

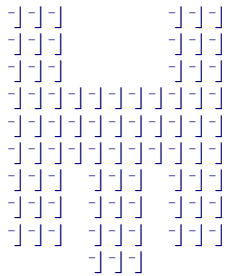
GIRL SCOUTS OF SOUTHEAST FLORIDA, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2011
(with comparable totals for 2010)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Girl Scouts of Southeast Florida, Inc.
Jupiter, Florida

We have audited the accompanying statement of financial position of Girl Scouts of Southeast Florida, Inc. (a nonprofit corporation) as of September 30, 2011 and the related statements of activities, cash flows and functional expenses for the year then ended. These financial statements are the responsibility of Girl Scouts of Southeast Florida, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Girl Scouts of Southeast Florida, Inc.'s 2010 financial statements and, in our report dated February 7, 2011, we expressed an unqualified opinion on those financial statements.

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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Girl Scouts of Southeast Florida, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Girl Scouts of Southeast Florida, Inc. as of September 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Holyfield & Thomas, LLC

West Palm Beach, Florida
November 29, 2011

**GIRL SCOUTS OF
SOUTHEAST FLORIDA, INC.**

STATEMENT OF FINANCIAL POSITION

As of September 30, 2011

(with comparable totals for 2010)

	Unrestricted	Temporarily Restricted	2011 Totals	2010 Totals
ASSETS				
Cash and cash equivalents	\$ 1,039,500	\$ 37,836	\$ 1,077,336	\$ 734,401
Investments	1,311,372	2,081	1,313,453	1,372,771
Accounts and grants receivable	92,185	12,000	104,185	79,665
Inventories	177,160	-	177,160	149,920
Prepaid expenses and other assets	57,783	-	57,783	72,517
Split interest agreements	-	275,942	275,942	290,969
Property and equipment, net	2,759,414	-	2,759,414	2,839,369
 Total assets	 <u>\$ 5,437,414</u>	 <u>\$ 327,859</u>	 <u>\$ 5,765,273</u>	 <u>\$ 5,539,612</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 173,119	\$ -	\$ 173,119	\$ 283,907
Accrued expenses	209,275	-	209,275	190,115
Deferred revenue	54,734	-	54,734	55,064
Mortgage payable	-	-	-	186,808
 Total liabilities	 437,128	 -	 437,128	 715,894
 Net assets	 <u>5,000,286</u>	 <u>327,859</u>	 <u>5,328,145</u>	 <u>4,823,718</u>
 Total liabilities and net assets	 <u>\$ 5,437,414</u>	 <u>\$ 327,859</u>	 <u>\$ 5,765,273</u>	 <u>\$ 5,539,612</u>

See accompanying notes to financial statements.

**GIRL SCOUTS OF
SOUTHEAST FLORIDA, INC.**

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2011

(with comparable totals for 2010)

	Unrestricted	Temporarily Restricted	2011 Totals	2010 Totals
Support:				
Gifts, grants and bequests	385,258	\$ 34,480	\$ 419,738	788,703
United Way allocations	25,861	16,000	41,861	89,845
Fundraising events	-	-	-	69,410
Total support	<u>411,119</u>	<u>50,480</u>	<u>461,599</u>	<u>947,958</u>
Revenues:				
Product sales, net	3,695,308	-	3,695,308	3,157,404
Merchandise sales, net	117,971	-	117,971	119,558
Girl programs	366,136	-	366,136	341,864
Rental and service income	48,911	-	48,911	55,696
Investment income, net of fees	31,173	-	31,173	29,614
Realized and unrealized gain (loss) on investments	12,614	-	12,614	67,011
Other	2,361	-	2,361	16,066
Total revenues	<u>4,274,474</u>	<u>-</u>	<u>4,274,474</u>	<u>3,787,213</u>
Total support and revenues	<u>4,685,593</u>	<u>50,480</u>	<u>4,736,073</u>	<u>4,735,171</u>
Net assets released from restriction	<u>92,138</u>	<u>(92,138)</u>	<u>-</u>	<u>-</u>
Expenses:				
Program services	3,495,322	-	3,495,322	3,690,809
Supporting services:				
Management and general	460,202	-	460,202	444,425
Fundraising	276,122	-	276,122	348,556
Total expenses	<u>4,231,646</u>	<u>-</u>	<u>4,231,646</u>	<u>4,483,790</u>
Change in net assets	546,085	(41,658)	504,427	251,381
Net assets, beginning	<u>4,454,201</u>	<u>369,517</u>	<u>4,823,718</u>	<u>4,572,337</u>
Net assets, ending	<u>\$ 5,000,286</u>	<u>\$ 327,859</u>	<u>\$ 5,328,145</u>	<u>\$ 4,823,718</u>

See accompanying notes to financial statements.

**GIRL SCOUTS OF
SOUTHEAST FLORIDA, INC.**

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2011

(with comparable totals for 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 504,427	\$ 251,381
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	190,934	219,940
Unrealized (gain) loss on investments, net	42,928	(77,511)
Bad debt expense	8,263	41,852
(Increase) decrease in assets:		
Accounts, grants and pledges receivable	(32,783)	9,172
Split interest agreements	15,027	(290,969)
Inventories	(27,240)	6,520
Prepaid expenses and other assets	11,661	(6,338)
Increase (decrease) in liabilities:		
Accounts payable	(110,788)	57,508
Accrued expenses	19,160	(82,102)
Deferred revenue	(330)	14,394
Net cash provided by operating activities	<u>621,259</u>	<u>143,847</u>
Cash flows from investing activities:		
Proceeds from sale of investments	100,000	50,497
Purchases of investments	(83,610)	(11,013)
Purchases of property and equipment	<u>(107,906)</u>	<u>(72,560)</u>
Net cash used in investing activities	<u>(91,516)</u>	<u>(33,076)</u>
Cash flows from financing activities:		
Principal payments on debt	<u>(186,808)</u>	<u>(106,656)</u>
Net cash used in financing activities	<u>(186,808)</u>	<u>(106,656)</u>
Increase in cash	342,935	4,115
Cash and cash equivalents, beginning of year	<u>734,401</u>	<u>730,286</u>
Cash and cash equivalents, end of year	<u>\$ 1,077,336</u>	<u>\$ 734,401</u>
Supplemental disclosures:		
Cash paid for interest on debt	<u>\$ 4,766</u>	<u>\$ 14,247</u>

See accompanying notes to financial statements.

**GIRL SCOUTS OF
SOUTHEAST FLORIDA, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2011

(with comparable totals for 2010)

	Program Services	Management and General	Fundraising	2011 Totals	2010 Totals
Functional Expenses:					
Compensation	\$ 1,627,300	\$ 239,191	\$ 143,514	\$ 2,010,005	\$ 2,229,181
Pension benefits	121,034	17,790	10,675	149,499	140,666
Other benefit costs	160,498	23,591	14,154	198,243	195,109
Payroll taxes	136,975	20,133	12,080	169,188	182,833
Professional fees for service	49,655	7,299	4,379	61,333	55,574
Program fees	83,407	-	-	83,407	74,968
Program supplies	133,992	-	-	133,992	151,995
Financial assistance	52,845	-	-	52,845	60,438
Product sales incentives	94,141	-	-	94,141	54,377
Advertising and promotion	106,428	15,643	9,386	131,457	102,893
Office expenses	28,111	4,132	2,479	34,722	48,587
Information technology	60,368	8,873	5,324	74,565	62,546
Occupancy	368,011	54,093	32,455	454,559	463,744
Travel	50,925	7,485	4,491	62,901	57,580
Conferences, conventions, and meetings	15,100	2,219	1,332	18,651	5,548
Insurance	84,602	12,435	7,461	104,498	113,336
Bad debt	6,690	983	590	8,263	41,852
Bank and credit card fees	27,706	4,072	2,444	34,222	33,213
Communications	57,281	8,419	5,052	70,752	57,661
Postage and shipping	14,094	2,072	1,242	17,408	20,485
Equipment expenses	50,538	7,428	4,458	62,424	55,286
Special events	-	-	-	-	33,575
Miscellaneous	11,041	1,623	973	13,637	22,403
Total expenses before depreciation and amortization	3,340,742	437,481	262,489	4,040,712	4,263,850
Depreciation and amortization	154,580	22,721	13,633	190,934	219,940
Total expenses	<u>\$ 3,495,322</u>	<u>\$ 460,202</u>	<u>\$ 276,122</u>	<u>\$ 4,231,646</u>	<u>\$ 4,483,790</u>

See accompanying notes to financial statements.

For the Year Ended September 30, 2011

1. Organization and Nature of Activities

Organization and Nature of Activities

Girl Scouts of Southeast Florida, Inc. (the "Organization") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code that locally administers the National Girl Scout Program. Girl Scouting builds girls of courage, confidence and character, who make the world a better place. The program provides girls with the opportunity to experience activities that encourage social, ethical, leadership and individual development through a wide variety of activities and projects. The Organization recruits, trains and provides a support system of volunteers, who serve as troop leaders and in other program-related positions.

2. Significant Accounting Policies

Financial Statement Presentation

In accordance with FASB Accounting Standards Codification (FASB ASC) 958-605, *Not-for-Profit Entities, Revenue Recognition*, the Organization reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization presents a statement of cash flows. The categories of net assets are described as follows:

Unrestricted – are used to account for all resources over which the Board of Directors exercises discretionary control. The resources in these funds are used to carry out the activities of the Organization in accordance with its By-Laws. The principal sources of income are unrestricted contributions, grants, and revenues from product sales.

Temporarily Restricted – is used to account for those resources currently available for purposes specified by the donor.

Permanently Restricted – is used to account for endowments or other permanently restricted gifts made to the Organization. There are no permanently restricted endowment funds as of September 30, 2011.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

For the Year Ended September 30, 2011

2. Significant Accounting Policies, continued

Cash Equivalents

Bank deposits are maintained at high quality institutions. Except for money market fund investments held within the investment portfolio, the Organization considers all highly liquid investments with maturities of 90 days or less, as well as overnight investment sweeps and repurchase agreements, to be cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable consist of program grant reimbursements due to the Organization for administrative and program expenses incurred, and advances to service units for program costs. It also includes amounts due from various United Way agencies under existing allocations for the fiscal year. Management believes the amounts recorded for accounts and grants receivable are fully realizable, and therefore has not recorded an allowance for doubtful accounts in these amounts.

Bond Issuance Costs

The Organization amortizes bond issuance costs, which are reported within prepaid expenses and other assets, on a straight-line basis over the term of the bond issue which is 15 years. These costs have been fully amortized as of September 30, 2011.

Inventories

Merchandise inventories, which consist primarily of clothing, books and patches, are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets ranging from three to forty years.

Additions, improvements, and expenditures for repairs and maintenance that are material in nature and that significantly add to the productivity or extend the economic life of assets are capitalized. Any immaterial amounts or amounts incurred as recurring expenditures for repairs and maintenance are expensed.

Accrued Expenses

The Organization records accrued expenses for various liabilities that may be reasonably estimated. Significant accrued expenses as of September 30, 2011, include \$90,921 of accrued vacation and \$35,105 accrued salaries.

For the Year Ended September 30, 2011

2. Significant Accounting Policies, continued

Deferred Revenue

The Organization records as deferred revenue amounts received in advance for camp sessions and other Girl programs to be held or provided after year end.

Investment Income

The Organization's investment income includes bank interest, along with money market interest and investment dividends, net of \$9,654 in investment fees.

Accounting for Contributions

The Organization has adopted FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*. In accordance with ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under ASC 958-605, contributions that are initially restricted as to time or use are required to be reported as temporarily restricted revenue and are later reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the intended purpose.

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs, principally membership development and educational programs. The value of this contributed time is not reflected in these statements.

Functional Expenses

The costs of providing various programs and other activities are summarized on a functional basis. Expenses, which can be specifically identified with a functional category, are charged accordingly. Other expenses are allocated among supporting services based on relative salaries incurred.

Advertising

Advertising costs are expensed when incurred and are included in the category of printing, publications and promotion in the statement of functional expenses. The total advertising expense for the year ended September 30, 2011 was \$61,444.

For the Year Ended September 30, 2011

2. Significant Accounting Policies, continued

Income taxes

The Organization is a nonprofit organization, other than a private foundation, pursuant to Internal Revenue Code Section 501(c)(3) and, as such, is not required to pay income taxes on its exempt function income. However, income from certain activities not directly related to the Organization's tax-exempt purpose would be subject to taxation as unrelated business income.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a "more likely than not" threshold. The Organization assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. At adoption, the Organization did not record any cumulative effect adjustment, and the Organization did not accrue any interest expense or penalties related to tax positions. There are currently no open Federal or State tax years under audit.

Prior Year Comparable 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 accounting principles generally accepted in the United States of America. Accordingly, such information should only be read in conjunction with the Organization's financial statements for the year ended September 30, 2010, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2010 financial statements have been reclassified to conform to the 2011 presentation with no effect on the net assets or change in net assets as of or for the year ended September 30, 2010.

3. Fair Value of Measurements

FASB ASC 820-10, *Fair Value Measurement and Disclosures*, establishes a framework for measuring fair value. That 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 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

For the Year Ended September 30, 2011

3. Fair Value of Measurements, continued

The three levels of the fair value hierarchy under the framework are described below:

- Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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.
- Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of September 30, 2011.

Investments:

- *Money Market Funds* – The carrying value of money market funds approximated fair value.
- *Fixed income/corporate bonds and common stock* – Valued at quoted market value ("NAV") by the custodian as of the close of business as of September 30, 2011.
- *Bond and equity funds* – Valued at Net Asset Value ("NAV") by the custodian as of the close of business as of September 30, 2011.
- *Accelerated Return Note* – Valued at quoted market price by the custodian as of the close of business as of September 30, 2011.

Split interest agreements – The carrying value (net of discount) approximates fair value. Fair value has been estimated using present value of future cash flows, discounted at a rate approximating current market rates as further described in Note 17.

FASB ASC 825-10, *Financial Instruments*, provides a fair value option election that allows entities to irrevocably elect fair value as the initial and subsequent measurement attribute for certain financial assets and liabilities. Changes in fair value for assets and liabilities for which the election is made will be recognized in earnings as they occur. For the sake of simplification of recordkeeping split interest agreements, in addition to investments, have been selected for this fair value election.

For the Year Ended September 30, 2011

3. Fair Value of Measurements, continued

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2011:

	<u>Assets at Fair Value as of September 30, 2011</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 142,462	\$ -	\$ -	\$ 142,462
Fixed income/corporate bonds	49,426	-	-	49,426
Common stock	731,708	-	-	731,708
Bond and equity funds	372,817	-	-	372,817
Other-Accelerated Return Note	-	-	17,040	17,040
Total investments at fair value	1,296,413	-	17,040	1,313,453
Split interest agreements	-	-	275,942	275,942
Total assets at fair value	<u>\$ 1,296,413</u>	<u>\$ -</u>	<u>\$ 292,982</u>	<u>\$ 1,589,395</u>

Level 3 Gains and Losses

The table below sets forth a summary of changes in the fair value of the Organization's level 3 assets for the year ended September 30, 2011.

	<u>Accelerated Return Note</u>	<u>Split Interest Agreements</u>
Balance, October 1, 2009	\$ -	\$ -
Purchases, sales, issuance, and settlements, net (settlements)	-	290,969
Balance, September 30, 2010	-	290,969
Purchases, sales, issuance, and settlements, net (settlements)	17,040	(15,027)
Balance, September 30, 2011	<u>\$ 17,040</u>	<u>\$ 275,942</u>

4. Financial Instruments

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. At year-end, and throughout the year, the Organization's cash balances were deposited in several banks. While the cash balances as of September 30, 2011 exceeded FDIC limits by approximately \$3,800, management believes the Organization is not exposed to any significant credit risk on its cash and cash equivalents. Investments consist of money market funds, and a diversified allocation of corporate bonds, and bond and equity funds.

For the Year Ended September 30, 2011

5. Investments

The Organization's investments as of September 30, 2011 consist of:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized (Loss) Gain</u>
Money market funds	\$ 142,462	\$ 142,462	\$ -
Fixed income/corporate bonds	49,426	44,000	5,426
Common stock	731,708	759,425	(27,717)
Bond and equity funds	372,817	381,503	(8,686)
Other-Accelerated Return Note	<u>17,040</u>	<u>20,000</u>	<u>(2,960)</u>
Total	<u>\$ 1,313,453</u>	<u>\$ 1,347,390</u>	<u>\$ (33,937)</u>

6. Accounts and Grants Receivable

As of September 30, 2011, the Organization held the following balances in accounts and grants receivable:

Accounts, grants and reimbursements receivable	\$ 102,987
Miscellaneous receivables	<u>1,198</u>
	<u>\$ 104,185</u>

7. Prepaid Expenses and Other Assets

Prepaid expenses and other assets include the following amounts as of September 30, 2011:

Prepaid insurance and other	\$ 48,250
Security deposits	<u>9,533</u>
	<u>\$ 57,783</u>

8. Property and Equipment

Property and equipment as of September 30, 2011 consisted of the following:

Land	\$ 658,750
Land improvements	2,201,885
Buildings and leasehold improvements	3,440,238
Equipment	1,391,753
Furniture	<u>20,460</u>
	7,713,086
Accumulated depreciation	<u>(4,953,672)</u>
Property and equipment, net	<u>\$ 2,759,414</u>

Depreciation expense for the year ended September 30, 2011, was \$187,861.

For the Year Ended September 30, 2011

9. Mortgage Payable

The Organization entered into an agreement with the City of Oakland Park, Florida and a financial institution to finance the construction of a service center building which serves as the Organization's headquarters in Oakland Park, Florida. The project was financed principally through the issuance of 1996 Series Industrial Development Revenue Bonds. The loan was paid off prior to maturity and has no principal balance outstanding as of September 30, 2011. The loan provided for monthly principal payments of \$8,888 plus interest at 5.95% with a maturity date of June 1, 2012. The loan was paid off in February 2011. The Organization's interest expense for 2011, exclusive of amortization of bond issue costs which was fully amortized in 2011, was \$4,766, and is reported within occupancy on the statement of functional expenses.

10. Commitments and Contingencies

The Organization leases its administrative headquarters in Jupiter, Florida. The Organization also leases certain office equipment under operating lease arrangements. The lease arrangements extend through September of 2018. Approximate future minimum lease payments according to these non-cancelable operating leases for the years ended September 30 are as follow:

2012	\$ 159,332
2013	143,057
2014	142,434
2015	145,290
Thereafter	<u>343,197</u>
	<u>\$ 933,310</u>

The Organization's most significant revenue is product sales of which approximately 90% is cookies. In an effort to establish greater certainty in its cost of sales, the Organization entered into a purchase agreement with Little Brownie Bakers on November 1, 2010, whereby the Organization committed to utilizing Little Brownie Bakers for the baking, packaging, distribution, and delivery of its cookies. The agreement extends through the 2012-2013 Cookie Sale season.

11. United Way Allocations

As of September 30, 2011, the Organization had allocation agreements with various United Way agencies, which extend through September 30, 2012. The residual allocations as of September 30, 2011 are reported within Accounts and grants receivable on the Statement of Financial Position. Amounts received during the year ended September 30, 2011 are recorded on the Statement of Activities as unrestricted or temporarily restricted net asset support.

For the Year Ended September 30, 2011

12. Pension Plan

The Organization participates in the National Girl Scout Council Retirement Plan, 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. The Organization's pension expense and contributions to this plan for fiscal 2011 is \$149,499. 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 standalone operation. In addition, because the plan is considered a multiemployer plan, it is only subject to certain minimum reporting requirements of FASB Accounting Standards Codification Subtopic 715-80: *Multiemployer Plans, Disclosures about an Employer's Participation in a Multiemployer Plan as amended by Accounting Standards Update No. 2011-09*. Due to unfavorable market conditions and the change in the interest rate and other assumptions used to calculate the actuarial present value of accumulated plan benefits, the accumulated plan benefits exceeded net plan assets as of January 1, 2011.

13. Rental Income

The Organization leases a portion of their Oakland Park Service Center building to Senior Volunteer Services, Inc. (a 501(c)(3) tax exempt organization) under a lease agreement expiring in September, 2015. Senior Volunteer Services, Inc. paid annual rental of \$48,911 for the year ended September 30, 2011.

14. Sales of Cookies, Fall Products and Merchandise

The following table illustrates the specific sales and cost of sales categories for the year ended September 30, 2011.

	<u>Sales</u>	<u>Direct Costs</u>	<u>Gross Margin</u>	
Cookies	\$ 4,839,836	\$ 1,403,446	\$ 3,436,390	71%
Fall products	<u>523,017</u>	<u>264,099</u>	<u>258,918</u>	50%
Total Product Sales	5,362,853	1,667,545	3,695,308	
Merchandise	<u>347,762</u>	<u>229,791</u>	<u>117,971</u>	34%
	<u>\$ 5,710,615</u>	<u>\$ 1,897,336</u>	<u>\$ 3,813,279</u>	

15. Related Party Transactions

The Organization acts as an agent for purposes of receiving and remitting girl membership dues to GSUSA. The Organization also purchases from GSUSA program supplies and merchandise for sale in its retail shops. During the year ended September 30, 2011, the Organization remitted \$187,807 to GSUSA. As of September 30, 2011, \$149,586 was due to GSUSA, and was included in accounts payable.

For the Year Ended September 30, 2011

16. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following programs/sources and amounts as of September 30, 2011:

Barbara Turner Scholarship	\$ 6,682
Broward Sheriff	4,662
Capital Project-Camp Welaka	4,350
Community Foundation Hudson Family Fund	3,894
Community Foundation of Broward County	2,081
Easton Sports Foundation	7,212
Keep Kids Drug Free	1,243
Lost Tree Village	115
On the Road	166
Palm Beach Sheriff	9,512
United Way of Indian River County	3,750
United Way of Martin County	8,250
Split Interest Agreements	<u>275,942</u>
	<u>\$ 327,859</u>

17. Split Interest Agreements

The Organization has been named the remainder beneficiary of two charitable remainder trusts. Each of the charitable remainder trusts provides for the periodic payment of distributions of trust assets to the grantor's beneficiaries. Upon the death of the beneficiaries, a percentage of the remaining principal in the trusts will be distributed to the Organization. An asset for the charitable remainder trusts has been recognized at the present value of the expected future cash flows discounted at a rate of 1.92% (the risk free rate of 10 year US Treasury Note). The expected future cash flow of \$275,942 is based on the terms of the agreement, the discount rate and the fair market value of the trust's principal as of September 30, 2011. This amount is reported as a temporarily restricted net asset in the statement of financial position, and the change in value is recorded in the temporarily restricted column in the statement of activities.

Split interest agreement consisted of the following temporarily restricted amounts as of September 30, 2011:

Split interest agreement in more than five years	\$ 347,823
Discount to net present value of split interest agreement in more than five years	<u>(71,881)</u>
Total split interest agreement	<u>\$ 275,942</u>

18. Subsequent Events

The Organization's management has evaluated subsequent events through November 29, 2011, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be presented in these financial statements.