

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Financial Statements  
and Independent Auditor's Report**

**December 31, 2015 and 2014**

**Girl Scouts, San Diego-Imperial Council, Inc.**

Index

	<u>Page</u>
Independent Auditor's Report	2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	5
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to Financial Statements	9

Independent Auditor's Report

To the Board of Directors  
Girl Scouts, San Diego-Imperial Council, Inc.

We have audited the accompanying financial statements of Girl Scouts, San Diego-Imperial Council, Inc., which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses for the year ended December 31, 2015 (with summarized information for 2014) 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*

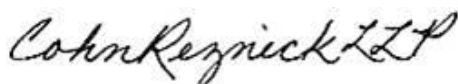
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 Scouts, San Diego-Imperial Council, Inc. as of December 31, 2015 and 2014, 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.



San Diego, California  
May 26, 2016

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Financial Position  
December 31, 2015 and 2014**

Assets

	<u>2015</u>	<u>2014</u>
Current assets		
Cash and cash equivalents	\$ 4,726,991	\$ 3,617,841
Accounts receivable, net	1,151,109	53,877
Unconditional promises to give, net	169,636	218,678
Inventory	278,637	303,227
Prepaid expenses and deposits	186,650	192,497
	<u>6,513,023</u>	<u>4,386,120</u>
Total current assets		
Investment assets		
Operations reserve	5,100,823	4,197,774
Quasi-endowments	4,118,782	5,106,846
Investments - donor restricted	360,512	368,240
Beneficial interest in perpetual trust	157,082	174,536
	<u>9,737,199</u>	<u>9,847,396</u>
Total investment assets		
Property and equipment		
Land, buildings and equipment	19,015,347	18,421,439
Less accumulated depreciation	<u>(8,431,609)</u>	<u>(7,834,986)</u>
	<u>10,583,738</u>	<u>10,586,453</u>
Total property and equipment, net		
Total assets	<u>\$ 26,833,960</u>	<u>\$ 24,819,969</u>

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Financial Position  
December 31, 2015 and 2014**

Liabilities and Net Assets

	2015	2014
Current liabilities		
Accounts payable	\$ 456,403	\$ 233,878
Accrued expenses	519,160	521,183
Security deposits	1,150	100
Custodial funds	6,625	3,441
Total current liabilities	983,338	758,602
Long-term liabilities		
Deferred rent	27,500	28,904
Total long-term liabilities	27,500	28,904
Total liabilities	1,010,838	787,506
Commitments and contingencies	-	-
Net assets		
Unrestricted		
Unrestricted - undesignated	20,687,149	17,694,832
Quasi-endowments	4,118,782	5,106,846
Temporarily restricted	705,609	901,749
Permanently restricted	311,582	329,036
Total net assets	25,823,122	24,032,463
Total liabilities and net assets	\$ 26,833,960	\$ 24,819,969

See Notes to Financial Statements.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Activities  
Year Ended December 31, 2015  
(With Summarized Financial Information for 2014)**

	Unrestricted	Temporarily restricted	Permanently restricted	Total	
				2015	2014
Revenue and other support					
Council campaign	\$ 1,649,738	\$ 616,716	\$ -	\$ 2,266,454	\$ 1,139,071
In-kind contributions	12,849	-	-	12,849	28,536
Camp and program service fees	1,373,931	-	-	1,373,931	1,260,631
Fundraising event revenue	259,043	146,600	-	405,643	360,418
Interest and dividend income, net of fees	212,019	8,955	-	220,974	166,353
Realized gain from investments	158,867	3,979	-	162,846	1,384,699
Unrealized loss from investments	(441,718)	(15,636)	-	(457,354)	(1,005,965)
Change in value of beneficial interest in perpetual trust	-	-	(17,454)	(17,454)	32,283
Other income	42,270	-	-	42,270	(13,335)
Net assets released from restrictions Satisfaction of program restrictions	956,754	(956,754)	-	-	-
Total revenue and other support	<u>4,223,753</u>	<u>(196,140)</u>	<u>(17,454)</u>	<u>4,010,159</u>	<u>3,352,691</u>
Sales (net of cost of goods sold)					
Cookies, net of troop profit allocations	7,312,196	-	-	7,312,196	6,098,766
Merchandise	408,115	-	-	408,115	372,702
Fall product sales	333,782	-	-	333,782	357,549
Net profit from sales	<u>8,054,093</u>	<u>-</u>	<u>-</u>	<u>8,054,093</u>	<u>6,829,017</u>
Total revenue and other support, and sales (net)	<u>12,277,846</u>	<u>(196,140)</u>	<u>(17,454)</u>	<u>12,064,252</u>	<u>10,181,708</u>
Expenses					
Program services	8,405,546	-	-	8,405,546	8,276,617
Management and general	1,210,382	-	-	1,210,382	1,196,500
Fundraising	657,665	-	-	657,665	623,478
Total expenses	<u>10,273,593</u>	<u>-</u>	<u>-</u>	<u>10,273,593</u>	<u>10,096,595</u>
Change in net assets	2,004,253	(196,140)	(17,454)	1,790,659	85,113
Net assets at beginning of year	<u>22,801,678</u>	<u>901,749</u>	<u>329,036</u>	<u>24,032,463</u>	<u>23,947,350</u>
Net assets at end of year	<u>\$ 24,805,931</u>	<u>\$ 705,609</u>	<u>\$ 311,582</u>	<u>\$ 25,823,122</u>	<u>\$ 24,032,463</u>

See Notes to Financial Statements.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Activities  
Year Ended December 31, 2014**

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue and other support				
Council campaign	\$ 629,104	\$ 509,967	\$ -	\$ 1,139,071
In-kind contributions	28,536	-	-	28,536
Camp and program service fees	1,260,631	-	-	1,260,631
Fundraising event revenue	360,418	-	-	360,418
Interest and dividend income, net of fees	157,795	8,558	-	166,353
Realized gain from investments	1,323,378	61,321	-	1,384,699
Unrealized loss from investments	(948,959)	(57,006)	-	(1,005,965)
Change in value of beneficial interest in perpetual trust	-	-	32,283	32,283
Other expense	(13,335)	-	-	(13,335)
Net assets released from restrictions				
Satisfaction of program restrictions	480,945	(480,021)	(924)	-
Total revenue and other support	<u>3,278,513</u>	<u>42,819</u>	<u>31,359</u>	<u>3,352,691</u>
Sales (net of cost of goods sold)				
Cookies, net of troop profit allocations	6,098,766	-	-	6,098,766
Merchandise	372,702	-	-	372,702
Fall product sales	357,549	-	-	357,549
Net profit from sales	<u>6,829,017</u>	<u>-</u>	<u>-</u>	<u>6,829,017</u>
Total revenue and other support, and sales (net)	<u>10,107,530</u>	<u>42,819</u>	<u>31,359</u>	<u>10,181,708</u>
Expenses				
Program services	8,276,617	-	-	8,276,617
Management and general	1,196,500	-	-	1,196,500
Fundraising	623,478	-	-	623,478
Total expenses	<u>10,096,595</u>	<u>-</u>	<u>-</u>	<u>10,096,595</u>
Change in net assets	10,935	42,819	31,359	85,113
Net assets, beginning of year	<u>22,790,743</u>	<u>858,930</u>	<u>297,677</u>	<u>23,947,350</u>
Net assets, end of year	<u>\$ 22,801,678</u>	<u>\$ 901,749</u>	<u>\$ 329,036</u>	<u>\$ 24,032,463</u>

See Notes to Financial Statements.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statement of Functional Expenses  
Year Ended December 31, 2015  
(With Summarized Financial Information for 2014)**

	Program services	Management and general	Fund- raising	Total	
				2015	2014
<b>Expenses</b>					
<b>Personnel and related</b>					
Salaries and contract labor	\$ 4,411,775	\$ 668,841	\$ 283,752	\$ 5,364,368	\$ 5,168,523
Employee benefits	647,884	98,221	40,926	787,031	727,781
Payroll taxes	484,985	73,525	31,023	589,533	597,899
<b>Total personnel and related</b>	<b>5,544,644</b>	<b>840,587</b>	<b>355,701</b>	<b>6,740,932</b>	<b>6,494,203</b>
<b>Non-personnel</b>					
Professional fees	157,830	23,928	27,223	208,981	265,813
Supplies	351,962	53,359	29,788	435,109	381,559
Communications and data services	63,398	9,611	4,005	77,014	72,757
Postage and shipping	35,682	5,410	2,254	43,346	35,319
Facilities	568,779	86,229	38,924	693,932	715,274
Equipment purchases - minor	95,202	14,433	6,013	115,648	105,794
Equipment rent and maintenance	167,481	25,391	55,551	248,423	253,622
Printing and publications	46,707	7,081	10,572	64,360	90,051
Transportation	190,186	28,833	12,199	231,218	280,666
Conferences and meetings	110,243	16,713	62,493	189,449	140,724
Public relations and marketing	34,290	5,198	2,166	41,654	36,382
Organization dues	8,583	1,301	542	10,426	7,562
Miscellaneous	101,197	15,341	11,677	128,215	126,358
Awards and appreciation	35,740	-	6,487	42,227	39,918
Program training events	195,251	-	-	195,251	190,069
Girl and adult assistance	190,684	-	-	190,684	248,052
<b>Total non-personnel</b>	<b>2,353,215</b>	<b>292,828</b>	<b>269,894</b>	<b>2,915,937</b>	<b>2,989,920</b>
<b>Total expenses before depreciation</b>	<b>7,897,859</b>	<b>1,133,415</b>	<b>625,595</b>	<b>9,656,869</b>	<b>9,484,123</b>
<b>Depreciation</b>	<b>507,687</b>	<b>76,967</b>	<b>32,070</b>	<b>616,724</b>	<b>612,472</b>
<b>Total expenses</b>	<b>\$ 8,405,546</b>	<b>\$ 1,210,382</b>	<b>\$ 657,665</b>	<b>\$ 10,273,593</b>	<b>\$ 10,096,595</b>

See Notes to Financial Statements.



**Girl Scouts, San Diego-Imperial Council, Inc.**

**Statements of Cash Flows  
Years Ended December 31, 2015 and 2014**

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ 1,790,659	\$ 85,113
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	616,724	612,472
In-kind contributions - property and equipment	-	(19,500)
Loss on sale of property and equipment	-	14,512
Bad debt expense (recovery)	(480)	2,280
Realized and unrealized losses (gains) on reserves	171,592	(184,560)
Realized and unrealized losses (gains) on quasi-endowments	110,760	(190,036)
Realized and unrealized losses (gains) on investments - donor restricted	11,656	(4,315)
Gain on sale of assets	(480)	-
Decrease (increase) in beneficial interest in perpetual trust	17,454	(32,283)
Changes in operating assets and liabilities		
Accounts receivable	(1,096,752)	16,981
Unconditional promises to give	49,042	(30,332)
Inventory	24,590	(17,672)
Prepaid expenses and deposits	3,497	10,076
Accounts payable	(49,002)	52,055
Accrued expenses	(2,023)	46,634
Deferred rent	(1,404)	868
Security deposits	1,050	(250)
Custodial funds	3,184	(528)
	<u>1,650,067</u>	<u>361,515</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(342,482)	(254,898)
Purchase of investments	(204,908)	(159,904)
Sale of investments	3,643	250,624
Proceeds from sale of assets	2,830	2,315
	<u>(540,917)</u>	<u>(161,863)</u>
Net cash used in investing activities		
Net increase in cash and cash equivalents	1,109,150	199,652
Cash and cash equivalents, beginning of year	<u>3,617,841</u>	<u>3,418,189</u>
Cash and cash equivalents, end of year	<u>\$ 4,726,991</u>	<u>\$ 3,617,841</u>
Noncash investing and financing activities		
Construction in progress activities incurred but not yet paid	<u>\$ 271,527</u>	<u>\$ -</u>
Contribution of free use of property and equipment	<u>\$ -</u>	<u>\$ 19,500</u>

See Notes to Financial Statements.

## **Girl Scouts, San Diego-Imperial Council, Inc.**

### **Notes to Financial Statements December 31, 2015 and 2014**

#### **Note 1 - Summary of significant accounting policies**

##### **Nature of organization**

Girl Scouts, San Diego-Imperial Council, Inc. (the "Organization") is a volunteer-based not-for-profit organization that welcomes all girls, ages 5 to 17, who accept the Girl Scout Promise and Law. The Organization was established in 1927 and incorporated in April 1928 as Girl Scout Council of San Diego County, a California non-profit corporation. In November 1965, the Organization was renamed Girl Scouts, San Diego-Imperial Council, Inc. to reflect the inclusion of Imperial County.

The Organization is the preeminent leadership development organization for girls, helping girls discover their strengths, passions, and talents and offering every girl a chance to do something amazing. Its mission is to build girls of courage, confidence, and character, who make the world a better place.

As the end of the most recent membership year, the Organization's management reports 22,942 girl members, 12,034 adult members/volunteers and 2,087 troops/groups.

The Organization operates the following facilities/properties:

- Balboa Program Center, San Diego - 11 acres: headquarters, leadership center, store, resource center, amphitheater, cabins, lawn for tent camping and other activities and programs.
- Escondido Program Center, Escondido - 2 acres: offices, lodge, store, resource center, outdoor program space and other activities and programs.
- North Coastal Program Center, Carlsbad: offices, training center, store, resource center and other activities and programs.
- Camp Winacka, near Julian - 590 acres: resident camp facilities, lodge, cabins, pool, lake, horseback riding facilities and other activities and programs.
- Camp Whispering Oaks, near Julian - 55 acres: resident camp facilities, lodge, cabins, challenge course and other activities and programs.

See Note 6 for specific leased properties.

The Organization operates under an unconditional charter issued by Girl Scouts of the United States of America ("GSUSA"). Girls and adults join GSUSA by paying annual dues of \$15 or a lifetime fee of \$375. Membership fees collected by the Organization are forwarded to GSUSA. Financial assistance is available for girl and adult members.

##### **Basis of accounting**

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

## Girl Scouts, San Diego-Imperial Council, Inc.

### Notes to Financial Statements December 31, 2015 and 2014

#### **Financial statement presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. They are described as follows:

*Unrestricted* - Net assets that are not subject to explicit donor-imposed stipulations. Unrestricted net assets that are designated for specific purposes by action of the Board of Directors are referred to as quasi-endowments.

*Temporarily Restricted* - Net assets whose use by the Organization is subject to either explicit donor-imposed stipulations or by operation of law that can be fulfilled by actions of the Organization or that expire by the passage of time.

*Permanently Restricted* - Net assets subject to explicit donor-imposed stipulations that they be maintained permanently by the Organization and stipulate the use of income and/or appreciation as temporarily restricted based on donor-imposed stipulations or by operation of law.

#### **Income tax status**

The Organization is a California not-for-profit corporation exempt from federal and state income taxes under Internal Revenue Code Sec. 501(c)(3) and California Revenue and Tax Code 23701(d). However, certain operations of the Organization may qualify as unrelated business taxable income and to the extent that these operations generate income, they will be subject to federal and state taxes. During the years ended December 31, 2015 and 2014, there was no unrelated business income for the Organization.

The Organization's federal and state information returns prior to fiscal year 2012 are closed and management continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

The Organization recognizes interest and penalties associated with tax matters as part of management and general expenses and includes accrued interest and penalties in accrued expenses in the statements of financial position. There were no interest or penalties for the years ended December 31, 2015 and 2014.

#### **Revenue recognition**

Camp fees are recognized as revenue in the period in which campers utilize the program services. Fees received in advance are deferred until the service is provided. Revenue from the sale of program-related and fundraising items is recognized upon delivery of the items.

Product sales, primarily Girl Scout cookies, are recognized as revenue, net of direct cost, at the time the cookies are transferred to the individual troops. There is no right of return by the troops once the cookies are transferred.

Contributions, including unconditional promises to give, are recognized when received or promised, and are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the

## **Girl Scouts, San Diego-Imperial Council, Inc.**

### **Notes to Financial Statements December 31, 2015 and 2014**

restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Grants that are not accounted for as contributions are recorded as receivables in the period the commitment is made by the grantor and are deemed to be earned and reported as revenue and support when the Organization has expended funds which meet the grant's specific restrictions. Unexpended amounts are classified as deferred revenue in the accompanying financial statements.

#### **Cash and cash equivalents**

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

#### **In-kind contributions**

Various individuals and organizations donate significant materials, services and facilities to the Organization. Contributed materials, services and facilities with a fair value of \$12,849 and \$28,536 at the date of donation for the years ended December 31, 2015 and 2014, respectively, have been included in the accompanying financial statements as unrestricted or temporarily restricted support, and expended or capitalized as appropriate.

Contributions of services are recognized when they are received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not donated.

#### **Cost of activities that include fundraising**

The Organization accounts for the cost of an activity that includes fundraising costs as fundraising. Provided the criteria is met, costs of a joint activity that are identifiable with a particular function are charged to that function and joint costs are allocated between fundraising and the appropriate program or management and general function. During 2015 and 2014, all costs of activities that included fundraising were reported as fundraising costs.

#### **Investments**

The Organization records investments at fair value and, accordingly, reflects any gains or losses in the statements of activities. Gains and losses are considered unrestricted unless restricted by donor stipulation or law.

#### **Inventory**

Inventory consists primarily of items held for resale, including uniforms, supplies, books, camping accessories, Girl Scout badges and patches and various other items. Inventories are carried at the lower of cost or market.

#### **Custodial funds**

Custodial funds consist of amounts collected from individuals to pay annual dues to GSUSA, leadership training, scholarships and start-up funds for new troops.

#### **Property and equipment**

Property and equipment are stated at cost less accumulated depreciation. The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Donated property and equipment are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Depreciation of building improvements is calculated using the straight-line method over the shorter of the estimated

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
December 31, 2015 and 2014**

useful lives of the assets or lease terms, as applicable. Estimated lives for financial reporting purposes are as follows:

Building and building improvements	5 - 45 years
Furniture and equipment	3 - 20 years
Vehicles	3 - 10 years

Construction in progress is included in property and equipment at cost until completion, at which time it is capitalized to its appropriate category and depreciated thereafter.

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in change in net assets for the period.

**Deferred rent**

Rent expense is recognized on a straight-line basis over the term of the leases. At December 31, 2015 and 2014, \$27,500 and \$28,904, respectively, is reflected as deferred rent on the statements of financial position, which represents the excess of rent expense computed on a straight-line basis over the minimum lease payments.

**Gifts of long-lived assets**

The Organization reports gifts of land, buildings and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions of acquired long-lived assets when placed in service.

**Impairment of long-lived assets**

The Organization reviews its long-lived assets for impairment whenever events or circumstances indicate the carrying value of the 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 undiscounted 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. There were no impairment losses related to long-lived assets during the years ended December 31, 2015 and 2014.

**Endowment and spending policy**

The Organization has adopted investment policies for endowment assets that attempt to provide a reasonably predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity and Board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in accordance with sound investment practices that emphasize long-term investment fundamentals. It is recognized that short-term market fluctuations may cause variations in account performance.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization invests its assets in a diversified

## **Girl Scouts, San Diego-Imperial Council, Inc.**

### **Notes to Financial Statements December 31, 2015 and 2014**

portfolio of stocks, fixed income securities and mutual funds to balance liquidity, current income and preserving the purchasing power of the assets over time.

The Organization's policy of appropriating for distribution each year is such that it allows for spending or accumulating so much of the appreciation as is prudent, considering preservation of the endowment, purposes of the Organization and endowment fund, general economic conditions, possible effects of inflation or deflation, expected total return from income and appreciation, other resources of the Organization and the investment policy. This policy will enable the Organization to consider the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the proposed spending policy to allow its endowment to grow over time. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

#### **Expenses by function**

The costs of providing various programs and activities have been summarized on a functional basis in the accompanying statements of functional expenses. Accordingly, certain costs, including costs of items sold, have been allocated among the programs and supporting services benefited.

#### **Use of estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Concentrations of credit risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents, receivables and investments. The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. The Organization has not experienced any losses in such accounts. Such balances may at times exceed the federally insured limits. However, the Organization periodically evaluates the creditworthiness of these institutions to minimize risk.

Unconditional promises to give and accounts receivable are reported at their realizable value, net of an allowance for doubtful accounts. Allowances for accounts and pledges receivable are determined by management based on assessment of their collectability. The allowance is based on the prior year's experience and management's analysis of specific promises made. The Organization believes it is not exposed to any significant credit risk on pledges and accounts receivable.

#### **Commitments and contingencies**

The Organization is subject to lawsuits, investigations and claims arising out of the normal conduct of its activities. The Organization believes it has adequate insurance coverage and reserves to provide for claims and related damages that may arise from these matters.

#### **Sales taxes**

The State of California imposes a sales tax on certain of the Organization's sales to nonexempt customers. The Organization collects that sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenue and cost of sales.

## Girl Scouts, San Diego-Imperial Council, Inc.

### Notes to Financial Statements December 31, 2015 and 2014

#### Subsequent events

The Organization has evaluated events and transactions for potential recognition or disclosure through May 26, 2016, which is the date the financial statements were available to be issued.

#### Note 2 - Fair value measurements

The Organization values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs is used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers counterparty credit risk in its assessment of fair value.

Financial assets carried at fair value at December 31, 2015 are classified in the table below in one of the three categories described above:

	2015			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 193,223	\$ -	\$ -	\$ 193,223
Exchange traded and mutual funds				
US equity	2,047,015	-	-	2,047,015
Non-US equity	1,811,883	-	-	1,811,883
Blended and allocation	1,236,700	-	-	1,236,700
Real estate	952,465	-	-	952,465
Fixed income	3,338,831	-	-	3,338,831
Subtotal	9,580,117	-	-	9,580,117
Beneficial interest in perpetual trust	-	-	157,082	157,082
Total investments	\$ 9,580,117	\$ -	\$ 157,082	\$ 9,737,199

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
December 31, 2015 and 2014**

Financial assets carried at fair value at December 31, 2014 are classified in the table below in one of the three categories described above:

	2014			Total
	Level 1	Level 2	Level 3	
Money market funds	\$ 85,333	\$ -	\$ -	\$ 85,333
Exchange traded and mutual funds:				
US equity	2,077,870	-	-	2,077,870
Non-US equity	1,967,933	-	-	1,967,933
Blended and allocation	1,269,598	-	-	1,269,598
Real estate	941,265	-	-	941,265
Fixed income	3,330,861	-	-	3,330,861
Subtotal	9,672,860	-	-	9,672,860
Beneficial interest in perpetual trust	-	-	174,536	174,536
Total investments	<u>\$ 9,672,860</u>	<u>\$ -</u>	<u>\$ 174,536</u>	<u>\$ 9,847,396</u>

Securities are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Level 3 assets are valued using the income approach and assumptions about discounted cash flow and other present value techniques. There have been no changes to the Organization's valuation methodologies in the current year.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, 2015 and 2014:

	2015	2014
Balance, beginning of year	\$ 174,536	\$ 142,253
Distributions paid	-	-
Change in value of beneficial interest in perpetual trust	<u>(17,454)</u>	<u>32,283</u>
Balance, end of year	<u>\$ 157,082</u>	<u>\$ 174,536</u>



**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
December 31, 2015 and 2014**

The following table represents the Organization's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments and the significant unobservable inputs and the ranges of values for those inputs for the year ended December 31, 2015:

Instrument	Fair value	Principal valuation technique	Unobservable inputs	Significant input values	Weighted average
Beneficial interest in perpetual trust	\$ 157,082	Present value of expected cash flows	Investment yield Discount rate	2.620% 3.270%	N/A

The following table represents the Organization's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments and the significant unobservable inputs and the ranges of values for those inputs for the year ended December 31, 2014:

Instrument	Fair value	Principal valuation technique	Unobservable inputs	Significant input values	Weighted average
Beneficial interest in perpetual trust	\$ 174,536	Present value of expected cash flows	Investment yield Discount rate	2.350% 2.870%	N/A

**Note 3 - Investment income**

Investment income (loss) consists of the following:

	2015	2014
Interest and dividend income	\$ 258,318	\$ 256,939
Investment fees	(37,344)	(90,586)
Realized loss on investments	162,846	1,384,699
Unrealized loss on investments	(457,354)	(1,005,965)
Change in value of beneficial interest in perpetual trust	(17,454)	32,283
	<u>\$ (90,988)</u>	<u>\$ 577,370</u>

The following schedule summarizes the investment income (loss) in the investment categories shown on the statement of activities for the year ended December 31, 2015:

	Cash and cash equivalents	Operations reserve	Quasi-endowments	Investment donor restricted	Interest in perpetual trust	Total
Interest and dividend income, net of fees	\$ 167	\$ 113,348	\$ 77,606	\$ 8,955	\$ 20,898	\$ 220,974
Realized gain (loss) on investments	(174)	35,368	123,673	3,979	-	162,846
Unrealized loss on investments	(326)	(206,959)	(234,433)	(15,636)	-	(457,354)
Change in value of beneficial interest in perpetual trust	-	-	-	-	(17,454)	(17,454)
	<u>\$ (333)</u>	<u>\$ (58,243)</u>	<u>\$ (33,154)</u>	<u>\$ (2,702)</u>	<u>\$ 3,444</u>	<u>\$ (90,988)</u>

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
December 31, 2015 and 2014**

The following schedule summarizes the investment income in the investment categories shown on the statement of activities for the year ended December 31, 2014:

	Cash and cash equivalents	Operations reserve	Quasi-endowments	Investment donor restricted	Interest in perpetual trust	Total
Interest and dividend income, net of fees	\$ 475	\$ 83,206	\$ 68,137	\$ 8,560	\$ 5,975	\$ 166,353
Realized gain (loss) on investments	(205)	716,770	606,812	61,322	-	1,384,699
Unrealized gain (loss) on investments	25	(532,210)	(416,775)	(57,005)	-	(1,005,965)
Change in value of beneficial interest in perpetual trust	-	-	-	-	32,283	32,283
	<u>\$ 295</u>	<u>\$ 267,766</u>	<u>\$ 258,174</u>	<u>\$ 12,877</u>	<u>\$ 38,258</u>	<u>\$ 577,370</u>

**Note 4 - Accounts receivable and unconditional promises to give**

The Organization's accounts receivable and unconditional promises to give (pledges) as of December 31, 2015 and 2014 are summarized as follows:

	2015	2014
Accounts receivable	\$ 1,174,749	\$ 69,216
Wider opportunity receivable	-	5,292
Returned checks	762	874
Subtotal	1,175,511	75,382
Allowance for uncollectible accounts	(24,402)	(21,505)
Total accounts receivable, net	<u>\$ 1,151,109</u>	<u>\$ 53,877</u>
Unconditional promises to give	\$ 173,136	\$ 222,928
Allowance for uncollectible accounts	(3,500)	(4,250)
Total unconditional promises to give, net	<u>\$ 169,636</u>	<u>\$ 218,678</u>

Accounts and pledges receivable are not collateralized and are expected to be collected in one year.

Accounts receivable as of December 31, 2015 includes \$1,095,105 due from a trust for which the Organization is the beneficiary.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**Note 5 - Property and equipment**

The carrying values of land, buildings and equipment at December 31, 2015 and 2014 are summarized as follows:

	2015	2014
Construction in progress	\$ 625,023	\$ 110,075
Building and improvements	15,619,584	15,594,644
Land and improvements	1,655,328	1,623,978
Office equipment	591,404	565,478
Camp equipment	253,500	236,656
Vehicles	270,508	290,608
Subtotal	19,015,347	18,421,439
Less accumulated depreciation	(8,431,609)	(7,834,986)
Total property and equipment, net	\$ 10,583,738	\$ 10,586,453

Depreciation expense totaled \$616,724 and \$612,472 for the years ended December 31, 2015 and 2014, respectively.

**Note 6 - Lease commitments**

**Operating leases**

The Organization leases various equipment and land under noncancelable leases that qualify as operating leases. The leases expire at various times through December 2037. Total lease expense for the years ended December 31, 2015 and 2014 was \$147,944 and \$204,750, respectively.

The Organization has operating leases for the land and equipment as follows:

**Balboa Program Center:** The Organization leases the land for its main service and program center from the City of San Diego under an agreement expiring on March 31, 2027 (the "Balboa Lease"). The Balboa Lease provides for annual rent in the amount of \$1 per year plus a \$3,250 annual administrative fee. Under the 2001 renewed lease agreement, the Organization agreed to expend at least \$1,900,000 during the first seven years of the lease for capital improvements to the leased premises, exclusive of the normal maintenance expenditures. The Organization expended in excess of this capital requirement. In addition, the lease requires a new general development plan to be submitted every ten years. The current plan was submitted in 2012. The plan outlines a focus on improving and maintaining the existing structures. The only significant new construction planned is the replacement of a cabin facility scheduled for completion in 2016, with an estimated cost of \$1,942,000 of which \$574,614 has been incurred and capitalized as construction in progress as of December 31, 2015.

**Escondido Program Center:** The Organization leases the land for its Escondido program center from the City of Escondido under a 1987 agreement that expires in 2037 (the "Escondido Lease"). The Organization also has the option of renewing the lease for an additional 50 years. No payments are due under the terms of the Escondido Lease. However, under the Escondido Lease, the Organization agreed to construct a headquarters building of approximately 4,000 square feet and related improvements, a park maintenance facility, a parking lot and a trash enclosure. The Organization completed the construction of the building and related improvements in 1988.

## Girl Scouts, San Diego-Imperial Council, Inc.

### Notes to Financial Statements December 31, 2015 and 2014

Consistent with prior years, the values of the Balboa and Escondido Leases have not been reflected in the accompanying financial statements because objective valuation information is not available due to the unique characteristics and public park locations of the program centers.

**Carlsbad:** In November 2012, the Organization entered into an operating lease for approximately 6,097 square feet in Carlsbad Commercial Center to be used as a resource center, administrative offices, meeting space, a council store and related facilities. The lease commenced in November 2012, for seven years through October 2019 with escalating rent payments each year. Deferred rent totaled \$27,500 and \$28,904 at December 31, 2015 and 2014, respectively. The Organization paid \$86,788 and \$84,515 in rent for this facility for the years ended December 31, 2015 and 2014, respectively.

**El Centro:** The Organization leased its El Centro location on a month-to-month basis. On June 30, 2014, the Organization terminated the lease agreement in El Centro and vacated the property. The Organization paid \$0 and \$13,860 in rent for this facility for the years ended December 31, 2015 and 2014, respectively.

**Equipment:** In March 2015, the Organization amended and extended its leases for office and copier equipment for a five-year term through March 2020. The monthly payments under these leases range from \$107 to \$2,503.

Future minimum operating lease and administrative fee payments for the five years subsequent to December 31, 2015 and thereafter are as follows:

2016	\$	117,506
2017		119,702
2018		121,115
2019		106,486
2020		10,959
Thereafter		<u>20,700</u>
	\$	<u>496,468</u>

#### Note 7 - Line of credit

The Organization has a \$750,000 line of credit agreement with a financial institution, originally scheduled to expire in September 2015, which has been extended to expire in September 2016 and is secured by the Organization's personal property. The interest rate is variable, not to fall below 4.0%. The Organization did not take any advances on this line of credit during the years ended December 31, 2015 and 2014.

#### Note 8 - Related party transactions

The Organization is chartered by the GSUSA. The Organization purchases inventory from the GSUSA, of which total purchases amounted to \$445,139 and \$435,923 for the years ended December 31, 2015 and 2014, respectively. At December 31, 2015 and 2014, amounts due to this supplier and included in accounts payable were \$1,855 and \$3,317, respectively. During the years ended December 31, 2015 and 2014, the Organization remitted to GSUSA membership fees of \$95,992 and \$156,585, respectively.

## **Girl Scouts, San Diego-Imperial Council, Inc.**

### **Notes to Financial Statements December 31, 2015 and 2014**

#### **Note 9 - Concentration**

The Organization has one major supplier, its cookie baker, who represents approximately 31% and 31% of total purchases for the years ended December 31, 2015 and 2014, respectively. The Organization has the ability to purchase cookies from other bakers, but is contracted to purchase from its current supplier through the 2018 cookie season. At December 31, 2015 and 2014, there was \$0 due to this supplier.

The Organization maintains its cash and cash equivalents with high-credit quality financial institutions. At times, such amounts may exceed federally insured limits. The Organization had \$4,480,892 of cash and cash equivalent balances in excess of federally insured limits for the year ended December 31, 2015.

#### **Note 10 - Beneficial interests in perpetual trust**

In 1972, the Organization received a beneficial interest in the Llewellyn irrevocable perpetual split-interest charitable remainder trust administered by a third-party trustee. In 2001, the original trust was split into four separate wholly charitable trusts and was granted exempt private foundation status.

Accordingly, the Organization is entitled to receive annual distributions of the greater of (a) 33.333% of the related account's income or (b) a 5% private foundation minimum distribution amount, as required.

The fair value of the assets to be received under the agreement, discounted for the estimated time until receipt, has been recorded in beneficial interest in perpetual trust and in permanently restricted net assets. The current year change in valuation of the Organization's interest in the trust is included in permanently restricted net assets on the statement of activities.

Distributions from the trust to the Organization are unrestricted and the trust document does not provide the trustee with variance powers.

#### **Note 11 - Endowment**

##### **Interpretation and relevant law**

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has interpreted the State of California's Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring 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 of this interpretation, the Organization has classified 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
December 31, 2015 and 2014**

Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a. The duration and preservation of the fund
- b. The purpose of the Organization and the donor-restricted endowment fund
- c. General economic conditions
- d. The possible effects of inflation and deflation
- e. The expected total return from income and the appreciation of investments
- f. Other resources of the Organization
- g. The Organization's investment policy

Endowment net asset composition by type of fund as of December 31, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 164,388	\$ 154,500	\$ 318,888
Quasi-endowment funds	4,118,782	-	-	4,118,782
Total	<u>\$ 4,118,782</u>	<u>\$ 164,388</u>	<u>\$ 154,500</u>	<u>\$ 4,437,670</u>

Endowment net asset composition by type of fund as of December 31, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 172,116	\$ 154,500	\$ 326,616
Quasi-endowment funds	5,106,846	-	-	5,106,846
Total	<u>\$ 5,106,846</u>	<u>\$ 172,116</u>	<u>\$ 154,500</u>	<u>\$ 5,433,462</u>

Changes in endowment net assets for the year ended December 31, 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 5,106,846	\$ 172,116	\$ 154,500	\$ 5,433,462
Net investment income	77,606	8,955	-	86,561
Net appreciation (realized and unrealized)	(110,760)	(11,656)	-	(122,416)
Amounts appropriated for disbursement, net	<u>(954,910)</u>	<u>(5,027)</u>	<u>-</u>	<u>(959,937)</u>
Endowment net assets, end of year	<u>\$ 4,118,782</u>	<u>\$ 164,388</u>	<u>\$ 154,500</u>	<u>\$ 4,437,670</u>

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
December 31, 2015 and 2014**

Changes in endowment net assets for the year ended December 31, 2014 are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 4,848,672	\$ 165,539	\$ 155,424	\$ 5,169,635
Net investment income	68,138	8,558	-	76,696
Net appreciation (realized and unrealized)	190,036	4,317	-	194,353
Amounts appropriated for expenditure	-	(6,298)	(924)	(7,222)
Endowment net assets, end of year	<u>\$ 5,106,846</u>	<u>\$ 172,116</u>	<u>\$ 154,500</u>	<u>\$ 5,433,462</u>

Endowment funds classified as permanently restricted net assets as of December 31, 2015 and 2014 are as follows:

<u>Purpose</u>	<u>2015</u>	<u>2014</u>
Milner Endowment Trust (income is restricted for programs)	<u>\$ 154,500</u>	<u>\$ 154,500</u>

Endowment funds classified as temporarily restricted net assets as of December 31, 2015 and 2014 are as follows:

	<u>2015</u>	<u>2014</u>
Portion of endowment funds subject to time restriction and purpose restriction	\$ 59,875	\$ 71,708
Fisch Endowment Fund (income is restricted for campership)	11,733	7,098
Francis Hamilton White Fund (income is restricted for campership)	<u>92,780</u>	<u>93,310</u>
Total	<u>\$ 164,388</u>	<u>\$ 172,116</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 UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2015 and 2014.

**Board-designated endowments  
Quasi-endowments**

A quasi-endowment was created by the Board of Directors in 1964 (and amended in 1965 and 1969), for the benefit of Girl Scouting in the San Diego and Imperial Counties. In 2007, the Board of Directors created a second quasi-endowment bearing like terms and conditions with a distribution from that first endowment. In August 2014, the two endowments were amended, including a change in the corporate trustee of the trusts. On December 31, 2015 and 2014, the combined balance of these endowments was \$4,118,782 and \$5,106,846, respectively.

**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
December 31, 2015 and 2014**

**Note 12 - Temporarily restricted net assets**

Temporarily restricted net assets are restricted for the following purposes and amounts as of December 31, 2015 and 2014:

	2015	2014
Donor-restricted endowment and investment funds	\$ 164,388	\$ 172,116
Community outreach programs	12,785	4,750
Camperships	1,267	3,434
Financial assistance for girls	-	5,549
Health, wellness and environmental awareness	-	5,559
Financial literacy	-	10,000
Property and facilities	489,615	650,350
Science and technology (STEM)	1,915	12,400
Arts initiative program	15,000	28,439
Other programs	20,639	9,152
	<u>\$ 705,609</u>	<u>\$ 901,749</u>
Total	<u>\$ 705,609</u>	<u>\$ 901,749</u>

Net assets released from restrictions during 2015 and 2014 consisted of \$0 time restrictions, and \$956,754 and \$480,021 purpose restrictions, respectively.

**Note 13 - Permanently restricted net assets**

Permanently restricted net assets as of December 31, 2015 and 2014 consisted of the following:

	2015	2014
Beneficial interest in perpetual trust	\$ 157,082	\$ 174,536
Milner Endowment Trust	154,500	154,500
	<u>\$ 311,582</u>	<u>\$ 329,036</u>
Total	<u>\$ 311,582</u>	<u>\$ 329,036</u>

**Note 14 - Program-related sales**

Program-related sales and direct costs of sales for the year ended December 31, 2015 were as follows:

	Cookie sales	Shop sales	Nut sales	Total
Sales	\$ 10,195,701	\$ 914,808	\$ 830,834	\$ 11,941,343
Direct costs	<u>(2,883,505)</u>	<u>(506,693)</u>	<u>(497,052)</u>	<u>(3,887,250)</u>
Net	<u>\$ 7,312,196</u>	<u>\$ 408,115</u>	<u>\$ 333,782</u>	<u>\$ 8,054,093</u>



**Girl Scouts, San Diego-Imperial Council, Inc.**

**Notes to Financial Statements  
December 31, 2015 and 2014**

Program-related sales and direct costs of sales for the year ended December 31, 2014 were as follows:

	<u>Cookie sales</u>	<u>Shop sales</u>	<u>Nut sales</u>	<u>Total</u>
Sales	\$ 9,154,941	\$ 875,862	\$ 841,477	\$ 10,872,280
Direct costs	<u>(3,056,175)</u>	<u>(503,160)</u>	<u>(483,928)</u>	<u>(4,043,263)</u>
Net	<u>\$ 6,098,766</u>	<u>\$ 372,702</u>	<u>\$ 357,549</u>	<u>\$ 6,829,017</u>

**Note 15 - Employee benefit plans**

**Defined benefit plan**

The Organization participates in the National Girl Scout Council Retirement Plan, a noncontributory defined benefit pension plan sponsored by GSUSA. The National Board of Girl Scouts of the United States of America 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.

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 Organization as a standalone operation. In addition, because the plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements under accounting principles generally accepted in the United States of America. As of January 1, 2015, the actuarial present value of accumulated plan benefits exceeded net plan assets available for plan benefits.

The Organization's pension expense and contributions to the plan for the years ended December 31, 2015 and 2014 were \$359,376 and \$321,828, respectively. GSUSA has estimated the Organization's payment for the year ending December 31, 2016 to be \$370,104. Estimated payments for years beyond 2016 are not available due to the nature of the multi-employer plan. All future required payments may change due to market conditions, interest rates and other factors.

Government regulations impose certain requirements relative to multi-employer plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Organization does not anticipate withdrawal from the plan, nor is the Organization aware of any expected terminations.

**125 cafeteria plan**

The Organization also maintains an employee benefit plan qualifying under Internal Revenue Code 125, covering substantially all employees who meet the plan's eligibility requirements. Under the plan, certain employee benefits may be provided on a pre-tax basis to employees electing to participate in the plan.

**403(b) contribution plan**

The Organization maintains a defined contribution 403(b) plan covering substantially all employees who meet the plan's eligibility requirements. Under the plan, voluntary contributions may be made by participants under Section 403(b) of the Internal Revenue Code. Organization contributions may be made at the discretion of the Council's Board of Directors. The Organization made contributions of \$32,812 and \$32,475 to the plan for the years ended December 31, 2015 and 2014, respectively.