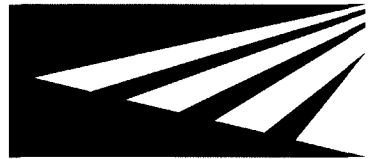


**GIRL SCOUTS OF NASSAU COUNTY, INC.**  
**FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEARS ENDED**  
**DECEMBER 31, 2017 AND 2016**  
**TOGETHER WITH AUDITOR'S REPORT**

**GIRL SCOUTS OF NASSAU COUNTY, INC.**  
**FINANCIAL STATEMENTS AND AUDITOR'S REPORT**  
**AS OF AND FOR THE YEARS ENDED**  
**DECEMBER 31, 2017 AND 2016**

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**NawrockiSmith**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Girl Scouts of Nassau County, Inc.:

***Report on Financial Statements***

We have audited the accompanying financial statements of the Girl Scouts of Nassau County, Inc. (the "Girl Scouts", a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities and changes in net assets 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.

# NawrockiSmith

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Girl Scouts of Nassau County, Inc. as of December 31, 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 Summarized Comparative Information***

We have previously audited the Girl Scouts' 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary statements on pages 18-20 are presented for purposes of additional analysis and are 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 audit 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 taken as a whole.

Melville, New York  
March 27, 2018



**GIRL SCOUTS OF NASSAU COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2017 AND 2016**

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,133,081	\$ 772,242
Investments	22,748,766	21,930,603
Accounts receivable	22,208	123,794
Materials for sale or use	158,345	160,538
Prepaid expenses	17,240	41,925
Total current assets	24,079,640	23,029,102
<b>FIXED ASSETS, at cost, net of accumulated depreciation of \$6,137,933 and \$8,449,654 in 2017 and 2016</b>		
	5,828,052	3,952,988
Total assets	\$ 29,907,692	\$ 26,982,090
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Loan payable to financial institution	\$ 5,112,100	\$ 2,587,100
Accounts payable and accrued expenses	301,302	190,365
Other liabilities	71,225	86,906
Accrued interest payable	152,604	-
Total current liabilities	5,637,231	2,864,371
<b>NET ASSETS:</b>		
Unrestricted:		
General Fund	419,751	432,994
Land, Building & Equipment	849,416	1,399,283
Board Endowment Fund	10,052,916	10,577,261
Capital Fund	7,097,256	6,824,671
New Directions Fund	5,784,218	4,815,743
Total unrestricted	24,203,557	24,049,952
Temporarily restricted	13,809	14,672
Permanently restricted	53,095	53,095
Total net assets	24,270,461	24,117,719
Total liabilities and net assets	\$ 29,907,692	\$ 26,982,090

The accompanying notes to financial statements are an  
integral part of these statements.

**GIRL SCOUTS OF NASSAU COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

	General Fund	Land, Building & Equipment	Unrestricted			Temporarily Restricted	Permanently Restricted	Total All Funds	
			Board Endowment Fund	Capital Fund	New Directions Fund	Donor Restricted Fund	Donor Restricted Fund	2017	2016
<b>PUBLIC SUPPORT AND REVENUES:</b>									
Public support:									
Foundations, trusts and other grants	\$ 118,599	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,599	\$ 80,530
Annual giving	89,996	-	-	-	-	-	-	89,996	110,392
Allocations from United Way and community chests	28,609	-	-	-	-	-	-	28,609	30,028
Special fundraising events, net of direct costs of \$10,097 and \$13,428 in 2017 and 2016	24,299	-	-	-	-	-	-	24,299	91,526
<b>Total public support</b>	<b>261,503</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>261,503</b>	<b>312,476</b>
Revenues:									
Cookie and fall product sales, net of direct costs of \$2,474,501 and \$2,247,934 in 2017 and 2016	2,925,414	-	-	-	-	-	-	2,925,414	2,910,966
Program service fees	765,492	-	-	-	-	-	-	765,492	750,036
Sale of supplies and services, net of costs of \$352,842 and \$350,741 in 2017 and 2016	223,270	-	-	-	-	-	-	223,270	270,916
Investment income, net	1,118	-	172,193	280,233	518,819	16	-	972,379	860,501
Unrealized gain (loss) on investments held, net	(15,975)	-	223,462	7,352	779,656	-	-	994,495	312,792
Site use fees	25,017	-	-	-	-	-	-	25,017	23,040
Other	4,849	-	-	-	-	-	-	4,849	6,748
<b>Total revenues</b>	<b>3,929,185</b>	<b>-</b>	<b>395,655</b>	<b>287,585</b>	<b>1,298,475</b>	<b>16</b>	<b>-</b>	<b>5,910,916</b>	<b>5,134,999</b>
<b>Total public support and revenues</b>	<b>\$ 4,190,688</b>	<b>\$ -</b>	<b>\$ 395,655</b>	<b>\$ 287,585</b>	<b>\$ 1,298,475</b>	<b>\$ 16</b>	<b>\$ -</b>	<b>\$ 6,172,419</b>	<b>\$ 5,447,475</b>

**GIRL SCOUTS OF NASSAU COUNTY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

	General Fund	Land, Building & Equipment	Unrestricted			Temporarily Restricted	Permanently Restricted	Total All Funds	
			Board Endowment Fund	Capital Fund	New Directions Fund	Donor Restricted Fund	Donor Restricted Fund	2017	2016
<b>EXPENSES:</b>									
Program services	\$ 4,120,379	\$ 495,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,616,084	\$ 4,767,123
Supporting services	1,349,431	11,301	-	-	-	-	-	1,360,732	1,214,722
Total expenses	5,469,810	507,006	-	-	-	-	-	5,976,816	5,981,845
Excess (deficiency) of public support and revenues over (under) expenses	(1,279,122)	(507,006)	395,655	287,585	1,298,475	16	-	195,603	(534,370)
<b>OTHER CHANGES IN NET ASSETS:</b>									
Loss on disposal of fixed assets	-	(42,861)	-	-	-	-	-	(42,861)	-
Net assets released from restrictions	879	-	-	-	-	(879)	-	-	-
Net transfers among net assets	1,265,000	-	(920,000)	(15,000)	(330,000)	-	-	-	-
Change in net assets	(13,243)	(549,867)	(524,345)	272,585	968,475	(863)	-	152,742	(534,370)
NET ASSETS, BEGINNING OF YEAR	432,994	1,399,283	10,577,261	6,824,671	4,815,743	14,672	53,095	24,117,719	24,652,089
NET ASSETS, END OF YEAR	\$ 419,751	\$ 849,416	\$ 10,052,916	\$ 7,097,256	\$ 5,784,218	\$ 13,809	\$ 53,095	\$ 24,270,461	\$ 24,117,719

The accompanying notes to financial statements  
are an integral part of these statements.

**GIRL SCOUTS OF NASSAU COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS (INDIRECT METHOD)**  
**FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>TOTAL ALL FUNDS</u>	
	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 152,742	\$ (534,370)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	507,006	360,435
Unrealized gain on investments	(994,495)	(312,792)
Net decrease in accounts receivable	101,586	19,628
Net (increase) decrease in prepaid expenses	24,685	(24,678)
Net (increase) decrease in materials for sale	2,193	(4,692)
Net increase in accounts payable and accrued expenses	110,937	27,543
Net decrease in other liabilities	(15,681)	(95,435)
Net increase in accrued interest payable	152,604	-
	<u>41,577</u>	<u>(564,361)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(2,447,096)	(2,553,705)
Disposal of fixed assets	65,026	-
Purchase of investments	(4,054,245)	(5,323,773)
Sale of investments	4,230,577	5,577,845
	<u>(2,205,738)</u>	<u>(2,299,633)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on capital lease payable	-	(12,679)
Proceeds from loan payable to financial institution	2,525,000	2,587,100
	<u>2,525,000</u>	<u>2,574,421</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	360,839	(289,573)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>772,242</u>	<u>1,061,815</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,133,081</u>	<u>\$ 772,242</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Retirement of fully depreciated fixed assets	<u>\$ 2,818,727</u>	<u>\$ -</u>

The accompanying notes to financial statements  
are an integral part of these statements.



**GIRL SCOUTS OF NASSAU COUNTY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**(1) Organization and purpose**

The Girl Scouts of Nassau County, Inc. (the "Girl Scouts") is a not-for-profit organization which was founded and incorporated under the laws of the State of New York in 1965. Girl Scouting builds girls of courage, confidence and character, who make the world a better place.

**(2) Summary of significant accounting policies**

The accompanying financial statements include the assets, liabilities, revenues and expenses of all the funds of the Girl Scouts of Nassau County, Inc. The following is a summary of significant accounting policies followed by the Girl Scouts:

**Financial statement presentation**

The accompanying financial statements are presented under the accrual basis of accounting in accordance with U.S. generally accepted accounting principles, and include the accounts of the Girl Scouts' programs, administration and fundraising. U.S. generally accepted accounting principles require that the Girl Scouts' financial statements distinguish between unrestricted, temporarily restricted and permanently restricted net assets and changes in net assets. The Girl Scouts' net assets consist of the following:

Unrestricted - net assets of the Girl Scouts which have not been restricted by an outside donor or by law and are therefore available for use in carrying out the operations of the Girl Scouts.

Temporarily restricted - net assets of the Girl Scouts which have been limited by donor-imposed stipulations or by law that either expire with the passage of time or can be fulfilled and removed by the actions of the Girl Scouts pursuant to those stipulations.

Permanently restricted - net assets of the Girl Scouts which have been restricted by donors to be maintained in perpetuity by the Girl Scouts.

As required by U.S. generally accepted accounting principles, the Girl Scouts have also presented Statements of Cash Flows for the years ended December 31, 2017 and 2016.

The accompanying financial statements are prepared on a functional basis whereby expenses are allocated to program and supporting services as follows:

- Direct purpose, or
- Based on estimates of the percentages of expenses related to each program or service.

## **Cash and cash equivalents**

All highly liquid investments purchased with a maturity of three months or less are considered to be cash equivalents for financial statement purposes.

## **Investments**

Investments are recorded at fair value. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Girl Scouts follow U.S. generally accepted accounting principles regarding fair value measurements which establish a fair value hierarchy requiring an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring 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 measurements involving significant unobservable inputs (Level 3 measurements).

Investment income is recorded when earned and considered available for unrestricted use unless otherwise restricted by the donor. Realized and unrealized gains and losses are determined on the basis of specific identification.

## **Fixed assets**

Fixed assets consist of land, buildings and equipment which include the main administrative facilities and campsite. Construction-in-progress includes costs for architect, legal and other professional fees made in connection with the renovation of the Girl Scout's offices. Such fixed assets are included in the accompanying financial statements at cost, or if acquired by gift, at the approximate market value at the date of gift. Such gifts are reported as unrestricted support unless the donor has restricted the donated assets for a specific purpose.

Depreciation is recorded on the straight-line method over the estimated useful lives of the assets (generally periods of five to forty-five years).

## **Impairment of long-lived assets and long-lived assets to be disposed of**

The Girl Scouts follows the provision of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") on accounting for the impairment and disposal of long-lived assets. It requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. These principles did not have any impact on the Girl Scouts' financial position, results of activities or liquidity during the years ended December 31, 2017 and 2016.

## **Revenue and expense recognition**

Contributions are generally recognized as income when received and are considered to be available for unrestricted use unless specifically restricted by the donor. Expenses are recognized as incurred.

Expenses are allocated into functional categories depending upon the ultimate purpose of the expenditure.

## **Donated services**

A number of volunteers have donated significant amounts of their time in the Girl Scouts' program services, supporting services and in fundraising campaigns. However, since these services do not meet the criteria for recognition under U.S. generally accepted accounting principles, they are not reflected in the accompanying financial statements.

## **Income taxes**

The Girl Scouts qualify as a tax exempt not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and applicable New York State tax laws. Accordingly, no provision for federal or state income taxes is required.

## **Summarized comparative information**

The financial statements include 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. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Girl Scouts' financial statements for the year ended December 31, 2016, from which the summarized information was derived.

## **The use of estimates in the preparation of financial statements**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from those estimates.

(3) **Cash and cash equivalents**

Cash and cash equivalents as of December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Cash in banks and on hand	\$ 1,120,040	\$ 759,228
Time deposits and money market funds	<u>13,041</u>	<u>13,014</u>
	<u>\$ 1,133,081</u>	<u>\$ 772,242</u>

(4) **Investments**

Investments as of December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Common stock	\$ 10,910,940	\$ 10,126,352
Corporate bonds	7,723,348	7,749,057
U.S. Government obligations	4,114,408	4,055,124
Preferred stock	<u>70</u>	<u>70</u>
	<u>\$ 22,748,766</u>	<u>\$ 21,930,603</u>

(5) **Fair value measurements**

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Girl Scouts have adopted the standard for its financial assets and liabilities measured on a recurring and nonrecurring basis.

*Fair Value Measurement* defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reported entity has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The following methods and assumptions were used by the Girl Scouts in addressing the fair value of financial instruments:

**Cash and cash equivalents**

The carrying amounts reported on the Statements of Financial Position for cash and cash equivalents approximate those assets' fair values.

**Common stock**

Common stock are securities that represent equity ownership that also comes with voting rights in a company or organization.

**Corporate bonds**

Corporate bonds are bonds used by a corporation to raise money effectively in order to expand its business. These debt instruments are usually long- term with a maturity date falling at least a year after issuance.

**U.S. Government obligations**

U.S. Government obligations are government securities (local or national) backed by the credit and taxing power of our country with very little risk of default.

**Preferred stock**

Preferred stock are securities that represent equity ownership. Preferred stockholders have precedence when dividends are paid out.

The following table represents the Girl Scouts' fair value hierarchy for investments as of December 31, 2017:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common stock	\$ 10,910,940	\$ 10,910,940	\$ -	\$ -
Corporate bonds	7,723,348	7,723,348	-	-
U.S. Government obligations	4,114,408	4,114,408	-	-
Preferred stock	<u>70</u>	<u>70</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,748,766</u>	<u>\$ 22,748,766</u>	<u>\$ -</u>	<u>\$ -</u>

The following table represents the Girl Scouts' fair value hierarchy for investments as of December 31, 2016:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common stock	\$ 10,126,352	\$ 10,126,352	\$ -	\$ -
Corporate bonds	7,749,057	7,749,057	-	-
U.S. Government obligations	4,055,124	4,055,124	-	-
Preferred stock	70	70	-	-
	<u>\$ 21,930,603</u>	<u>\$ 21,930,603</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2017 and 2016, the Girl Scouts do not possess any Level 2 or 3 type investments.

Investment income, which is included in the Statements of Activities and Changes in Net Assets for the years ended December 31, 2017 and 2016, consists of the following:

	<u>2017</u>	<u>2016</u>
Unrealized gain	\$ 994,495	\$ 312,792
Realized gain	491,356	378,787
	<u>\$ 1,485,851</u>	<u>\$ 691,579</u>

**(6) Fixed assets**

During the year ended December 31, 2017, the Girl Scouts completed the renovation of their administrative offices. Included within the additions was \$152,604 of accrued interest payable, which was capitalized as part of the building cost. The total costs of the additions, including the accrued interest, will be depreciated over the appropriate useful lives. Fixed asset balances as of December 31, 2017 and 2016 consist of the following:

	<u>2017</u>	<u>2016</u>
Building and improvements	\$ 10,102,556	\$ 8,086,146
Furniture, vehicles and equipment	1,194,116	1,223,215
Land and land improvements	669,313	457,893
Construction-in-progress	-	2,635,388
	11,965,985	12,402,642
Less: accumulated depreciation	<u>6,137,933</u>	<u>8,449,654</u>
	<u>\$ 5,828,052</u>	<u>\$ 3,952,988</u>

**(7) Loan payable to financial institution**

The Girl Scouts have a portfolio loan agreement with a financial institution in the amount of \$6,732,000, which is being used for the reconstruction of their administrative building. The loan bears interest at the rate of the corresponding portfolio loan account plus 2.5%, and is payable in the upcoming year. The loan is collateralized by the Girl Scouts' investments. The balance outstanding as of December 31, 2017 and 2016 is \$5,112,100 and \$2,587,100 respectively.

**(8) Board endowment funds**

The Board of Directors has established three separate endowment funds to meet the objectives of the Girl Scouts. The investment policies adopted by the Board serve to protect the endowment investment principal, while obtaining a reasonable and competitive return on assets. All dividends and interest on endowment funds are currently appropriated for expenditure. A description of each fund is as follows:

**Board Endowment Fund -**

In 1995, the Board of Directors of the Girl Scouts authorized the Endowment Fund and the Facilities Development Fund to be combined into one fund, the "Board Endowment Fund". Although this fund is not legally restricted, it may only be used at the discretion of the Board of Directors by specific resolution of such governing body. The purpose of this Fund is to enable the Girl Scouts to have another income source to fund operations on a planned, annual basis; and to preserve adequate, long-term cash reserves.

An analysis of changes to the Board Endowment Fund for the years ended December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 98,733	\$ 116,651
Realized gain on sale of securities	106,033	100,332
Unrealized gain on securities	223,462	83,813
Investment advisory fees	<u>(32,573)</u>	<u>(37,860)</u>
Net investment income	395,655	262,936
Transfer to General Fund	<u>(920,000)</u>	<u>(970,600)</u>
Change in net assets	(524,345)	(707,664)
Net assets, beginning of year	<u>10,577,261</u>	<u>11,284,925</u>
Net assets, end of year	<u><u>\$ 10,052,916</u></u>	<u><u>\$ 10,577,261</u></u>

**Capital Fund -**

In 1996, the Board of Directors established the "Capital Fund". This fund was initially funded through the net proceeds provided from the sale of the Girl Scouts' Bethpage building on August 20, 1996 and the Westdale property on January 3, 1997. It is to be used to fund capital and related capital expenditures on a planned, annual basis, and to preserve adequate, long-term cash reserves.

An analysis of changes to the Capital Fund for the years ended December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 160,866	\$ 155,214
Realized gain on sale of securities	121,067	87,421
Unrealized gain on securities	7,352	13,444
Investment advisory fees	<u>(1,700)</u>	<u>(29,381)</u>
Net investment income	287,585	226,698
Transfer to General Fund	<u>(15,000)</u>	<u>(15,000)</u>
Change in net assets	272,585	211,698
Net assets, beginning of year	<u>6,824,671</u>	<u>6,612,973</u>
Net assets, end of year	<u><u>\$ 7,097,256</u></u>	<u><u>\$ 6,824,671</u></u>

New Directions Fund -

In 2007, the Board of Directors established the “New Directions Fund”, which was funded through certain proceeds provided from the sale of the Girl Scouts’ Camp Tekakwitha. Initial transfers of \$5,000,000 were made to each of the Board Endowment Fund and the Capital Fund, with the balance to be used to fund new program initiatives and enhance current programs.

An analysis of changes to the New Directions Fund for the years ended December 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 353,803	\$ 340,454
Realized gain on sale of securities	264,255	191,034
Unrealized gain on securities	779,656	184,529
Investment advisory fees	<u>(99,239)</u>	<u>(64,902)</u>
Net investment income	1,298,475	651,115
Transfer to General Fund	<u>(330,000)</u>	<u>(324,350)</u>
Change in net assets	968,475	326,765
Net assets, beginning of year	<u>4,815,743</u>	<u>4,488,978</u>
Net assets, end of year	<u><u>\$ 5,784,218</u></u>	<u><u>\$ 4,815,743</u></u>



**(9) Restricted net assets**

Certain details with respect to restricted net assets at December 31, 2017 and 2016 are summarized as follows:

	<u>2017</u>	<u>2016</u>
Temporarily restricted net assets:		
Financial assistance	\$ 13,514	\$ 14,191
Adult recognition	<u>295</u>	<u>481</u>
Total temporarily restricted net assets	<u>13,809</u>	<u>14,672</u>
Permanently restricted net assets with investment income earned thereon restricted for:		
Financial assistance	43,095	43,095
Adult recognition	<u>10,000</u>	<u>10,000</u>
Total permanently restricted net assets	<u>53,095</u>	<u>53,095</u>
Total restricted net assets	<u><u>\$ 66,904</u></u>	<u><u>\$ 67,767</u></u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable law require the Girl Scouts to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2017 and 2016.

The Girl Scouts have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to protect the original value of the gift.

The Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Girl Scouts classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

Changes in endowment net assets for the years ended December 31, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Endowment net assets,		
Beginning of year	\$ 53,095	\$ 53,095
Endowment interest	60	58
Endowment appropriations	<u>(60)</u>	<u>(58)</u>
Endowment net assets,		
End of year	<u>\$ 53,095</u>	<u>\$ 53,095</u>

**(10) Employee benefits**

Retirement plan:

The Girl Scouts participate in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of the Girl Scouts of the USA 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, 2016. Based on the April 18, 2014 conditional approval by the Internal Revenue Service, 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. In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2016 and 2017 were \$34,300,000 and \$33,100,000, respectively. The aggregate annual contributions decreased from 2016 to 2017 due to the reduction on the Plan's total annual aggregate contributions from \$34,300,000 to \$32,500,000 effective May 1, 2017. Aggregate contributions made in fiscal 2018 are expected to be \$32,500,000.

403(B) plan:

The Girl Scouts have a 403(B) plan whereby an employee can contribute up to 4% of their compensation, and the Girl Scouts will match half of such contributions. In addition, in lieu of the frozen defined benefit pension plan, the Girl Scouts contribute 3% of total compensation for all eligible employees.

The Girl Scouts made total contributions to this plan of \$126,684 and \$132,863 for the years ended December 31, 2017 and 2016, respectively.

**(11) Special events**

A major source of revenues for the Girl Scouts is derived from several special fund raising events which are conducted during the year. An analysis of the results of these events by activity is as follows:

<u>2017</u>	<u>Gross Revenues</u>	<u>Direct Costs</u>	<u>Net Proceeds</u>
Walkathon	<u>\$ 34,396</u>	<u>\$ 10,097</u>	<u>\$ 24,299</u>
<u>2016</u>			
Gold conference	\$ 63,750	\$ 330	\$ 63,420
Walkathon	<u>41,203</u>	<u>13,097</u>	<u>28,106</u>
Total	<u>\$ 104,953</u>	<u>\$ 13,427</u>	<u>\$ 91,526</u>

**(12) Commitments and contingencies**

Future minimum lease commitments

The Girl Scouts entered into a five year lease for new copiers, expiring in September 2021. Future minimum lease payments due under this lease are as follows:

For the year ending:

2018	\$ 14,379
2019	14,379
2020	14,379
2021	<u>3,595</u>
	<u>\$ 46,732</u>

Concentrations of credit risk

The Girl Scouts maintain their cash in bank deposit accounts which, at times, may exceed federally insured limits. The Girl Scouts have not experienced any losses in such accounts and believe they are not exposed to any significant credit risk on cash and cash equivalents.

**(13) Subsequent events**

The Girl Scouts have evaluated subsequent events through March 27, 2018, which is the date these financial statements were available to be issued, noting no matters requiring further consideration.

**GIRL SCOUTS OF NASSAU COUNTY, INC.**  
**SUPPLEMENTARY STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(With Comparative Totals for 2016)**

	Total Program Services	Total Supporting Services	Total Expenses	
			2017	2016
Salaries and related expenses:				
Salaries	\$ 2,453,829	\$ 761,523	\$ 3,215,352	\$ 3,359,699
Benefits	232,099	50,148	282,247	299,809
Payroll taxes	190,929	56,916	247,845	259,022
Total	2,876,857	868,587	3,745,444	3,918,530
Underfunded pension expense	298,697	81,987	380,684	397,224
Occupancy	203,628	43,857	247,485	241,648
Supplies	193,185	10,547	203,732	206,839
Printing and publications	85,014	39,110	124,124	116,661
Insurance	86,633	25,656	112,289	109,702
Equipment and maintenance	84,468	20,527	104,995	101,858
Professional fees	27,041	77,922	104,963	97,286
Transportation	38,977	57,429	96,406	74,314
Other	37,995	52,380	90,375	60,536
Renovation and relocation	66,151	20,530	86,681	109,881
Financial assistance	60,919	-	60,919	49,376
Conferences and conventions	37,954	22,309	60,263	84,587
Telephone	19,871	6,554	26,425	24,438
Postage	2,989	22,036	25,025	28,530
Total expenses before depreciation	4,120,379	1,349,431	5,469,810	5,621,410
Depreciation	495,705	11,301	507,006	360,435
Total expenses	\$ 4,616,084	\$ 1,360,732	\$ 5,976,816	\$ 5,981,845

See auditor's report on supplementary information.

**GIRL SCOUTS OF NASSAU COUNTY, INC.**  
**SUPPLEMENTARY STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAM SERVICES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Membership</u>	<u>Volunteerism</u>	<u>Programs</u>	<u>Camp</u>	<u>Total</u>
Salaries and related expenses:					
Salaries	\$ 849,335	\$ 555,311	\$ 940,718	\$ 108,465	\$ 2,453,829
Benefits	80,544	46,745	104,322	488	232,099
Payroll taxes	57,366	43,202	82,571	7,790	190,929
Total	987,245	645,258	1,127,611	116,743	2,876,857
Underfunded pension expense	126,412	83,722	83,463	5,100	298,697
Occupancy	19,828	23,733	17,700	142,367	203,628
Supplies	21,638	6,565	24,045	140,937	193,185
Printing and publications	1,748	610	77,991	4,665	85,014
Insurance	12,089	7,904	13,393	53,247	86,633
Equipment and maintenance	20,794	12,464	21,166	30,044	84,468
Professional fees	2,299	4,284	10,526	9,932	27,041
Transportation	2,716	1,383	4,732	30,146	38,977
Other	7,793	419	21,149	8,634	37,995
Renovation and relocation	22,897	14,970	25,367	2,917	66,151
Financial assistance	52,795	-	879	7,245	60,919
Conferences and conventions	4,968	804	31,498	684	37,954
Telephone	4,717	2,703	5,009	7,442	19,871
Postage	1,033	152	1,296	508	2,989
Total expenses before depreciation	1,288,972	804,971	1,465,825	560,611	4,120,379
Depreciation	14,579	9,633	15,996	455,497	495,705
Total expenses	<u>\$ 1,303,551</u>	<u>\$ 814,604</u>	<u>\$ 1,481,821</u>	<u>\$ 1,016,108</u>	<u>\$ 4,616,084</u>

See auditor's report on supplementary information.

**GIRL SCOUTS OF NASSAU COUNTY, INC.**  
**SUPPLEMENTARY STATEMENTS OF FUNCTIONAL EXPENSES - SUPPORTING SERVICES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Management and General</u>		<u>Fund Raising</u>	<u>Total</u>
	<u>Management</u>	<u>Public Relations</u>		
Salaries and related expenses:				
Salaries	\$ 313,731	\$ 287,565	\$ 160,227	\$ 761,523
Benefits	32,436	10,858	6,854	50,148
Payroll taxes	23,122	21,652	12,142	56,916
Total	369,289	320,075	179,223	868,587
Underfunded pension expense	28,855	33,937	19,195	81,987
Occupancy	31,160	7,586	5,111	43,857
Supplies	7,213	707	2,627	10,547
Printing and publications	1,630	30,194	7,286	39,110
Insurance	19,282	4,093	2,281	25,656
Equipment and maintenance	6,996	9,935	3,596	20,527
Professional fees	26,627	50,975	320	77,922
Transportation	27,111	28,849	1,469	57,429
Other	43,435	4,554	4,391	52,380
Renovation and relocation	8,458	7,752	4,320	20,530
Financial assistance	-	-	-	-
Conferences and conventions	17,795	1,296	3,218	22,309
Telephone	3,229	2,419	906	6,554
Postage	18,711	563	2,762	22,036
Total expenses before depreciation	609,791	502,935	236,705	1,349,431
Depreciation	4,386	4,407	2,508	11,301
Total expenses	<u>\$ 614,177</u>	<u>\$ 507,342</u>	<u>\$ 239,213</u>	<u>\$ 1,360,732</u>

See auditor's report on supplementary information.