

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

**FINANCIAL STATEMENTS
AND AUDITOR'S REPORT**

SEPTEMBER 30, 2014 AND 2013

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

TABLE OF CONTENTS

Independent Auditor's Report

Exhibit

A - Statements of Financial Position

B - Statements of Activities

C - Statements of Functional Expenses

D - Statements of Cash Flows

Notes to Financial Statements



LOEB & TROPER LLP

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Girl Scout Council of Greater New York, Inc., which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scout Council of Greater New York, Inc. as of September 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Loeb & Troper LLP

January 14, 2015

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and cash equivalents	\$ 1,423,844	\$ 771,094
Investments at fair value (Note 3)	5,832,537	5,370,935
Contributions receivable - net (Note 4)	1,092,723	1,027,793
Accounts receivable	7,752	25,126
Prepaid expenses and other assets	191,162	144,739
Inventory	13,030	3,471
Deferred rent receivable (Note 5)	37,195	71,610
Beneficial interest in a perpetual trust (Notes 3 and 6)	417,979	406,557
Fixed assets - net (Note 7)	<u>805,578</u>	<u>656,401</u>
Total assets	<u>\$ 9,821,800</u>	<u>\$ 8,477,726</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses (Note 9)	\$ 419,288	\$ 300,963
Deferred revenue	257,807	168,091
Line of credit payable (Note 8)	200,000	
Deferred rent payable	33,323	109,874
Annuities payable	<u>9,188</u>	<u>9,780</u>
Total liabilities	<u>919,606</u>	<u>588,708</u>
Net assets (Exhibit B)		
Unrestricted	6,715,476	6,338,961
Temporarily restricted (Note 11)	1,755,739	1,131,500
Permanently restricted (Note 11)	<u>430,979</u>	<u>418,557</u>
Total net assets	<u>8,902,194</u>	<u>7,889,018</u>
Total liabilities and net assets	<u>\$ 9,821,800</u>	<u>\$ 8,477,726</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

EXHIBIT B

STATEMENTS OF ACTIVITIES

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, losses and other support								
Product sales	\$ 3,810,424			\$ 3,810,424	\$ 3,929,202			\$ 3,929,202
Direct costs of product sales	(1,149,739)			(1,149,739)	(1,160,647)			(1,160,647)
Contributions								
General public	507,883	\$ 369,341		877,224	350,854	\$ 539,000		889,854
Foundations and corporations	554,898	652,500	\$ 1,000	1,208,398	745,664	585,500	\$ 1,000	1,332,164
United Way of New York City	2,747			2,747	4,038			4,038
Legacies and bequests	29,952			29,952	19,695			19,695
Association fund raising	26,775			26,775	36,557			36,557
Donated goods	8,749			8,749	19,530			19,530
Governmental grants	33,500			33,500	40,000			40,000
Special events revenue	1,142,959			1,142,959	1,180,322			1,180,322
Direct cost of special events	(223,955)			(223,955)	(239,574)			(239,574)
Program fees (net of financial assistance of \$175,815 for 2014 and \$146,305 for 2013)	273,318			273,318	373,991			373,991
Net investment return (Note 3)	385,931			385,931	514,878			514,878
Change in value of beneficial interest in a perpetual trust			11,422	11,422			24,861	24,861
Rental income	318,504			318,504	335,689			335,689
Actuarial losses on annuity obligations	(1,998)			(1,998)	(1,968)			(1,968)
Other income	13,259			13,259	39,291			39,291
Net assets released from restrictions (Note 11)	397,602	(397,602)			137,742	(137,742)		
Total revenues, gains, losses and other support	<u>6,130,809</u>	<u>624,239</u>	<u>12,422</u>	<u>6,767,470</u>	<u>6,325,264</u>	<u>986,758</u>	<u>25,861</u>	<u>7,337,883</u>
Expenses (Exhibit C)								
Program services								
Membership services	1,554,347			1,554,347	1,563,185			1,563,185
Girl Scout program services	1,593,003			1,593,003	1,489,473			1,489,473
Camp operations	597,109			597,109	702,846			702,846
Adult education	329,011			329,011	364,557			364,557
Public information	148,317			148,317	268,515			268,515
Total program services	<u>4,221,787</u>			<u>4,221,787</u>	<u>4,388,576</u>			<u>4,388,576</u>
Supporting services								
Management and general	813,336			813,336	751,034			751,034
Fund development	719,171			719,171	544,746			544,746
Total supporting services	<u>1,532,507</u>			<u>1,532,507</u>	<u>1,295,780</u>			<u>1,295,780</u>
Total expenses	<u>5,754,294</u>			<u>5,754,294</u>	<u>5,684,356</u>			<u>5,684,356</u>
Change in net assets (Exhibit D)	376,515	624,239	12,422	1,013,176	640,908	986,758	25,861	1,653,527
Net assets - beginning of year	6,338,961	1,131,500	418,557	7,889,018	5,698,053	144,742	392,696	6,235,491
Net assets - end of year (Exhibit A)	<u>\$ 6,715,476</u>	<u>\$ 1,755,739</u>	<u>\$ 430,979</u>	<u>\$ 8,902,194</u>	<u>\$ 6,338,961</u>	<u>\$ 1,131,500</u>	<u>\$ 418,557</u>	<u>\$ 7,889,018</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

EXHIBIT C

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014										Total 2013	
	Program Services					Supporting Services			Direct Cost of Special Events	Direct Cost of Product Sales		Total
	Membership Services	Girl Scout Program Services	Camp Operations	Adult Education	Public Information	Total	Management and General	Fund Development				
Salaries	\$ 795,726	\$ 621,746	\$ 225,081	\$ 138,762	\$ 47,715	\$ 1,829,030	\$ 360,979	\$ 389,749			\$ 2,579,758	\$ 2,676,263
Payroll taxes	72,185	59,152	19,756	12,946	4,742	168,781	39,674	35,415			243,870	260,927
Health and retirement benefits	189,918	138,097	42,705	31,813	11,963	414,496	64,496	89,030			568,022	512,886
Total salaries, payroll taxes and benefits	1,057,829	818,995	287,542	183,521	64,420	2,412,307	465,149	514,194			3,391,650	3,450,076
Professional and consulting fees	8,221	234,960	4,269	2,611	52,419	302,480	248,043	104,931			655,454	614,639
Cost of cookies and other products										\$ 1,149,739	1,149,739	1,160,647
Supplies	32,255	83,227	59,075	32,578	602	207,737	4,194	3,905			215,836	253,221
Postage and shipping	5,438	21,298	3,752	2,561	1,315	34,364	215	19,379			53,958	53,020
Printing and publications	8,055	12,346	6,041	4,056	5,675	36,173	297	40,152			76,622	90,186
Telephone	15,504	15,043	4,795	2,532	768	38,642	1,351	1,258			41,251	42,827
Travel	24,276	16,414	22,365	2,954	249	66,258	1,595	1,485			69,338	61,701
Conference and meetings	12,024	2,861	2,045	654	123	17,707	859	799			19,365	12,056
Event catering costs									\$ 223,955		223,955	239,574
Equipment leases and repairs	16,312	19,356	3,807	3,846	725	44,046	5,052	4,703			53,801	58,729
Assistance to individuals	13,654	30,467				44,121	305	250			44,676	40,952
Occupancy (Note 8)	229,254	247,890	165,410	63,011	14,450	720,015	11,114	11,114			742,243	725,243
Insurance	41,832	26,684	14,770	8,360	2,232	93,878	6,760	6,760			107,398	91,215
Investment management fees							35,384				35,384	36,721
Bad debt							10,489				10,489	
Interest							8,175				8,175	2,761
Miscellaneous	385	947	5,377		874	7,583	47,093	7,596			62,272	60,516
Total expenses before depreciation and amortization and direct costs of product sales and special events	1,465,039	1,530,488	579,248	306,684	143,852	4,025,311	846,075	716,526	223,955	1,149,739	6,961,606	6,994,084
Depreciation and amortization	89,308	62,515	17,861	22,327	4,465	196,476	2,645	2,645			201,766	127,214
Total expenses	1,554,347	1,593,003	597,109	329,011	148,317	4,221,787	848,720	719,171	223,955	1,149,739	7,163,372	7,121,298
Less direct costs of product sales, special events and investment management fees							(35,384)		(223,955)	(1,149,739)	(1,409,078)	(1,436,942)
Total expenses as reported by function on the statements of activities (Exhibit B)	\$ 1,554,347	\$ 1,593,003	\$ 597,109	\$ 329,011	\$ 148,317	\$ 4,221,787	\$ 813,336	\$ 719,171	\$ -	\$ -	\$ 5,754,294	\$ 5,684,356

-continued-

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2013										
	Program Services					Supporting Services			Direct Cost of Special Events	Direct Cost of Product Sales	Total
	Membership Services	Girl Scout Program Services	Camp Operations	Adult Education	Public Information	Total	Management and General	Fund Development			
Salaries	\$ 769,926	\$ 673,219	\$ 325,622	\$ 144,977	\$ 117,420	\$ 2,031,164	\$ 374,498	\$ 270,601		\$ 2,676,263	
Payroll taxes	55,647	48,686	23,659	10,474	8,484	146,950	94,427	19,550		260,927	
Health and retirement benefits	171,967	144,165	46,116	32,761	26,532	421,541	30,510	60,835		512,886	
Total salaries, payroll taxes and benefits	997,540	866,070	395,397	188,212	152,436	2,599,655	499,435	350,986		3,450,076	
Professional and consulting fees	48,959	143,599	18,551	4,097	84,963	300,169	163,608	150,862		614,639	
Cost of cookies and other products									\$ 1,160,647	1,160,647	
Supplies	41,974	106,029	56,187	38,610	1,704	244,504	4,509	4,208		253,221	
Postage and shipping	11,244	24,417	7,036	6,059	405	49,161	1,996	1,863		53,020	
Printing and publications	26,629	24,708	5,445	12,772	11,551	81,105	4,697	4,384		90,186	
Telephone	15,005	10,378	5,664	3,361	611	35,019	4,039	3,769		42,827	
Travel	15,836	20,642	19,699	2,947	187	59,311	1,236	1,154		61,701	
Conference and meetings	5,146	2,558	1,101	1,048	160	10,013	1,057	986		12,056	
Event catering costs									\$ 239,574	239,574	
Equipment leases and repairs	27,058	12,211	4,422	4,180	788	48,659	5,209	4,861		58,729	
Assistance to individuals	11,509	26,943				38,452		2,500		40,952	
Occupancy (Note 8)	275,909	189,675	151,067	80,103	12,695	709,449	7,519	8,275		725,243	
Insurance	27,558	22,727	22,746	9,092		82,123	4,546	4,546		91,215	
Investment management fees							36,721			36,721	
Interest							2,761			2,761	
Miscellaneous	2,509	100	4,269		200	7,078	48,754	4,684		60,516	
Total expenses before depreciation and amortization and direct costs of product sales and special events	1,506,876	1,450,057	691,584	350,481	265,700	4,264,698	786,087	543,078	239,574	1,160,647	6,994,084
Depreciation and amortization	56,309	39,416	11,262	14,076	2,815	123,878	1,668	1,668			127,214
Total expenses	1,563,185	1,489,473	702,846	364,557	268,515	4,388,576	787,755	544,746	239,574	1,160,647	7,121,298
Less direct costs of product sales, special events and investment management fees							(36,721)		(239,574)	(1,160,647)	(1,436,942)
Total expenses as reported by function on the statements of activities (Exhibit B)	\$ 1,563,185	\$ 1,489,473	\$ 702,846	\$ 364,557	\$ 268,515	\$ 4,388,576	\$ 751,034	\$ 544,746	\$ -	\$ -	\$ 5,684,356

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets (Exhibit B)	\$ 1,013,176	\$ 1,653,527
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	201,766	127,214
Net realized and unrealized gains on investments	(307,894)	(432,636)
Actuarial loss on annuity obligations	1,998	1,968
Change in value of beneficial interest in a perpetual trust	(11,422)	(24,861)
Decrease (increase) in assets		
Contributions receivable	(64,930)	(831,642)
Accounts receivable	17,374	38,991
Prepaid expenses and other assets	(46,423)	(4,012)
Inventory	(9,559)	1,979
Deferred rent receivable	34,415	27,077
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	118,325	50,013
Deferred revenue	89,716	(21,960)
Deferred rent payable	(76,551)	(64,974)
Net cash provided by operating activities	<u>959,991</u>	<u>520,684</u>
Cash flows from investing activities		
Fixed asset acquisitions	(350,943)	(34,881)
Proceeds from sale of investments	752,236	1,058,162
Purchase of investments	(905,944)	(984,376)
Net cash provided (used) by investing activities	<u>(504,651)</u>	<u>38,905</u>
Cash flows from financing activities		
Payment of annuity obligations	(2,590)	(2,590)
Proceeds from line of credit	675,000	760,000
Repayment of line of credit	(475,000)	(760,000)
Net cash provided (used) by financing activities	<u>197,410</u>	<u>(2,590)</u>
Net change in cash and cash equivalents	652,750	556,999
Cash and cash equivalents - beginning of year	<u>771,094</u>	<u>214,095</u>
Cash and cash equivalents - end of year	<u>\$ 1,423,844</u>	<u>\$ 771,094</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ 8,175</u>	<u>\$ 2,761</u>

See independent auditor's report.

The accompanying notes are an integral part of these statements.

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 1 - NATURE OF ORGANIZATION

Girl Scout Council of Greater New York, Inc. (the "Council") was organized in 1940 to carry out the informal educational programs of the Girl Scout Council of the United States of America for girls ages 5 to 17 within the Greater New York area.

The programs seek to develop in each girl the following attributes: a deepening self-awareness, a strong value system, an ability to relate to others, and a commitment to society. The Council fulfills this purpose through the organization of troop and/or group activities; the operation and maintenance of a year-round camp; and the recruitment and development of adult volunteers.

The Council, which qualifies as a Section 501(c)(3) organization under the Internal Revenue Code (the Code), is exempt from federal income tax and has been classified as an organization that is not a private foundation under Section 501(a) of the Code. In addition, the Council is exempt from state and local income taxes and comparable laws. The Council qualifies for the maximum charitable contribution deduction by donors.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America as applicable to not-for-profit entities.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Cash and Cash Equivalents

For financial statement presentation purposes, the Council considers all highly liquid investments with original maturities of three months or less at the date of acquisition to be cash equivalents, with the exception of money market accounts which are held in the Council's investment portfolio.

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2014 AND 2013****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****D. Investments**

Investments are reported in the accompanying financial statements at fair value and consist primarily of money market funds and equity and fixed-income mutual funds, and are maintained with a custodian. Donated securities are recorded at their fair value on the date they are received.

Income on investments is recorded as unrestricted unless otherwise restricted by the donor.

Investment securities, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term, based on the markets' fluctuations, and that such changes could materially affect the amounts reported in the financial statements.

E. Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The Council determines if an allowance for doubtful contributions is necessary based on management's assessment of the aging of the receivable, current economic conditions and historical information.

Conditional promises to give are not included as support until the conditions are substantially met.

F. Government Grants and Receivables

Revenues and receivables from government grants are recognized when reimbursable expenditures are incurred under the terms of the contract. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Factors used to determine whether an allowance should be recorded include the age of the receivable and a review of payments subsequent to year end. Interest is not charged on outstanding receivable balances. Management has determined that no allowance is necessary.

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2014 AND 2013****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****F. Government Grants and Receivables (continued)**

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

G. Inventory

Inventory, which consists primarily of promotional materials such as tee shirts and sweatshirts, is stated at lower of cost or market value. Cost is determined on the first-in, first-out basis.

H. Deferred Rent Receivable

Rental income from subleased space is straight-lined over the term of the lease. The difference between the rent revenue earned by the Council on the accrual basis and the rental payments received in cash is attributable to several months of free rent and scheduled rent increases, and is reported as deferred rent receivable in the accompanying financial statements.

I. Fixed Assets

Land, buildings and building improvements, leasehold improvements, furniture and equipment are reported at their original cost if purchased by the Council, or at their fair value at the date of donation. The Council capitalized all expenditures in excess of \$5,000 with estimated useful lives of more than one year.

Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are amortized using the straight-line method over the remaining lease term, or the estimated useful life of the improvement, whichever is shorter.

J. Deferred Revenue

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

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2014 AND 2013****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****K. Operating Leases and Deferred Rent Payable**

Operating leases are straight-lined over the term of the lease. The difference between the rent expense incurred by the Council on the accrual basis and the rental payments paid in cash is attributable to several months of free rent and scheduled rent increases, and is reported as deferred rent payable in the accompanying financial statements.

L. Accrued Vacation

The Council's policy is that employees cannot carry over any unused vacation into the next fiscal period. Consequently, no accrued vacation obligation has been recorded as of September 30, 2014 and 2013.

M. Net Assets

The net assets of the Council and changes therein are classified and reported as follows:

- ***Unrestricted:*** Unrestricted net assets represent those resources that are not subject to donor restrictions.
- ***Temporarily restricted:*** Temporarily restricted net assets represent those resources that are subject to donor-imposed stipulations that will be met either by the actions of the Council and/or the passage of time.
- ***Permanently restricted:*** Permanently restricted net assets represent those resources that require that the principal be invested in perpetuity and that only the income be used. The Council's permanently restricted net assets include a beneficial interest in a perpetual trust, which is shown at the Council's share of the fair value of the underlying trust's assets.

N. Product Sales - Cookie Revenue

The Girl Scout Cookie Sale in the five boroughs of New York City is an annual program activity in which Girl Scouts voluntarily participate. Of the \$4.00 paid by customers for each box for the years ended September 30, 2014 and 2013, respectively:

- \$0.98 and \$0.96 represents the cost of cookies.

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2014 AND 2013****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****N. Product Sales - Cookie Revenue (continued)**

- \$2.31 went to the Council to provide for 29,034 girls in 2014 and \$2.39 went to the Council to provide for 27,936 girls in 2013, as well as 8,058 volunteers in 2014 and 9,087 volunteers in 2013; 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.
- \$0.71 and \$0.65 in 2014 and 2013, respectively, went to the girls' troop treasury, to be used for troop program activities, trips, and materials for service projects and other supplies, as decided by the girls and their leaders.

O. Contributions

Contributions, including unconditional promises to give cash and other assets, are reported at fair value at the date the contribution is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions received and expended in the same fiscal year are reflected as unrestricted revenues.

P. Donated Goods and Services

Contributed goods are recognized at their fair values at the date of donation. Contributions of services are recognized when they are received if the services (a) create or enhance non-financial assets, or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not donated.

Q. 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.

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2014 AND 2013****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****R. 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.

S. 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 9.2% 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.

T. Fair Value Measurements

Fair Value Measurements (FASB ASC Topic 820) establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below. Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access. Level 2 inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2014 AND 2013****NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****T. Fair Value Measurements (continued)**

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at September 30, 2014 and 2013. The following is a description of the valuation methodologies used for assets measured at fair value:

Money market and 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.

The assets at fair value as of September 30, 2014 and 2013 are set forth by level within the fair value hierarchy in Note 3.

U. Uncertainty in Income Taxes

The Council has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ending September 30, 2011 and subsequent remain subject to examination by applicable taxing authorities.

V. Subsequent Events

In accordance with generally accepted accounting principles, subsequent events (after September 30, 2014) have been evaluated through January 14, 2015, which is the date the financial statements were available to be issued.

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Reclassifications

The 2013 amount for interest expense has been segregated from miscellaneous expenses on the functional expenses to conform to the 2014 presentation.

Additionally, investment management fees for 2013 were netted against investment income to conform to the 2014 presentation.

NOTE 3 - INVESTMENTS AND FAIR VALUE HIERARCHY

The following table sets forth by level, within the fair value hierarchy, the investment balance and other assets recorded at fair value as of September 30, 2014 and 2013:

	2014		2013	
	Level 1	Level 3	Level 1	Level 3
Investments				
Money market funds	\$ <u>251,870</u>		\$ <u>85,031</u>	
Equity mutual and exchange traded funds				
U.S. Large Cap	2,154,026		2,024,433	
U.S. Mid Cap	253,242		229,907	
U.S. Small Cap	122,144		119,083	
International				
Developed	806,000		781,023	
Emerging markets	195,203		187,832	
Commodity/REIT	<u>198,374</u>		<u>197,713</u>	
	<u>3,728,989</u>		<u>3,539,991</u>	
Fixed-income mutual fund	<u>1,851,678</u>		<u>1,745,913</u>	
Total investments	\$ <u>5,832,537</u>		\$ <u>5,370,935</u>	
Beneficial interest in perpetual trust		\$ <u>417,979</u>		\$ <u>406,557</u>

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 3 - INVESTMENTS AND FAIR VALUE HIERARCHY (continued)

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Level 3 assets for the years ended September 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Balance, beginning of year	\$ 406,557	\$ 381,696
Change in carrying value of trust	<u>11,422</u>	<u>24,861</u>
Balance, end of year	<u>\$ 417,979</u>	<u>\$ 406,557</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 market value of the segregated custodial account, including earnings, was \$180,540 and \$177,375 as of September 30, 2014 and 2013, respectively.

The Council transferred \$25,000 and \$155,500 during fiscal years ended September 30, 2014 and 2013, respectively, from the investment portfolio to the operating cash account.

Net investment return consisted of the following:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 113,421	\$ 118,963
Net realized and unrealized gains on investments	307,894	432,636
Investment fees	<u>(35,384)</u>	<u>(36,721)</u>
Net investment return	<u>\$ 385,931</u>	<u>\$ 514,878</u>

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

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>2014</u>	<u>2013</u>
2014		\$ 486,748
2015	\$ 713,657	359,500
2016	165,250	104,500
2017	151,250	104,000
2018	50,250	
2019	15,000	
Thereafter	<u>35,000</u>	
	1,130,407	1,054,748
Allowance for doubtful accounts	(20,000)	(9,511)
Discount for contributions to be collected in excess of one year, at 2%	<u>(17,684)</u>	<u>(17,444)</u>
	<u>\$ 1,092,723</u>	<u>\$ 1,027,793</u>

Contributions receivable at September 30, 2014 and September 30, 2013 include contributions from two donors which approximate 33% and 60%, respectively, of the receivable balance.

NOTE 5 - DEFERRED RENT RECEIVABLE

The Council entered into a sublease agreement with a local organization on September 15, 2010. The lease is noncancelable and expires on February 28, 2015. Future sublease payments are:

<u>Year Ending</u> <u>September 30</u>	
2015	\$ <u>127,812</u>

The Council agreed to a rent concession. The rental income is recorded on the straight-line basis. The deferred rent receivable is \$37,195 and \$71,610 as of September 30, 2014 and 2013, respectively.

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 6 - BENEFICIAL INTEREST IN A PERPETUAL TRUST

The Council is a 5% beneficiary of the Gaston Trust. The assets in this trust are managed by a trustee other than the Council and are predominantly invested in equity and fixed-income instruments. The Council is entitled to receive its share of the annual net investment income earned from the trust's assets in perpetuity. The reported value of the Council's portion of the beneficial interest as of September 30, 2014 and 2013, which is measured by its share of the fair value of the trust's assets, is \$417,979 and \$406,557, respectively.

The investment income distributed from the trust is unrestricted and is reported as such in the accompanying financial statements. The change in the fair value of the trust's assets is reported as an increase or decrease in permanently restricted net assets.

NOTE 7 - FIXED ASSETS

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

	<u>2014</u>	<u>2013</u>	Estimated Useful Lives
Land	\$ 115,654	\$ 115,654	
Buildings and building improvements	1,667,134	1,651,537	25 - 40 years
Leasehold improvements	350,337	350,337	3 - 10 years
Furniture and equipment	1,064,116	962,160	5 - 10 years
Construction in progress	<u>233,390</u>	<u> </u>	
	3,430,631	3,079,688	
Less accumulated depreciation and amortization	<u>(2,625,053)</u>	<u>(2,423,287)</u>	
	<u>\$ 805,578</u>	<u>\$ 656,401</u>	

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 8 - COMMITMENTS AND CONTINGENCIES

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

<u>Year Ending September 30</u>	
2015	\$ 248,057
2016	510,621
2017	561,682
2018	612,745
2019	612,745
Thereafter	<u>7,892,739</u>
	<u>\$ 10,438,589</u>

Rent expense for the years ended September 30, 2014 and 2013 was \$590,474 and \$533,894, respectively.

- (2) The Council signed an agreement for a 5-year \$1,000,000 secured line of credit with Bank of New York Mellon on September 22, 2011. The line of credit's rate is one-month LIBOR plus 175 basis points with a minimum floor of 2%. On March 24, 2014, the Council converted its existing line into a new revolving credit line note with Bank of New York Mellon for \$2,750,000. The new line of credit's rate is one-month LIBOR plus 150 basis points with a minimum floor of 2%. The line of credit renews annually and borrowings against this line of credit are secured by the Council's investments. The line requires that the Council certify annually that collateralized securities are owned free of any restriction or encumbrances. As of September 30, 2014 and 2013, the interest rate was 2% with interest expense of \$8,175 and \$2,761, respectively, for the fiscal years then ended. \$200,000 and \$0 were outstanding at September 30, 2014 and 2013, respectively. Subsequent to year end, the Council made additional draw downs of \$1,000,000 on this line of credit.

On April 4, 2014, Bank of New York Mellon issued a letter of credit to the Council's new landlord in the amount of \$101,468 that is set to expire April 5, 2015. The letter of credit is set to automatically renew annually until December 31, 2030 with the payment of a small administrative fee. The outstanding balance of 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.

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.**NOTES TO FINANCIAL STATEMENTS****SEPTEMBER 30, 2014 AND 2013****NOTE 8 - COMMITMENTS AND CONTINGENCIES (continued)**

- (3) The Council is subject to litigation in the routine course of conducting business. The Council is not aware of any pending or threatened litigation as of September 30, 2014.
- (4) The Council is responsible to report to various third parties, among which are the Internal Revenue Service, the New York State Department of Charities Registration, the New York State Office of the Attorney General, and the Office of Inspector General (OIG). These agencies and others have the right to audit the Council. In management's opinion, there are no material adjustments that may arise from these potential audits.

NOTE 9 - RELATED PARTY

The Council is a separately incorporated 501(c)(3) organization chartered by the Girl Scouts of the United States of America (GSUSA) to deliver the Girl Scout program in the five boroughs of New York City. Based on the charter, the Council collects membership dues on behalf of GSUSA from program participants. The dues are recorded as a liability by the Council upon collection. The amount collected on behalf of GSUSA as of September 30, 2014 and 2013 was \$393,460 and \$451,934, respectively. As of September 30, 2014 and 2013, \$111,347 and \$104,391, respectively, was due to GSUSA and included in accounts payable and accrued expenses.

NOTE 10 - PENSION PLANS

The Council participates in the National Girl Scout Council Retirement Plan (EIN 13-1624016, Plan #002), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the United States of America, which covers substantially all of the employees of various Girl Scout councils. Benefits are based on years of service and salary levels. The Council's pension expense and contributions to this plan for fiscal 2014 and 2013 was \$305,048 and \$261,009, respectively, which represents less than 5% of total contributions to the Plan. The National Board of Girl Scouts of the United States of America voted to freeze future benefits under the Plan effective July 31, 2010. Due to the nature of the Plan, it is not practicable to determine the extent to which the assets of the Plan cover the actuarially computed value of vested benefits for the Council as a stand-alone operation. The Plan is subject to certain funding requirements and, due to unfavorable market conditions, as of January 1, 2014 and 2013 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.

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

NOTE 10 - PENSION PLANS (continued)

In 2011, the Council established a discretionary defined contribution retirement plan. The contributions 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 \$21,668 and \$0 to the plan during the years ended September 30, 2014 and 2013, respectively. Additionally, the Council had a noncontributory tax-deferred 403(b) plan, which it merged subsequent to year end with the discretionary defined contribution retirement plan into a single 403(b) plan.

NOTE 11 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

At the end of the fiscal year, temporarily restricted net assets were available for the following purposes and periods:

	<u>2014</u>	<u>2013</u>
Girl Scout programs and adult education	\$ 171,100	\$ 88,787
2 nd Century Campaign:		
Expansion Fund	62,500	14,920
Camp Kaufman Fund	182,444	
Leadership Center Fund		
Operations & Capacity Fund	100,000	
Campaign General Fund	146,972	
For periods after September 30	<u>1,092,723</u>	<u>1,027,793</u>
Total temporarily restricted net assets	\$ <u>1,755,739</u>	\$ <u>1,131,500</u>

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

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

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

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

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

Temporarily restricted net assets classified above as restricted for time restrictions that are also purpose restricted to the 2nd Century campaign totaled \$681,323 and \$448,500 for the years ended September 30, 2014 and September 30, 2013, respectively.

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

	<u>2014</u>	<u>2013</u>
Girl Scout programs and adult education	\$ 52,500	\$ 5,000
2 nd Century Campaign	21,866	
Lapse of time restrictions	<u>323,236</u>	<u>132,742</u>
	<u>\$ 397,602</u>	<u>\$ 137,742</u>

-continued-

GIRL SCOUT COUNCIL OF GREATER NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2014 AND 2013

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

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

	<u>2014</u>	<u>2013</u>
Camp scholarships	\$ 13,000	\$ 12,000
General operations (beneficial interest in a perpetual trust)	<u>417,979</u>	<u>406,557</u>
	<u>\$ 430,979</u>	<u>\$ 418,557</u>