively.

A summary of future minimum lease payments is as follows:

For the year ending September 30,	
2019	\$ 63,690
2020	38,088
2021	33,439
2022	28,462
2023	8,779
	<u>\$ 172,458</u>

b. 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.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

Note 13 - Risk and Uncertainties

a. Significant Revenue Sources

Approximately 68% and 70% of GSNENY's unrestricted operating revenues during the years ended September 30, 2018 and 2017, 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, 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.

Note 14 - New Accounting Pronouncement Issued But Not Yet Implemented

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 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. The new standard is effective for annual reporting periods beginning after December 15, 2018, including interim periods within those fiscal years. ASU 2014-09 will be effective for the GSNENY on October 1, 2019. GSNENY has not yet selected a transition method and is currently evaluating the effect that the standard will have on the 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 12 months. Leases 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 fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. ASU 2016-02 will be effective for the GSNENY on October 1, 2020. 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 its pending adoption of the new standard on its financial statements, and currently expects that upon adoption, right-of-use assets and lease liabilities will be recognized in the statement of financial position.

Girl Scouts of Northeastern New York, Inc.

Notes to Financial Statements September 30, 2018 and 2017

Note 14 - New Accounting Pronouncement Issued But Not Yet Implemented - Continued

In August 2016, the FASB issued ASU No. 2016-14 - *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities* which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, "net assets with donor restrictions" and "net assets without donor restrictions," and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017. ASU 2016-14 will be effective for the GSNENY on October 1, 2018. GSNENY expects to fully comply with the presentation and disclosure requirements of ASU 2016-14.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows* (Topic 230): *Restricted Cash* (a consensus of the FASB Emerging Issues Task Force), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. These amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. ASU 2016-18 will be effective for the GSNENY beginning on October 1, 2019. ASU 2016-18 must be applied using a retrospective transition method with early adoption permitted. The adoption of ASU 2016-18 is not expected to have a material impact on the financial statements.

In June 2018, the FASB Issued ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies and improves the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations and business enterprises. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The amendments in ASU 2018-08 are effective for annual financial statements issued for fiscal years beginning after December 15, 2019. ASU 2018-08 will be effective for the GSNENY on October 1, 2020. GSNENY is currently evaluating the impact the adoption of this guidance will have on its financial statements.

Girl Scouts of Northeastern New York, Inc.

Schedule of Functional Expenses

	Year Ended September 30, 2018			
	Program Services	Management and General	Fund Raising	Total
Salaries	\$ 1,864,395	\$ 231,142	\$ 189,826	\$ 2,285,363
Benefits and payroll taxes	522,749	64,812	53,226	640,787
Advertising	75,165	4,076	5,150	84,391
Provision for bad debts	(5,000)	-	-	(5,000)
Camperships and other awards	69,161	659	-	69,820
Conferences, conventions, meetings, and courses	31,904	18,109	1,961	51,974
Contract services	121,742	33,203	93,252	248,197
Depreciation	191,634	23,779	19,528	234,941
Information technology	4,539	1,370	1,061	6,970
Insurance	66,036	16,024	6,566	88,626
Interest expense	-	62,621	-	62,621
Licenses and fees	1,918	30,575	-	32,493
Maintenance and repairs	142,003	10,026	4,827	156,856
Miscellaneous	4,280	50,722	74	55,076
Occupancy	96,699	5,776	8,914	111,389
Office supplies and equipment lease	13,350	5,608	2,604	21,562
Postage and shipping	14,217	8,465	1,510	24,192
Printing, publications, and subscriptions	29,527	6,086	17,540	53,153
Professional service fees	-	31,155	-	31,155
Small equipment purchases	21,679	2,510	2,348	26,537
Staff recruitment	46,002	8,710	-	54,712
Supplies and recognition awards	284,541	1,535	993	287,069
Telephone	40,017	9,771	4,455	54,243
Travel and transportation	126,947	21,585	1,620	150,152
Total functional expenses	\$ 3,763,505	\$ 648,319	\$ 415,455	\$ 4,827,279

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
Provision for 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 and 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
Total functional expenses	\$ 3,344,677	\$ 773,384	\$ 298,813	\$ 4,416,874