

**GIRL SCOUT COUNCIL OF THE NATION'S  
CAPITAL**

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED SEPTEMBER 30, 2017 AND 2016**

# Girl Scout Council of the Nation's Capital

## Table of Contents

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	<b>Page</b>
<b>Independent Auditor's Report</b>	1 - 2
<b>Audited Financial Statements</b>	
Statements of Financial Position	3
Statements of Activities	4
Statements of Changes in Net Assets	5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 26



## Independent Auditor's Report

Board of Directors  
**Girl Scout Council of the Nation's Capital**  
Washington, D.C.

We have audited the accompanying financial statements of the **Girl Scout Council of the Nation's Capital** (a nonprofit organization), which comprise the Statement of Financial Position as of September 30, 2017 and the related Statements of Activities, Changes in Net Assets, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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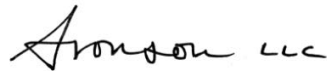
## Independent Auditor's Report (continued)

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Girl Scout Council of the Nation's Capital** as of September 30, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Prior Period Financial Statements*

The financial statements of **Girl Scout Council of the Nation's Capital**, as of September 30, 2016 were audited by other auditors whose report dated January 25, 2017, expressed an unmodified opinion on those statements.



Rockville, Maryland  
January 30, 2018

# Girl Scout Council of the Nation's Capital

## Statements of Financial Position

<i>September 30,</i>	<b>2017</b>	<b>2016</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,252,715	\$ 281,622
Accounts receivable, net	156,752	80,805
Contributions receivable, net	238,945	417,430
Inventory	328,524	454,756
Prepaid expenses and deposits	472,237	278,981
Investments	9,738,025	8,814,699
Beneficial interest in perpetual trusts	90,230	90,230
Property and equipment, net	8,653,709	8,497,171
<b>Total assets</b>	<b>\$ 20,931,137</b>	<b>\$ 18,915,694</b>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 462,366	\$ 237,210
Payroll and related liabilities	468,977	346,749
Deferred rent	875,793	676,318
Deferred revenue	47,820	-
Capital lease obligation	457,449	-
Note payable	56,035	63,933
Line-of-credit	-	625,000
<b>Total liabilities</b>	<b>2,368,440</b>	<b>1,949,210</b>
<b>Net assets</b>		
Unrestricted		
Board designated - operating reserve	6,786,096	7,408,392
Undesignated	8,026,405	5,895,510
<b>Total unrestricted net assets</b>	<b>14,812,501</b>	<b>13,303,902</b>
Temporarily restricted	1,919,740	1,852,126
Permanently restricted	1,830,456	1,810,456
<b>Total net assets</b>	<b>18,562,697</b>	<b>16,966,484</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,931,137</b>	<b>\$ 18,915,694</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

# Girl Scout Council of the Nation's Capital

## Statements of Activities

<i>For the Years Ended September 30,</i>	2017			2016
	Operating	Capital	Total	Total
<b>Changes in Unrestricted Net Assets</b>				
<b>Revenue, gains, and other support</b>				
Sales	\$ 18,131,357	\$ -	\$ 18,131,357	\$ 16,844,004
Cost of Sales	6,080,968	-	6,080,968	5,191,069
<b>Net Sales</b>	<b>12,050,389</b>	<b>-</b>	<b>12,050,389</b>	<b>11,652,935</b>
<b>Other Support</b>				
Camping and other program fees	1,825,319	-	1,825,319	1,750,175
Foundation and corporate contributions	50,000	-	50,000	154,378
Annual giving campaigns	762,009	-	762,009	799,452
United Way designations	129,538	-	129,538	94,445
Interest and dividends	211,929	-	211,929	158,698
Other income	107,238	-	107,238	62,867
Net realized and unrealized gains on investments	816,013	-	816,013	537,878
<b>Total other support</b>	<b>3,902,046</b>	<b>-</b>	<b>3,902,046</b>	<b>3,557,893</b>
Net assets released from restrictions:				
Satisfaction of program restrictions	936,849	84,000	1,020,849	1,030,877
<b>Total revenue, gains, and other support</b>	<b>16,889,284</b>	<b>84,000</b>	<b>16,973,284</b>	<b>16,241,705</b>
<b>Expenses</b>				
<b>Program services:</b>				
Troop-type service	4,595,855	276,314	4,872,169	5,275,703
Camping and property	3,018,255	195,083	3,213,338	3,475,585
Day camp and outreach	1,299,177	74,252	1,373,429	1,537,302
Adult/volunteer development	3,275,853	183,989	3,459,842	3,226,256
<b>Total program services</b>	<b>12,189,140</b>	<b>729,638</b>	<b>12,918,778</b>	<b>13,514,846</b>
<b>Support services:</b>				
Fundraising	1,357,092	75,023	1,432,115	1,229,860
Management and general	1,044,140	69,652	1,113,792	1,323,084
<b>Total support services</b>	<b>2,401,232</b>	<b>144,675</b>	<b>2,545,907</b>	<b>2,552,944</b>
<b>Total expenses</b>	<b>14,590,372</b>	<b>874,313</b>	<b>15,464,685</b>	<b>16,067,790</b>
<b>Increase (decrease) in unrestricted net assets</b>	<b>2,298,912</b>	<b>(790,313)</b>	<b>1,508,599</b>	<b>173,915</b>
<b>Changes in temporarily restricted net assets</b>				
Foundation and corporate contributions	699,583	-	699,583	733,189
Individual giving contributions	327,620	61,260	388,880	1,464,064
Net assets released from restrictions	(936,849)	(84,000)	(1,020,849)	(1,030,877)
<b>Increase (decrease) in temporarily restricted net assets</b>	<b>90,354</b>	<b>(22,740)</b>	<b>67,614</b>	<b>1,166,376</b>
<b>Changes in permanently restricted net assets</b>				
Contributions	20,000	-	20,000	16,170
<b>Increase in permanently restricted net assets</b>	<b>20,000</b>	<b>-</b>	<b>20,000</b>	<b>16,170</b>
<b>Increase in net assets</b>	<b>2,409,266</b>	<b>(813,053)</b>	<b>1,596,213</b>	<b>1,356,461</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

# Girl Scout Council of the Nation's Capital

## Statements of Changes in Net Assets

*For the Years Ended September 30,*

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
<b>Net Assets, September 30, 2015</b>	\$ 13,129,987	\$ 685,750	\$ 1,794,286	\$ 15,610,023
Change in net assets	173,915	1,166,376	16,170	1,356,461
<b>Net Assets, September 30, 2016</b>	13,303,902	1,852,126	1,810,456	16,966,484
Change in net assets	<b>1,508,599</b>	<b>67,614</b>	<b>20,000</b>	<b>1,596,213</b>
<b>Net Assets, September 30, 2017</b>	<b>14,812,501</b>	<b>1,919,740</b>	<b>1,830,456</b>	<b>18,562,697</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

**Girl Scout Council of the Nation's Capital**

**Statement of Functional Expenses**

<i>For the Year Ended September 30, 2017</i>	Program Services					Supporting Services			
	Troop-Type Service	Camping and Property	Day Camps and Outreach	Adult/Volunteer Development	Total Program Services	Fundraising	Management and General	Total	Total Expenses
Salaries	\$ 2,103,711	\$ 1,109,082	\$ 513,572	\$ 1,626,695	\$ 5,353,060	\$ 685,500	\$ 517,264	\$ 1,202,764	\$ 6,555,824
Staff health and retirement benefits	490,103	258,384	119,647	378,973	1,247,107	159,702	120,507	280,209	1,527,316
Payroll taxes	159,301	83,984	38,890	123,180	405,355	51,909	39,169	91,078	496,433
<b>Total salaries and related expenses</b>	<b>2,753,115</b>	<b>1,451,450</b>	<b>672,109</b>	<b>2,128,848</b>	<b>7,005,522</b>	<b>897,111</b>	<b>676,940</b>	<b>1,574,051</b>	<b>8,579,573</b>
Professional fees	111,451	250,675	101,800	137,053	600,979	49,613	115,409	165,022	766,001
Supplies	414,539	436,804	125,148	159,117	1,135,608	48,887	20,586	69,473	1,205,081
Communication	65,323	43,309	21,670	48,653	178,955	13,774	14,433	28,207	207,162
Postage and shipping	64,753	18,327	6,916	24,337	114,333	30,138	1,801	31,939	146,272
Occupancy	506,004	407,235	192,104	346,564	1,451,907	132,581	154,175	286,756	1,738,663
Rentals and maintenance	13,445	6,984	5,259	10,022	35,710	4,417	4,086	8,503	44,213
Outside printing and artwork	87,572	18,226	10,047	63,860	179,705	39,609	6,547	46,156	225,861
Transportation and related expenses	142,625	120,525	61,480	114,689	439,319	18,616	11,739	30,355	469,674
Adult conferences and conventions	4,228	10,961	3,966	11,153	30,308	3,130	2,725	5,855	36,163
Specific assistance to individual girls and adults	224,436	162,510	64,414	148,418	599,778	-	-	-	599,778
Dues for membership in other organizations	167	4,052	1,069	905	6,193	5,693	4,569	10,262	16,455
Interest	29,199	20,615	7,846	19,443	77,103	7,928	7,360	15,288	92,391
Bad debt expense	84,709	-	-	-	84,709	80,000	-	80,000	164,709
Miscellaneous	94,289	66,582	25,349	62,791	249,011	25,595	23,770	49,365	298,376
<b>Total expenses before depreciation and amortization</b>	<b>4,595,855</b>	<b>3,018,255</b>	<b>1,299,177</b>	<b>3,275,853</b>	<b>12,189,140</b>	<b>1,357,092</b>	<b>1,044,140</b>	<b>2,401,232</b>	<b>14,590,372</b>
Depreciation and amortization	276,314	195,083	74,252	183,989	729,638	75,023	69,652	144,675	874,313
<b>Total expenses</b>	<b>\$ 4,872,169</b>	<b>\$ 3,213,338</b>	<b>\$ 1,373,429</b>	<b>\$ 3,459,842</b>	<b>\$ 12,918,778</b>	<b>\$ 1,432,115</b>	<b>\$ 1,113,792</b>	<b>\$ 2,545,907</b>	<b>\$ 15,464,685</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



**Girl Scout Council of the Nation's Capital**

**Statement of Functional Expenses**

<i>For the Year Ended September 30, 2016</i>	Program Services				Total Program Services	Supporting Services			Total Expenses
	Troop-Type Service	Camping and Property	Day Camps and Outreach	Adult/Volunteer Development		Fundraising	Management and General	Total	
Salaries	2,310,244	1,028,060	553,563	1,360,177	5,252,044	459,075	449,815	908,890	6,160,934
Staff health and retirement benefits	586,805	261,990	141,070	346,627	1,336,492	137,071	96,485	233,556	1,570,048
Payroll taxes	167,664	90,234	48,587	119,384	425,869	64,430	50,451	114,881	540,750
<b>Total salaries and related expenses</b>	<b>3,064,713</b>	<b>1,380,284</b>	<b>743,220</b>	<b>1,826,188</b>	<b>7,014,405</b>	<b>660,576</b>	<b>596,751</b>	<b>1,257,327</b>	<b>8,271,732</b>
Professional fees	155,096	477,262	145,247	176,857	954,462	55,840	239,962	295,802	1,250,264
Supplies	441,613	471,362	151,900	178,715	1,243,590	45,716	25,183	70,899	1,314,489
Communication	84,761	66,493	30,047	66,964	248,265	12,636	16,657	29,293	277,558
Postage and shipping	62,819	19,474	6,773	23,130	112,196	33,786	2,615	36,401	148,597
Occupancy	528,693	416,929	195,655	348,180	1,489,457	160,860	158,643	319,503	1,808,960
Rentals and maintenance	62,782	24,165	21,082	47,534	155,563	18,314	17,555	35,869	191,432
Outside printing and artwork	54,663	23,929	5,477	78,222	162,291	11,827	7,752	19,579	181,870
Transportation and related expenses	128,782	194,825	66,471	86,274	476,352	17,790	13,818	31,608	507,960
Adult conferences and conventions	10,455	19,337	7,007	21,820	58,619	6,451	5,985	12,436	71,055
Specific assistance to individual girls and adults	201,807	117,075	49,424	135,698	504,004	-	-	-	504,004
Dues for membership in other organizations	1,207	3,160	1,781	1,261	7,409	5,284	6,598	11,882	19,291
Interest	3,781	5,042	3,781	5,042	17,646	7,563	25,209	32,772	50,418
Bad debt expense	216,280	384	192	45,440	262,296	80,782	-	80,782	343,078
Miscellaneous	34,939	49,789	28,956	37,863	151,547	49,635	129,867	179,502	331,049
<b>Total expenses before depreciation and amortization</b>	<b>5,052,391</b>	<b>3,269,510</b>	<b>1,457,013</b>	<b>3,079,188</b>	<b>12,858,102</b>	<b>1,167,060</b>	<b>1,246,595</b>	<b>2,413,655</b>	<b>15,271,757</b>
Depreciation and amortization	223,312	206,075	80,289	147,068	656,744	62,800	76,489	139,289	796,033
<b>Total expenses</b>	<b>\$ 5,275,703</b>	<b>\$ 3,475,585</b>	<b>\$ 1,537,302</b>	<b>\$ 3,226,256</b>	<b>\$ 13,514,846</b>	<b>\$ 1,229,860</b>	<b>\$ 1,323,084</b>	<b>\$ 2,552,944</b>	<b>\$ 16,067,790</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## Girl Scout Council of the Nation's Capital

### Statements of Cash Flows

<i>For the Years Ended September 30,</i>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,596,213	\$ 1,356,461
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities</b>		
Bad debt expense	164,709	343,078
Loss on disposal of property and equipment	-	282,406
Realized and unrealized gains on investments and perpetual trusts	(816,013)	(537,878)
Depreciation and amortization	874,313	796,033
Proceeds from contributions restricted for investment in permanently restricted net assets	(20,000)	(16,170)
<b>(Increase) decrease in assets</b>		
Accounts receivable	(75,947)	23,894
Contributions receivable	13,776	91,204
Inventory	126,232	(21,518)
Prepaid expenses and deposits	(193,256)	(82,269)
<b>Increase (decrease) in liabilities</b>		
Accounts payable and accrued expenses	225,156	(358,218)
Payroll and related liabilities	122,228	(111,514)
Deferred revenue	47,820	(66,777)
Deferred rent	199,475	77,101
<b>Net cash provided by operating activities</b>	<b>2,264,706</b>	<b>1,775,833</b>
<b>Cash flows from investing activities</b>		
Proceeds from sales and maturities of investments	200,091	178,522
Purchases of investments	(307,404)	(1,340,802)
Capital expenditures	(510,920)	(308,559)
<b>Net cash used by investing activities</b>	<b>(618,233)</b>	<b>(1,470,839)</b>
<b>Cash flows from financing activities</b>		
Proceeds from contributions restricted for investment in permanently restricted net assets	20,000	16,170
Principal payments on note payable	(7,898)	(6,499)
Principal payments on capital lease obligations	(62,482)	-
Principal payments on line-of-credit	(3,400,000)	(3,550,000)
Borrowings on line-of-credit	2,775,000	3,375,000
<b>Net cash used by financing activities</b>	<b>(675,380)</b>	<b>(165,329)</b>
<b>Net change in cash and cash equivalents</b>	<b>971,093</b>	<b>139,665</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>281,622</b>	<b>141,957</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,252,715</b>	<b>\$ 281,622</b>
<b>Non-cash investing and financing activities</b>		
Equipment obtained through capital lease	\$ 519,931	\$ -
<b>Supplemental information</b>		
Cash paid for interest	\$ 91,991	\$ 50,418

The accompanying Notes to Financial Statements are an integral part of these financial statements.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

### 1. Organization and significant accounting policies

**Organization:** The Girl Scout Council of the Nation's Capital ("the Council"), a nonprofit organization, was incorporated in the state of Virginia on January 1, 1963. The Council serves girls throughout the District of Columbia, eight counties in Maryland, ten counties in Virginia, and seven counties in West Virginia. The accompanying financial statements do not include financial data for individual Girl Scout Troops.

#### **Description of Program and Supporting Services:**

##### *Troop-type Service:*

The Council is the support organization of Girl Scouting in neighborhoods throughout the District of Columbia, eight counties in Maryland, ten counties in Virginia, and seven counties in West Virginia.

It is responsible for the recruitment of girls and adults and the formation of Girl Scout troops throughout the region. The Council develops programs for girls and troops, provides outreach to low-income and linguistically diverse populations, as well as providing the financial support to ensure equal access to programs and activities by all members.

##### *Camping and Property:*

The Council provides overnight and multi-day outdoor experiences that teach teamwork, cooperation, self-reliance, and leadership while enhancing girls' skills in numerous sports, crafts, arts, and outdoor related activities. The Council maintains nine properties, eight with developed campsites that are used as overnight camps, summer day programs, service unit and troop camping and training. The Council provides financial support for resident camping through camperships to girls.

##### *Day Camps and Outreach:*

The Council provides weeks of summer programs for girls that focus on self-awareness and skill building activities, as well as outdoor education, science, arts, and crafts. Some of the programs are located in economically depressed and/or at-risk areas or in neighborhoods where English is not the primary language, while others are more traditional and are located on campsites and in state parks. Through the day camps, the Council is able to serve the diverse population of girls in the region. The Council also provides financial support for day camps through camperships to girls.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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### *Adult/Volunteer Development*

The Council facilitates volunteer involvement in scouting by providing the resources, the administrative and financial support, adult education courses, training for skills enhancement and safety, publications and communications materials, and the support services that enhance the delivery of the Girl Scout program.

### *Fundraising*

The Council also secures private financial support, grants, in-kind gifts from families, individuals, foundations and corporations, and the United Way and Combined Federal Campaigns. The Council coordinates the Girl Scout alumni and planned giving program, as well as communicating the progress and activities of the Council to the donor community.

### *Management and General*

The Council's resources are used to support a professional working environment, which allows for the coordination, articulation, and dissemination of the organization's mission and programs. The Council provides leadership support, guidelines, and policy for all the volunteers within the organization. The Council administers programs, using competent legal services if needed, for program administration and manages the financial and budgetary responsibilities of the Council.

**Basis of presentation:** The financial statements of the Council have been prepared on the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

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

**Unrestricted net assets** – unrestricted net assets result from revenues derived from unrestricted contributions, investment income, and other inflows of assets that are not subject to donor-imposed stipulations. Unrestricted – board designated net assets consist of net assets designated by the Board for a specific use.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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**Temporarily restricted net assets** – The Council reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. 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 restriction. Expenses are reported as decreases in unrestricted net assets. Gains or losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Temporary restricted net assets whose restrictions expire in the same year as received are classified as unrestricted revenue in the statements of activities.

**Permanently restricted net assets** – net assets subject to donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Council. The restrictions stipulate that resources be maintained permanently, but permit the Council to expend the income generated in accordance with the provisions of the agreements.

**Cash and cash equivalents:** Cash and cash equivalents consist of deposits in checking, savings, and money market accounts, and all liquid debt instruments with original maturities of three months or less. Certain money market accounts intended for long-term investment are categorized as investments.

**Inventory:** Inventory, stated at the lower of cost or market, consists of clothing, supplies, and other items sold in the Girl Scout shops. There is no cookie inventory because the cookie sales occur between February and April each year and all cookies are sold by year-end.

**Investments:** Investments are recorded at readily determinable fair values. The Council utilized readily available market prices to value its investments as of September 30, 2017 and 2016. Therefore, all assets are classified at Level 1 as defined under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820. Unrealized and realized gains and losses are included in the statements of activities.

**Beneficial interest in perpetual trusts:** The Council is the beneficiary of several trusts. Net unrealized gains and losses in these trusts are reported as restricted support based on the various donor gifts to the trusts which restrict distribution from the trust to interest and dividend income. The carrying value of these assets is equal to the estimated fair value of the underlying trust assets, which approximates the present value of the future cash flows to be derived from those trust accounts. The Council does not require collateral to secure its beneficial interest in perpetual trusts.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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**Fair value:** The Council values its investments at fair value in accordance with a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1: Observable inputs such as quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no changes to the fair value methodologies used at September 30, 2017 and 2016, respectively.

**Accounts and contributions receivable:** Accounts receivable consists mainly of receivables from sales, share events, and troops. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Conditional promises to give are not included as support until the conditions are substantially met.

The allowance method is used to determine doubtful accounts. The allowance for doubtful accounts is based on specifically identified amounts that the Council believes to be uncollectible. The Council also records an additional allowance for doubtful accounts based on certain percentages of aged receivables, which are determined based on management's historical experience and an assessment of general financial conditions. If actual collection experience changes, revisions to the allowance may be required. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. As of September 30, 2017 and 2016, the Council believes that the allowance for doubtful accounts is adequate. However, future write-offs might exceed the recorded allowance.

**Financial instruments and credit risk:** Financial instruments which potentially subject the Council to concentrations of credit risk consist principally of cash and investments held at creditworthy financial institutions. These investments are kept within limits designed to prevent risks caused by concentration. As of September 30, 2017, the Council had no other significant concentration of credit risk, except as described in Note 2.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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**Property and equipment, and depreciation:** Land, buildings, and equipment are recorded at cost, or if donated, such assets are capitalized at the estimated fair market value at the date of receipt. The value of the land represents the historical cost at the date of acquisition. Depreciation of buildings and equipment is computed using the straight-line method with the following estimated useful lives:

Buildings and improvements	20 to 40 years
Camp equipment	5 to 15 years
Vehicles	4 years
Office equipment	3 to 15 years

The Council capitalizes all acquisitions of land, buildings, and equipment over \$2,500. When assets are sold or disposed of, the cost and corresponding accumulated depreciation and amortization are removed from the accounts with any gain or loss recognized currently. Expenditures for repairs and maintenance are charged to expense as incurred. Costs associated with construction in progress are held until the asset is placed in service, at which point the asset is transferred out of construction in progress and depreciated over its estimated useful life. During the years ended September 30, 2017 and 2016, \$151,570 and \$200,918 of the prior year's construction in progress was reclassified to buildings and improvements as the construction was completed. During the years ended September 30, 2017 and 2016, \$31,687 and \$192,049, respectively, remained as construction in progress. During the year ended September 30, 2016, \$282,406 of construction in progress was written off due to abandonment of a project that was not feasible.

It is not the Council's policy to imply time restrictions expiring over the useful life of donated assets. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support once placed in service.

**Impairment of long-lived assets:** The Council reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced to its current fair value by a charge to the statements of activities.

**Deferred rent:** The Council recognizes the minimum non-contingent rents required under operating leases as rent expense on a straight-line basis over the life of the lease. Differences between amounts recognized as expense and the amounts paid are recorded as deferred rent on the statements of financial position.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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**Endowments:** The Council has interpreted the Commonwealth of Virginia'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 result of this interpretation, the Council classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment. The associated gains and income on donor-restricted endowment funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The purposes that the Council will appropriate funds from the donor-restricted endowment fund;
2. General economic conditions;
3. The possible effect of inflation and deflation
4. The expected total return from income and the appreciation of investments;
5. Other resources of the Council; and
6. The investment policies of the Council

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 Council to retain as a fund of perpetual duration.

*Endowment Investment and Spending Policies* – The objective of the Endowment Fund is principal preservation pursued as a long-term goal designed to maximize the income returns without exposure to undue risk. It is understood that fluctuating rates of return are characteristic of the securities markets. This fund has a long-term performance horizon of 3-5 years.

For purposes of measuring performance:

1. The total return, net of investment expenses, will be compared to an index comprised of a blend of indices whose mix approximates the mix of the endowment fund.
2. The total return, net of investment expenses, of each investment manager will be evaluated against an appropriate individual benchmark and a peer universe.



# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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For purposes of measuring performance, total return is defined as all dividends and interest and both realized and unrealized gains and losses reduced by investment expenses and fees.

To satisfy its long-term rate-of-return objectives, the Council 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 Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk parameters.

The Council's fiscal policy governs the use of resources in the endowment fund for scholarships, camperships, and financial assistance for programs. Endowment funds are used for the specified purpose, or over the specified time period, designated by the donor. The use of the endowment funds is incorporated into the operating budget process.

### **Revenue recognition:**

**Sales** – Sales are recognized as revenue when the customer receives and pays for goods with cash. For online sales shipped to customers, sales are recognized at the time the customer has received the goods.

**Camping and other program fees** – Revenue from camping and other program fees are recognized when the services have been rendered.

**Contributions** – The Council recognizes all contributions as revenue in the period received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the presence or absence of donor stipulations that limit the use of the contributions. When a donor 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.

**Annual giving campaigns** – Revenue from the annual giving campaigns is recognized when a pledge or contribution is received in accordance with contribution revenue policies.

**Deferred revenue** – Payments received in advance of an event and not yet earned is deferred to the applicable period.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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**Functional allocation of expenses:** The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Donated Services:** A substantial number of volunteers have donated significant amounts of time to the Council's program services and to its fund-raising campaigns. Although the value of these services is significant, the Council does not record such value in its financial statements since the criteria for recognition are not met.

**Income tax status:** The Council is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation within the meaning of Section 509(a)(2) of the Internal Revenue Code. Accordingly, no provision for income taxes is recognized in the financial statements.

**Uncertainty in income taxes:** The Council evaluates uncertainty in income tax positions taken or expected to be taken on a tax return based on a more-likely-than-not recognition standard. If that threshold is met, the tax position is then measured at the largest amount that is greater than 50% likely of being realized upon ultimate settlement and is recognized in the financial statements. As of September 30, 2017 and 2016, The Council recognized no uncertain tax positions nor accrued interest and penalties associated with uncertain tax positions. If applicable, The Council records interest and penalties as a component of income tax expense. Tax years from 2014 through the current year remain open for examination by tax authorities.

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

**Reclassification:** Certain 2016 balances have been reclassified to correspond to the 2017 presentation.

**Subsequent events:** Management has evaluated subsequent events for disclosure in these financial statements through January 30, 2018, which was the date the financial statements were available to be issued.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

**2. Uninsured cash balances**      The Council maintains cash balances at several financial institutions. At times, during the year, these balances may exceed federally insured limits. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

**3. Accounts receivable**

Accounts receivable consist of the following at:  
September 30,

	<b>2017</b>	2016
Cookie receivables	\$ 49,937	\$ 63,217
Other receivables	137,315	65,424
	<b>187,252</b>	128,641
Less: allowance for doubtful accounts	<b>(30,500)</b>	(47,836)
<b>Net accounts receivable</b>	<b>\$ 156,752</b>	<b>\$ 80,805</b>

**4. Contributions receivable**

Contributions receivable consist of the following at:  
September 30,

	<b>2017</b>	2016
Unconditional promises to give	\$ 318,945	\$ 477,275
Less: Allowance for doubtful accounts	<b>(80,000)</b>	(59,845)
<b>Net unconditional promises to give</b>	<b>\$ 238,945</b>	<b>\$ 417,430</b>

No discount has been recorded for the year ended September 30, 2017 and 2016 as the overall amount would be immaterial to the financial statements.

The expected future cash receipts of contributions receivable are as follows at:

	<b>2017</b>	2016
September 30,		
Amounts due in:		
Less than one year	\$ 209,244	\$ 281,975
One to five years	<b>109,701</b>	195,300
Unconditional promises to give before allowance for doubtful accounts	<b>\$ 318,945</b>	<b>\$ 477,275</b>

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

**5. Fair value**      Investments, at fair value, consist of the following at:

September 30, 2017	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Corporate securities	\$ 809,119	\$ 809,119	\$ -	\$ -
Exchange traded funds	2,485,170	2,485,170	-	-
Mutual funds	6,214,979	6,214,979	-	-
Money market funds	228,757	228,757	-	-
<b>Total investments</b>	<b>\$ 9,738,025</b>	<b>\$ 9,738,025</b>	<b>\$ -</b>	<b>\$ -</b>

September 30, 2016	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Corporate securities	\$ 1,202,586	\$ 1,202,586	\$ -	\$ -
Corporate bonds	69,049	69,049	-	-
Mutual funds	6,804,589	6,804,589	-	-
Money market funds	738,475	738,475	-	-
<b>Total investments</b>	<b>\$ 8,814,699</b>	<b>\$ 8,814,699</b>	<b>\$ -</b>	<b>\$ -</b>

**6. Investment income**      Investment income consisted of the following for the years ended September 30:

	2017	2016
Interest and dividends	\$ 211,929	\$ 158,698
Net realized and unrealized gain on investments	816,013	537,878
<b>Total investment income</b>	<b>\$ 1,027,942</b>	<b>\$ 696,576</b>

Investment expenses that are offset against interest and dividends were \$69,693 and \$75,180 for the years ended September 30, 2017 and 2016, respectively.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

### 7. Property and equipment

Property and equipment consists of the following as of September 30:

	2017	2016
<b>Land</b>	<b>\$ 1,837,677</b>	<b>\$ 1,837,677</b>
<b>Building and Improvements</b>		
Aquasco	\$ 466,835	\$ 560,576
Brighton Woods	2,328,697	2,525,447
Coles Trip	1,908,470	2,018,838
Crowell	634,882	1,515,731
May Flather	224,666	751,521
Potomac Woods	1,751,725	2,332,539
White Rock	688,028	1,041,503
Winona	4,770,229	5,013,141
Leasehold improvements – headquarters	543,293	1,061,307
Leasehold improvements – equipment center	-	7,254
Frederick, VA Archive Center	200,000	200,000
Martinsburg Office Space	39,668	247,643
<b>Total building and improvements</b>	<b>13,556,493</b>	<b>17,275,500</b>
<b>Equipment</b>		
Office equipment	<b>253,209</b>	2,809,059
Equipment under capital lease	<b>519,931</b>	84,844
Vehicles	<b>133,407</b>	593,107
Camp and program equipment	<b>12,587</b>	189,804
Potomac Woods	<b>69,236</b>	163,459
Aquasco	<b>4,579</b>	4,579
Brighton Woods	-	11,645
Coles Trip	<b>21,179</b>	103,989
Crowell	-	28,496
May Flather	<b>37,057</b>	103,531
White Rock	<b>13,680</b>	144,194
Winona	<b>27,194</b>	115,306
<b>Total equipment</b>	<b>1,092,060</b>	<b>4,352,013</b>
Construction in progress	<b>31,687</b>	183,252
<b>Total land, buildings, and equipment</b>	<b>16,517,917</b>	<b>23,648,442</b>
Less: Accumulated depreciation and amortization	<b>(7,864,208)</b>	<b>(15,151,271)</b>
<b>Property and equipment, net</b>	<b>\$ 8,653,709</b>	<b>\$ 8,497,171</b>

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

The Council leases, for a nominal value, the land on which Camp May Flather is located from the National Park Service and a portion of the land used for Camp Aquasco from the Maryland Capital Parks and Planning Commission.

Depreciation and amortization expense for the years ended September 30, 2017 and 2016 totaled \$874,313 and 796,033, respectively.

### 8. Note payable

In August 2014, the Council received donated land in Brookeville, Maryland from an individual donor and issued a deed of trust agreement (the agreement) between the Council and the donor to execute the purchase and donation of the land. At the time of the donation, the land was appraised at \$350,000. As part of the agreement, the Council was required to pay the donor \$50,000 in cash and issue a note payable amounting to \$75,000. The remaining amount of \$225,000 was recorded as a contribution from the donor and included in the statement of activities. The note bears a 4% interest rate, payable in 40 regular payments of \$2,284 starting in November 2014. As of September 30, 2017 and 2016, principal payments of \$7,898 and \$6,418, respectively, have been made.

Future maturities of the note payable are as follows:

Years Ending September 30,

2018	\$ 6,950
2019	7,232
2020	7,526
2021	7,831
2022	8,149
and thereafter	18,347
<b>Total</b>	<b>\$ 56,035</b>

Interest expense for the years ended September 30, 2017 and 2016 was \$2,458 and \$2,719, respectively.

### 9. Line-of-credit

During the years ended September 30, 2017 and 2016, the Council had an unsecured \$4,000,000, line-of-credit with Capital One Bank. At September 30, 2017 and 2016, the balance of the line-of-credit was \$0 and \$625,000, respectively. The interest rate on this line-of-credit as of September 30, 2017 and 2016 was LIBOR plus 2.5%, which was 3.73% and 3.03% as of September 30, 2017 and 2016, respectively. The line has a maturity date of April 30, 2018. The Council is also subject to certain financial covenants under this arrangement as of September 30, 2017 and 2016.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

**10. Board designated net assets**      The Board established a fund called the “Operating Reserve”. In accordance with the guidelines of Girl Scouts of the USA, it is the goal of the Council to build a reserve fund equal to 50% of annual operating expenses. The fund is currently at 47% and 44% for the years ended September 30, 2017 and 2016, respectively.

**11. Temporarily restricted net assets**      Temporarily restricted net assets were available for the following purposes as of September 30:

	<b>2017</b>	<b>2016</b>
Day Camps	\$ <b>10,000</b>	\$ 20,050
Troop-type service	1,828,480	1,728,076
Acquisition of land, building, and equipment	81,260	104,000
Total temporarily restricted net assets	\$ <b>1,919,740</b>	\$ 1,852,126

**12. Net assets released from restrictions**      Net assets were released from donor restrictions during the years ended September 30, 2017 and 2016 by incurring expenses satisfying the purpose of restrictions specified by donors, as follows:

	<b>2017</b>	<b>2016</b>
Day Camps	\$ <b>76,980</b>	\$ 207,200
Troop-type service	859,869	774,345
Acquisition of land, building, and equipment	84,000	49,332
Total net assets released from restrictions	\$ <b>1,020,849</b>	\$ 1,030,877

**13. Permanently restricted net assets**      Permanently restricted net assets consisted of the following as of September 30:

	<b>2017</b>	<b>2016</b>
Ewing Fund for Campership	\$ <b>15,578</b>	\$ 15,578
Schwartz/Wolff Foundation Fund	18,208	18,208
Juliette Low Society	415,153	395,153
Phillips Gold Award Fund	250,000	250,000
Samuel Rosenstock Irrevocable Trust	225,277	225,277
Pangborn Trust	38,150	38,150
Shingleton Trust	41,913	41,913
Eva Woolridge Scholarship Fund	54,864	54,864
Verhage Campership Fund	754,149	754,149
Bobby Lerch Endowment Fund	17,164	17,164
	\$ <b>1,830,456</b>	\$ 1,810,456

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

### 14. Sales

For the year ended September 30, 2017:

	Cookies	Fall Sale	Girl Scout Shops	Total
Sales	\$ 15,057,867	\$ 1,264,674	\$ 1,808,816	\$ 18,131,357
Cost of Sales	4,622,975	526,018	931,975	6,080,968
<b>Net Sales</b>	<b>\$ 10,434,891</b>	<b>\$ 738,656</b>	<b>\$ 876,841</b>	<b>\$ 12,050,389</b>

For the year ended September 30, 2016:

	Cookies	Fall Sale	Girl Scout Shops	Total
Sales	\$ 14,130,297	\$ 918,888	\$ 1,794,819	\$ 16,844,004
Cost of Sales	3,934,047	290,761	966,261	5,191,069
<b>Net Sales</b>	<b>\$ 10,196,250</b>	<b>\$ 628,127</b>	<b>\$ 828,558</b>	<b>\$ 11,652,935</b>

Cookie sales are net of \$3,167,116 and \$2,997,254 retained by troops for the years ended September 30, 2017 and 2016, respectively. Fall sales are net of \$215,760 and \$155,220 retained by troops for the years ended September 30, 2017 and 2016 respectively.

Net revenues from product sales represented approximately 70.7% and 71.7% of unrestricted revenues and other support for the years ended September 30, 2017 and 2016, respectively.

### 15. Annual giving campaigns

Annual giving campaigns revenue consists of the following:

September 30,	2017	2016
SHARE	\$ 619,822	\$ 720,374
Major Gifts	142,187	79,078
	<b>\$ 762,009</b>	<b>\$ 799,452</b>

The annual giving campaign for the Women of Distinction is included in temporarily restricted revenue in the statements of activities for the current year as the amounts are collected each year for the upcoming year. The amounts are recognized as unrestricted revenue in the following year and shown in the net assets released from restrictions.



# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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### 16. Employee benefit plan

The Council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA voted to freeze the Plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The Plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the plan prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels. Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2017. Contributions made in fiscal year 2017 and 2016 were \$774,586 and \$789,693, respectively.

During the year ended September 30, 2011, as a result of the National Girl Scout Council Retirement Plan being frozen, the Board of Directors appointed an Ad-Hoc Committee to develop a new single employer retirement plan for the Council's employees. The Ad Hoc Committee worked with the Council's management to design a defined contribution plan that would include a 3% non-discretionary contribution by the Council for all employees who met the eligibility requirements and, in addition, the Council would also match up to 2% of the contribution made by each eligible employee to their retirement savings. This retirement plan was started in April 2011; however, the Board of Directors approved a retroactive January 1, 2011 effective date for all eligible employees. The Council's pension expense and contributions to the new plan for the years ended September 30, 2017 and 2016 were \$239,693 and \$281,925, respectively. Employees are fully vested in the Council's non-discretionary contributions immediately, and are fully vested in the Council's matching contributions after 3 years of service.

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

**17. Commitments and contingencies**

The Council has commitments under operating leases, expiring at various times through the year 2027, for office space and equipment. Some leases have scheduled rental increases and some contain options to renew.

Minimum rental payments under non-cancelable operating leases are as follows:

Years Ending September 30,	Total
2018	\$ 1,021,266
2019	1,031,986
2020	979,572
2021	1,004,641
2022	1,030,326
Thereafter	4,408,888
<b>Total</b>	<b>\$ 9,476,679</b>

Rent expense was \$1,088,518 and \$ \$1,150,238 for the years ended September 30, 2017 and 2016, respectively.

**18. Capital lease**

The Council is obligated for a lease of equipment as a lessee under an agreement that is classified as a capital lease. The following is a schedule by year of the future minimum lease payments under the capital lease together with the net present value of the minimum lease payments as of September 30, 2017:

Years ending September 30,	Total
2018	\$ 132,564
2019	132,564
2020	132,564
2021	132,564
2022	33,141
Subtotal	563,397
Amount representing interest	(105,948)
<b>Net present value of future minimum lease payments</b>	<b>\$ 457,449</b>
Capital lease asset	
Original asset value	\$ 519,931
Less: accumulated depreciation	(77,990)
<b>Net book value at year end</b>	<b>\$ 441,941</b>
<b>Depreciation expense</b>	<b>\$ 77,990</b>

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

**19. Endowments**      The council's endowment consists of donor endowed contributions established for the purpose of funding scholarships and financial assistance to Girl Scouts. Net assets associated with the endowment funds are classified and reported on the existence or absence of donor-imposed restrictions.

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

Endowments	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments, September 30, 2016	\$ -	\$ -	\$ 1,810,456	\$ 1,810,456
Investment Return				
Investment Income	54,043	-	-	54,043
Net depreciation (realized and unrealized)	(9,976)	-	-	(9,976)
Total investment return	44,067	-	-	44,067
Contribution and transfers in	-	-	20,000	20,000
Appropriation of endowment income for expenditure	(44,067)	-	-	(44,067)
Endowments, September 30, 2017	\$ -	\$ -	\$ 1,830,456	\$ 1,830,456

# Girl Scout Council of the Nation's Capital

## Notes to Financial Statements

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

Endowments	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowments, September 30, 2015	\$ -	\$ -	\$ 1,794,286	\$ 1,794,286
Investment Return:				
Investment income	49,263	-	-	49,263
Net appreciation (realized and unrealized)	87,947	-	-	87,947
Total investment return	137,210	-	-	137,210
Contribution and transfers in	-	-	16,170	16,170
Appropriation of endowment income for expenditure	(137,210)	-	-	(137,210)
Endowments, September 30, 2016	\$ -	\$ -	\$ 1,810,456	\$ 1,810,456