

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016



HOULDSWORTH, RUSSO & COMPANY

8675 S. Eastern Avenue | Las Vegas, Nevada 89123 | P: 702.269.9992 | F: 702.269.9993 | www.trustHRC.com

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

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SEPTEMBER 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of Southern Nevada, Inc.
Las Vegas, Nevada

We have audited the accompanying financial statements of Girl Scouts of Southern Nevada, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Southern Nevada, Inc. as of September 30, 2017 and 2016, 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.

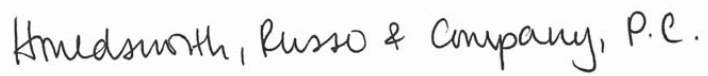
Certified Public Accountants
20 YEARS & COUNTING

HOULDSWORTH, RUSSO & COMPANY

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Emphasis of Matter

As discussed in Note 10 to the financial statements, the value of in-kind goods and services related to the Desert Before Dinner event are based on estimates. Our opinion is not modified with respect to that matter.

A handwritten signature in black ink that reads "Hnedsmoth, Russo & Company, P.C." The signature is written in a cursive, flowing style.

Las Vegas, Nevada
January 5, 2018

GIRL SCOUTS OF SOUTHERN NEVADA, INC.**STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016**

ASSETS	2017	2016
Current assets:		
Cash and cash equivalents	\$ 1,478,221	\$ 1,633,604
Cash and equivalents, restricted	298,065	178,707
Investments	1,803,678	1,089,312
Accounts receivable, net	34,456	30,692
Grants receivable	10,000	-
Pledges receivable	27,203	28,500
Inventory	80,704	76,473
Prepaid expenses	57,046	18,686
	<u>3,789,373</u>	<u>3,055,974</u>
Property and equipment, net	<u>4,390,490</u>	<u>4,530,912</u>
Other noncurrent assets:		
Investments, net of current	1,341,293	1,406,864
	<u>1,341,293</u>	<u>1,406,864</u>
	<u>\$ 9,521,156</u>	<u>\$ 8,993,750</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 126,584	\$ 60,630
Accrued expenses	73,812	64,940
Funds held for others	50,480	585
Deferred revenue and refundable advances	170,262	62,941
Current portion of capital lease	32,329	30,076
	<u>453,467</u>	<u>219,172</u>
Long-term liabilities:		
Capital lease, less current portion	<u>46,111</u>	<u>40,410</u>
Total liabilities:	<u>499,578</u>	<u>259,582</u>
Net assets:		
Unrestricted	5,193,275	5,007,742
Temporarily restricted	<u>3,828,303</u>	<u>3,726,426</u>
Total net assets	<u>9,021,578</u>	<u>8,734,168</u>
	<u>\$ 9,521,156</u>	<u>\$ 8,993,750</u>

See accompanying notes to financial statements

GIRL SCOUTS OF SOUTHERN NEVADA, INC.**STATEMENTS OF ACTIVITIES****YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

	2017	2016
Unrestricted net assets		
Revenues, gains and support:		
Grants and contributions	\$ 200,316	\$ 281,273
Product sales, net of cost of goods sold of \$988,391 and \$973,987 respectively	3,482,339	3,089,484
Retail sales, net of cost of goods sold of \$147,032 and \$148,266, respectively	95,560	115,714
Program fees	350,537	308,652
Special events, net of direct benefit to donor costs of \$496,798 and \$230,354, respectively	573,601	512,648
Rental income	24,000	39,080
Interest and dividends	57,608	44,618
Unrealized/realized gains on investments	37,138	980
Gain on disposal of assets	10,082	-
Council service fees	61,995	57,910
Net assets released from restriction	252,766	216,626
	<u>5,145,942</u>	<u>4,666,985</u>
Expenses and losses:		
Program services	3,742,448	3,418,076
Support services:		
Management and general	1,030,233	482,331
Fundraising	187,728	513,150
	<u>4,960,409</u>	<u>4,413,557</u>
Change in unrestricted net assets	<u>185,533</u>	<u>253,428</u>
Temporarily restricted net assets		
Grants and contributions	204,907	29,706
Interest and dividends	49,320	32,697
Unrealized/realized gains on investments	100,416	93,651
Net assets released from restrictions	(252,766)	(216,626)
Change in temporarily restricted net assets	<u>101,877</u>	<u>(60,572)</u>
Increase in net assets	287,410	192,856
Net assets, beginning of year	<u>8,734,168</u>	<u>8,541,312</u>
Net assets, end of year	<u>\$ 9,021,578</u>	<u>\$ 8,734,168</u>

See accompanying notes to financial statements

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2017

	Program Services	Management and General	Fundraising	Special Event Direct Benefit	Total
Salaries and related	\$ 764,990	\$ 437,155	\$ 116,575	\$ -	\$ 1,318,720
Employee benefits	108,978	62,276	16,607	-	187,861
Payroll taxes	69,583	39,763	10,603	-	119,949
Direct troop program expenses	1,325,550	-	-	-	1,325,550
Direct program fees and supplies	302,113	-	-	-	302,113
Occupancy	213,202	5,021	2,483	-	220,706
Depreciation and amortization	158,331	72,866	-	-	231,197
Professional services and fees	177,937	226,283	19,539	315,004	738,763
Recognition	227,057	-	-	-	227,057
Assistance and grants	13,073	-	-	-	13,073
Insurance	38,714	22,124	5,900	-	66,738
Facilities and equipment rental and maintenance	68,517	11,293	-	158,442	238,252
Telecommunications	94,657	47,716	1,567	-	143,940
Travel	22,879	13,075	3,487	-	39,441
Bank and credit card fees	-	25,547	-	-	25,547
Advertising and promotion	6,470	13,934	1,799	-	22,203
Office supplies and expenses	87,756	9,809	2,616	23,352	123,533
Conferences and meetings	16,292	9,311	2,483	-	28,086
Printing and publications	19,139	10,938	2,917	-	32,994
Postage and delivery	7,561	4,320	1,152	-	13,033
Interest expense	-	18,802	-	-	18,802
Bad debt expense	19,649	-	-	-	19,649
Total expenses	\$ 3,742,448	\$ 1,030,233	\$ 187,728	496,798	5,457,207
Less: direct benefit to donors				(496,798)	(496,798)
				\$ -	\$ 4,960,409

See accompanying notes to financial statements

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2016

	Program Services	Management and General	Fundraising	Special Event Direct Benefit	Total
Salaries and related	\$ 1,126,867	\$ 147,839	\$ 194,865	\$ -	\$ 1,469,571
Employee benefits	173,012	22,698	29,918	-	225,628
Payroll taxes	91,895	12,056	15,891	-	119,842
Direct troop program expenses	781,197	-	-	-	781,197
Direct program fees and supplies	317,729	-	-	-	317,729
Occupancy	182,863	23,991	31,622	-	238,476
Depreciation and amortization	179,669	23,572	31,070	-	234,311
Professional services and fees	58,778	118,763	93,003	50,428	320,972
Recognition	85,271	-	-	-	85,271
Assistance and grants	13,661	-	-	-	13,661
Insurance	48,075	6,307	8,313	-	62,695
Facilities and equipment rental and maintenance	19,142	2,511	3,310	164,944	189,907
Telecommunications	143,553	18,833	24,824	-	187,210
Travel	34,900	4,579	6,035	-	45,514
Bank and credit card fees	-	36,661	-	-	36,661
Advertising and promotion	-	-	46,377	-	46,377
Office supplies and expenses	87,712	11,507	15,168	-	114,387
Conferences and meetings	21,399	2,807	3,700	-	27,906
Printing and publications	39,476	5,179	6,827	-	51,482
Postage and delivery	12,877	1,689	2,227	-	16,793
Interest expense	-	27,079	-	-	27,079
Other	-	16,260	-	14,982	31,242
Total expenses	\$ 3,418,076	\$ 482,331	\$ 513,150	230,354	4,643,911
Less: direct benefit to donors				(230,354)	(230,354)
				\$ -	\$ 4,413,557

See accompanying notes to the financial statements

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

STATEMENTS OF CASH FLOWS

SEPTEMBER 30, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 287,410	\$ 192,856
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization expense	231,197	234,311
Unrealized/realized gain on investments	(186,874)	(127,328)
Gain on disposal of assets	(10,082)	-
Donated assets	(23,500)	-
Bad debt expense	19,649	-
Changes in assets and liabilities:		
Accounts receivable	(23,413)	65,390
Grants receivable	(10,000)	-
Pledges receivable	1,297	19,920
Prepaid expenses	(38,360)	44,873
Inventory	(4,231)	(3,104)
Deposits	-	50,000
Accounts payable	65,954	(127,788)
Accrued expenses	8,872	20,791
Deferred revenue	107,321	(29,454)
Funds held for others	49,895	-
Net cash provided by operating activities	475,135	340,467
Cash flows from investing activities:		
Purchases of property and equipment	(16,377)	(111,041)
Sales of investments	884,197	-
Purchases of investments	(1,349,416)	(536,717)
Net cash used in investing activities	(481,596)	(647,758)
Cash flows from financing activities:		
Payments of capital lease obligations	(29,564)	(22,010)
Net cash used in financing activities	(29,564)	(22,010)
Net decrease in cash	(36,025)	(329,301)
Cash, beginning of year	1,812,311	2,141,612
Cash, end of year	\$ 1,776,286	\$ 1,812,311
Supplemental disclosures:		
Assets acquired through capital lease obligations	\$ 60,904	\$ 43,563
Interest expense paid	\$ 18,802	\$ 27,079
Summary of cash accounts		
Cash and cash equivalents	\$ 1,478,221	\$ 1,633,604
Cash and cash equivalents, restricted	298,065	178,707
	\$ 1,776,286	\$ 1,812,311

See accompanying notes to financial statements

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2017 AND 2016

1. Nature of Activities

Girl Scouts of Southern Nevada, Inc. (the Organization) is an affiliate member of the Girl Scouts of the United States of America (GSUSA). The mission of the Organization is to build girls of confidence, courage, and character who make the world a better place. All of the Organization's participants come from the Southern Nevada and Inyo County, California areas.

The Organization is supported through government grants, appeals and contributions, program service fees, sales of merchandise, and investment income. For the years ended September 30, 2017 and 2016 approximately 67% of the Organization's support came from the sale of cookies.

The Organization provides the following pathway programs: Camp, Events, Series, Travel, Troop, and Adult Learning. Camp programs offer a variety of camp sessions with a focus on the out-of-doors and/or environmental education. Event programs help girls explore their skills and interests in areas such as community service, cultural arts, healthy living, math and science, aquatics, green initiatives, leadership development and more. Series programs are thematic in nature and developed to support initiatives in the areas of science, technology, math, engineering, healthy living, financial literacy, entrepreneurship and the environment. Travel programs offer girls leadership and cross-cultural opportunities through regional, national and international travel. Troop programs offer girls an opportunity to develop team relationships and leadership skills with girls of their own age. Adult Learning programs motivate and inspire Girl Scout volunteers and staff with resources, techniques, and strategies to utilize when working with girls.

2. Summary of Significant Accounting Policies

The following is a summary of the Organization's significant accounting policies:

Basis of Accounting - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation - Girl Scouts of Southern Nevada, Inc. presents its financial statements in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (Codification). Under FASB Codification, Girl Scouts of Southern Nevada, Inc. is required to report information regarding its financial position and changes in financial position activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition - Girl Scouts of Southern Nevada, Inc. accounts for contributions in accordance with the FASB Codification. As such, contributions are recognized as revenue when they are received or unconditionally pledged. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2017 AND 2016

2. Summary of Significant Accounting Policies (continued)

Reclassifications - Certain reclassifications have been made to the 2016 presentation to conform to the 2017 presentation.

Cash and Cash Equivalents - For purposes of the statements of cash flows, Girl Scouts of Southern Nevada, Inc. considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Inventory – Inventory is stated at the lower of cost or market under the first-in, first-out method.

Investments - The investments of the Organization are reported at fair value. The fair value of a financial instrument is the amount that would be received to sell that asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date (the exit price).

Purchases and sales of the investments are reflected on a trade-date basis.

Property and Equipment - Property and equipment are carried at cost. Additions, those greater than \$1,000, with a useful life greater than one year, are capitalized while replacements, maintenance and repairs which do not improve or extend the lives of the respective assets are expensed currently. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed by the straight-line method over the estimated useful lives of the related assets as follows:

Building - office	40 years
Buildings and other improvements	5 - 40 years
Computer hardware and software	3 - 7 years
Equipment and office furniture	3 - 7 years
Vehicles	5 years

Deferred Revenue - Service fees collected in advance are included in deferred revenue in the accompanying statements of financial position. This deferred revenue is expected to be recognized within one year.

Donated Goods and Services – Donated goods are recorded as contributions at their estimated fair value at the date of donation.

Donated services are recognized in accordance with FASB ASC if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased if not contributed. For the year ended September 30, 2017, donated services reflected in the financial statements were \$126,784 and \$387,558 for special event venue and food and beverage and professional services, respectively.

For the year ended September 30, 2016, donated services reflected in the financial statements were \$136,900 for special event venue and food and beverage.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2017 AND 2016

2. Summary of Significant Accounting Policies (continued)

Donated Goods and Services (continued) - A substantial number of volunteers have donated significant amounts of time in the Organization's program services; the value of these services has not been reflected in these statements since they do not meet the criteria under FASB Codification, as stated above.

Receivables – Accounts receivable consists of revenues generated from various sources to include program and membership dues income, event receipts and product sales. It is Girl Scouts of Southern Nevada, Inc.'s policy to charge off uncollectible receivables when management determines the receivables will not be collected. The allowance for doubtful accounts receivable at September 30, 2017 and 2016, respectively, was \$15,810 and \$0. All accounts receivables were expected to be collected in less than one year.

The pledges receivable balance consists of unconditional promises to give generated at the Dessert Before Dinner event. All pledges receivable are expected to be collected within one. There was no allowance or discount recognized for the years ended September 30, 2017, and 2016.

Expense Allocations - The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Expenses that can be identified with a specific program are applied directly to that program according to their natural expense classifications. Nonspecific program costs are allocated to the various programs and support services based on estimates made by management.

Income Tax Status - Girl Scouts of Southern Nevada, Inc. is a not-for-profit organization as described in Section 501(c)(3) and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code and is generally exempt from income taxes on related income pursuant to the appropriate section of the Internal Revenue Code.

Impairment of Long-Lived Assets - Girl Scouts of Southern Nevada, Inc. reviews long-lived assets 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 the asset to future net undiscounted 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 which the carrying amount of the assets exceeds the fair value of the assets. Management of Girl Scouts of Southern Nevada, Inc. believes that no adjustment for impairment was necessary at September 30, 2017 or 2016.

Gifts of Long-Lived Assets - Girl Scouts of Southern Nevada, Inc. 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 temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

2. **Summary of Significant Accounting Policies (continued)**

Advertising Costs - Advertising expenses are expensed as incurred. Advertising expenses were \$22,203 and \$46,377 for the years ended September 30, 2017 and 2016, respectively.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

3. **Fair Value Measurements**

The Organization measures fair value in accordance with FASB Codification 820, *Fair Value Measurements and Disclosures*, which establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2017 AND 2016

3. Fair Value 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, 2017.

Investments in mutual funds:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Domestic equities	\$ 763,068	\$ 763,068	\$ -	\$ -
International equities	808,803	808,803	-	-
Fixed income	1,364,129	1,364,129	-	-
Real estate funds	61,103	61,103	-	-
Commodities	147,868	147,868	-	-
	<u>\$ 3,144,971</u>	<u>\$ 3,144,971</u>	<u>\$ -</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2016.

Investments in mutual funds:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Domestic equities	\$ 610,708	\$ 610,708	\$ -	\$ -
International equities	589,164	589,164	-	-
Fixed income	1,106,615	1,106,615	-	-
Real estate funds	106,576	106,576	-	-
Commodities	83,113	83,113	-	-
	<u>\$ 2,496,176</u>	<u>\$ 2,496,176</u>	<u>\$ -</u>	<u>\$ -</u>

For the years ended September 30, 2017 and 2016, \$16,410 and \$14,499 of investment fees were paid, respectively. These costs are netted with unrealized/realized gains on the statements of activities.

4. Concentrations

As of September 30, 2017 and 2016, the Organization's cash and certificate of deposit accounts were held at a single financial institution, which is insured up to the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. The total uninsured cash balance in these accounts was \$1,446,563 and \$1,422,801 at September 30, 2017 and 2016, respectively. The Organization has not previously experienced any losses in such accounts.

5. Funds Held for Others

Funds held for others represents monies held for Organization members in a custodial capacity. The Organization held \$50,480 and \$585, at September 30, 2017 and 2016, respectively.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2017 AND 2016

6. Property and Equipment

Property and equipment consists of the following at September 30:

	2017	2016
Land	\$ 425,000	\$ 425,000
Land patent – Calico	1,642	1,642
Building and improvements	6,037,407	6,003,358
Computer hardware and software	179,165	179,135
Equipment and office furniture	492,392	485,709
Vehicles	89,135	89,135
	<u>7,224,741</u>	<u>7,183,979</u>
Less: accumulated depreciation	<u>2,834,251</u>	<u>2,653,067</u>
	<u>\$ 4,390,490</u>	<u>\$ 4,530,912</u>

Depreciation and amortization expense was \$231,197 and \$234,311 for the years ended September 30, 2017 and 2016, respectively.

7. Employee Benefit Plan

Girl Scouts of Southern Nevada, Inc. participates in a 401(k) profit-sharing plan. The Plan allows eligible employees to defer a portion of their compensation. The Organization, at its discretion, may match a portion of the employees' contribution. Girl Scouts of Southern Nevada, Inc. made no matching contributions during the years ended September 30, 2017 or 2016.

8. Participation in Multiemployer Plan

The Organization offers participation in the National Girl Scout Council Retirement Plan (the "Plan"). The Plan is a multiemployer, noncontributory, defined benefit pension plan sponsored by the Girls Scouts of the USA (EIN 13-1624016; PIN 002). The risk of participating in multiemployer defined benefit pension plans is different from single employer plans. Assets contributed to a multiemployer defined benefit pension plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

Effective July 31, 2010, the Plan was frozen to new entrants and to further benefits accruals for existing participants; although previously earned benefits can continue to vest. Accrued benefits earned prior to July 31, 2010 are based on years of service levels. The Organization is required to make estimated contributions to the plan to cover the unfunded liability for benefits frozen through December 31, 2023. The plan is currently not subject to the provisions of the Pension Protection Act of 2006 with regards to minimum funding or benefits restriction rules. For the plan year beginning January 1, 2013, the Plan implemented a funding improvement strategy, under which the Organization was not required to pay a surcharge.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2017 AND 2016

8. Participation in Multiemployer Plan (continued)

The Organization's participation in the multiemployer defined benefit pension plan for the year ended September 30, 2017 and 2016 is outlined in the table below. The "EIN/PN" column provides the employer identification number (EIN) and the three-digit plan number (PN). The last column specifies the year end date of the plan to which the annual report (Form 5500) relates.

<u>Pension Plan</u>	<u>EIN/PN</u>	<u>Most Recent Contributions</u>		<u>Available Annual Report (Form 5500)</u>
National Girl Scout Council Retirement Plan	13-1624016/002	2017	\$114,860	
		2016	\$120,831	12/31/2016

Contributions into the plan are made monthly under the terms of a participation agreement, which does not have an expiration date. The Organization's contributions do not represent more than 5% of total contributions to the plan as indicated in the plan's most recently available annual report (Form 5500).

9. Endowment Funds

The Organization has three endowment funds that are all held in investments and cash at September 30, 2017 and 2016. The endowment funds include only donor-restricted endowment funds. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The *Building Maintenance Fund* was started in August 2002, at that time the Organization was awarded a grant in the amount of \$4,245,390 by the Donald W. Reynolds Foundation for the purpose of constructing the new training and service center. This grant required the Organization to permanently restrict an amount equal to 20% of the awarded grant (\$849,078) to a *Building Maintenance Fund* in which only the earnings could be spent. Subsequently, in 2013, the Reynolds Foundation changed the restriction over this building fund to allow expenditure of up to 5% of the corpus each year. This event resulted in a reclassification of the permanently restricted funds to temporarily restricted funds.

The initial contribution to fund the *Betty L. Shultz Scholarship Fund* of \$50,000 was received in 2005. This fund could not be expended until the principal balance reached \$100,000 or 7 years had passed; then the funds could be expended for scholarships up to 5% of the fund per year.

In 2011, the Reynolds Foundation awarded another grant in the amount of \$849,078 to establish a *Restricted Fund for Programs*. The Organization is allowed to spend the earnings and up to 5% of the corpus each year.

Interpretation of Relevant Law

The Board of Directors of Girl Scouts of Southern Nevada, Inc. has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2017 AND 2016

9. Endowment Funds (continued)

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, Girl Scouts of Southern Nevada, Inc. classifies 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 as 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 State Prudent Management of Institutional Funds Act (SPMIFA). In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Return Objectives and Risk Parameters

Girl Scouts of Southern Nevada, Inc. has adopted investment policies for endowed assets that have the dual goals of striving to preserve assets in addition to maximizing the fund's total rate of return. Endowment assets include those assets of donor-restricted funds that the Organization must hold long-term. Under this policy approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that should achieve a rate of return in excess of inflation (Consumer Price Index) while assuming a reasonable level of risk.

Strategies Employed for Achieving Objectives

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 targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Related to Spending Policy

The Organization has a current policy of retaining the earnings within the endowment fund until such time that the Board of Directors has determined specific expenditures in which to use the earnings not restricted by the donor. This policy is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held for a specified term as well as to provide additional real growth through new gifts and investment return.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
SEPTEMBER 30, 2017 AND 2016

9. Endowment Funds (continued)

Changes in endowment net assets for the years ended September 30, 2017 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, September 30, 2016	\$ -	\$ 1,888,720	\$ -	\$ 1,888,720
Investment earnings	-	49,320	-	49,320
Gains/losses	-	111,172	-	111,172
Fees	-	(10,756)	-	(10,756)
Endowment net assets, September 30, 2017	<u>\$ -</u>	<u>\$ 2,038,456</u>	<u>\$ -</u>	<u>\$ 2,038,456</u>

Changes in endowment net assets for the years ended September 30, 2016 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, September 30, 2015	\$ (5,182)	\$ 1,762,372	\$ -	\$ 1,757,190
Investment earnings	-	32,697	-	32,697
Gains/losses	-	98,833	-	98,833
Appropriation of underwater gain adjustment	<u>5,182</u>	<u>(5,182)</u>	<u>-</u>	<u>-</u>
Endowment net assets, September 30, 2016	<u>\$ -</u>	<u>\$ 1,888,720</u>	<u>\$ -</u>	<u>\$ 1,888,720</u>

10. Significant Estimates

The Organization receives significant amounts of donated services for our event, Desert Before Dinner. This is recognized as in-kind special event revenue and in-kind special event expense. The valuation of these in-kind donations is a significant estimate. The amount recorded as revenue and expense is determined by using management's assessment of the reasonableness of invoices provided by the vendors who provide the in-kind services.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**
SEPTEMBER 30, 2017 AND 2016

11. Temporarily Restricted Net Assets

Net assets are temporarily restricted for the following purposes at September 30:

	<u>2017</u>	<u>2016</u>
Building	\$ 1,575,440	\$ 1,785,500
Building maintenance	1,023,781	964,629
Program restrictions	883,318	805,228
Scholarships	131,357	118,863
STEAM	149,384	-
Time restricted	27,203	28,500
Other	<u>37,820</u>	<u>23,706</u>
	<u>\$ 3,828,303</u>	<u>\$ 3,726,426</u>

These temporarily restricted assets are all held in the following assets:

	<u>2017</u>	<u>2016</u>
Buildings	\$ 1,575,440	\$ 1,785,500
Investments	1,927,595	1,733,719
Pledges	27,203	28,500
Cash	<u>298,065</u>	<u>178,707</u>
	<u>\$ 3,828,303</u>	<u>\$ 3,726,426</u>

12. Operating Leases

The Organization has two operating leases for various equipment that expire at various dates from September 2018 through May 2021. Expense for these leases for the years ended September 30, 2017 and 2016, respectively, were \$51,213 and \$28,314. Future minimum rental payments required under these leases are as follows:

2018	\$ 32,793
2019	1,920
2020	1,920
2021	<u>1,280</u>
	<u>\$ 37,913</u>

The Organization received rental income of \$24,000 and \$39,080 for the use of its camp and related property during the year ended September 30, 2017 and 2016, respectively. There are no future guarantees of rental income at September 30, 2017 or 2016.

The Organization occupies facilities in Henderson under a lease arrangement at \$1 per year and land in Las Vegas through a ground lease agreement at \$1 per year. It also has an informal understanding for facilities in Boulder City at \$1 per year. In addition, the Organization uses outdoor facilities at Camp Foxtail and Echoing Pines under use permits from the United States Forest Service and at Calico under a land patent from the Bureau of Land Management.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED) SEPTEMBER 30, 2017 AND 2016

13. Capital Leases

In August 2013, the Organization entered into an agreement to lease two copiers for 60 months due in monthly installments of \$2,425, at an interest rate of 43%. The gross value of the copiers is \$60,020 with related accumulated amortization of \$50,017 and \$38,013 for the years ended September 30, 2017 and 2016, respectively. Amortization expense of \$12,004 was recognized in each year ended September 30, 2017 and 2016. This lease was terminated in September of 2017.

In September 2017, the Organization entered into an agreement to lease two copiers for 36 months due in monthly installments of \$2,536 at an interest rate of 50%. The value of these copiers is \$60,904 and no amortization was recognized during the year ended September 30, 2017.

In October 2016, the Organization entered into an agreement to lease laptop and desktop computers for 36 months due in monthly installments of \$1,596 at an interest rate of 19%. The gross value of these computers is \$43,563 with accumulated amortization of \$29,042 and \$14,521 for the years ended September 30, 2017 and 2016, respectively. Amortization expense of \$14,521 was recognized in each year ended September 30, 2017 and 2016.

Future minimum rental payments required under these capital leases at September 30 are as follows:

2018	\$ 49,582
2019	32,024
2020	<u>27,892</u>
Total minimum payments	109,498
Less: amount representing interest	<u>(31,058)</u>
	<u>\$ 78,440</u>

Current obligations under capital lease	\$ 32,329
Long-term obligations under capital lease	<u>46,111</u>
Total obligations under capital lease	<u>\$ 78,440</u>

14. Related Party Transactions

The Organization is an affiliated-chartered member of the Girl Scouts of the United States of America (GSUSA). GSUSA is the supplier of resale items for the Organization's retail store; provides training, materials and schooling for members, volunteers, and staff of the Organization; and also provides registration information collected from members. The Organization collects annual dues from its members and forwards them to GSUSA. The amounts remitted to GSUSA for the year ending September 30, 2017 were \$7,990 for membership dues, \$138,905 for purchases from GSUSA for resale in the Organization's store, \$105,688 for interim CEO services, and \$12,318 for other services. The amounts remitted to GSUSA for the year ending September 30, 2016 were \$12,675 in membership dues and \$159,694 for purchases from GSUSA for resale in the Organization's store. As of September 30, 2017, \$28,461 was payable to GSUSA.

GIRL SCOUTS OF SOUTHERN NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2017 AND 2016

14. Related Party Transactions (continued)

Three members of the Organization's Board of Directors are owners or senior executives for companies that provided purchased and in-kind goods and services to the Organization. For the years ended September 30, 2017 and 2016, \$94,132 and \$29,765 in purchased goods and services and \$211,370 and \$145,107 in in-kind contributions, respectively, were provided by related parties. Of these amounts, \$258,425 and \$171,815 were related to Dessert Before Dinner event, and \$47,077 and \$3,057 were for other goods and services, for the years ended September 30, 2017 and 2016, respectively.

15. Subsequent Events

Subsequent events were evaluated through January 5, 2018, which is the date the financial statements were available to be issued. Effective November 4, 2017, the Organization ceased operations at Camp Foxtail. As of the date, the financial impact of this closure is unable to be estimated.