

**GIRL SCOUTS OF TEXAS  
OKLAHOMA PLAINS, INC.**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT**

**YEAR ENDED SEPTEMBER 30, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)**

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Girl Scouts of Texas Oklahoma Plains, Inc.  
Fort Worth, Texas

We have audited the accompanying financial statements of the Girl Scouts of Texas Oklahoma Plains, Inc. (the Council), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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 auditors' 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.

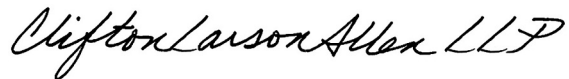
Board of Directors  
Girl Scouts of Texas Oklahoma Plains, Inc.

***Opinion***

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

***Report on Summarized Comparative Information***

We have previously audited the 2016 financial statements of Girl Scouts of Texas Oklahoma Plains, Inc. and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 24, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.



**CliftonLarsonAllen LLP**

Fort Worth, Texas  
January 30, 2018

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2017 AND 2016**

<b>ASSETS</b>	2017	2016
Cash and Cash Equivalents	\$ 582,221	\$ 738,962
Contributions Receivable	66,500	67,565
Accounts Receivable, Less Allowance for Doubtful Accounts of \$83,695 and \$73,061 in 2017 and 2016	110,053	52,445
Insurance Proceeds Receivable	-	179,666
Inventory	172,091	137,088
Prepaid Expenses and Other Assets	109,699	37,300
Short-Term Investments	214,683	757,726
Property and Equipment, Net	3,581,645	3,551,827
Long-Term Investments	1,527,094	1,043,756
Investments Restricted for Endowment	1,157,107	1,123,375
	\$ 7,521,093	\$ 7,689,710
<b>Total Assets</b>		
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 46,579	\$ 80,849
Accrued Expenses	449,958	353,806
Deferred Revenue	10,190	6,166
Total Liabilities	506,727	440,821
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	3,863,285	4,277,643
Designated	1,744,831	1,744,831
Total Unrestricted	5,608,116	6,022,474
Temporarily Restricted	306,151	109,906
Permanently Restricted	1,100,099	1,116,509
Total Net Assets	7,014,366	7,248,889
Total Liabilities and Net Assets	\$ 7,521,093	\$ 7,689,710

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017			Total	2016
	Unrestricted	Temporarily Restricted	Permanently Restricted		
<b>REVENUE AND OTHER SUPPORT</b>					
Contributions	\$ 182,713	\$ 230,422	\$ -	\$ 413,135	\$ 374,465
United Way	41,534	323,336	-	364,870	376,224
Special Events, Net of Direct Costs of \$37,840 and \$56,192 in 2017 and 2016	67,663	-	-	67,663	46,562
In-Kind Revenue	12,687	-	-	12,687	-
Product Sales, Net of Direct Costs of \$4,657,374 and \$4,380,291 in 2017 and 2016	6,820,442	-	-	6,820,442	6,387,594
Camping Fees	608,095	-	-	608,095	547,405
Program, Training Event, and Other Fees	509	-	-	509	14,549
Sales of Merchandise, Net of Direct Costs of \$462,590 and \$475,502 in 2017 and 2016	293,679	-	-	293,679	281,056
Interest and Dividend Income	21,559	24,539	-	46,098	53,918
Mineral Income	15,309	-	-	15,309	13,696
Unrealized/Realized Gain on Investments	7,867	93,747	-	101,614	83,663
Gain on Sale of Asset	7,000	-	-	7,000	-
Proceeds from Insurance Settlement	3,830	-	-	3,830	433,822
Other Revenue	41,452	-	-	41,452	-
Net Assets Released from Restrictions:					
Satisfaction of Program Restrictions	492,210	(492,210)	-	-	-
Total Revenue and Other Support	<u>8,616,549</u>	<u>179,834</u>	<u>-</u>	<u>8,796,383</u>	<u>8,612,954</u>
<b>EXPENSES</b>					
Program Services	<u>7,000,045</u>	<u>-</u>	<u>-</u>	<u>7,000,045</u>	<u>7,134,901</u>
Total Program Services	<u>7,000,045</u>	<u>-</u>	<u>-</u>	<u>7,000,045</u>	<u>7,134,901</u>
Support Services:					
Management and General	1,648,639	-	-	1,648,639	1,292,390
Fundraising	<u>382,223</u>	<u>-</u>	<u>-</u>	<u>382,223</u>	<u>445,992</u>
Total Supporting Services	<u>2,030,862</u>	<u>-</u>	<u>-</u>	<u>2,030,862</u>	<u>1,738,382</u>
Total Expenses	<u>9,030,907</u>	<u>-</u>	<u>-</u>	<u>9,030,907</u>	<u>8,873,283</u>
<b>CHANGE IN NET ASSETS</b>	(414,358)	179,834	-	(234,524)	(260,329)
Net Assets - Beginning of Year	<u>6,022,474</u>	<u>126,317</u>	<u>1,100,099</u>	<u>7,248,890</u>	<u>7,509,218</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,608,116</u>	<u>\$ 306,151</u>	<u>\$ 1,100,099</u>	<u>\$ 7,014,366</u>	<u>\$ 7,248,889</u>

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (234,524)	\$ (260,329)
Adjustment to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation	479,783	525,521
Bad Debt Expense	90,851	84,343
Realized/Unrealized Gain on Investments	(101,614)	(83,663)
Gain on Involuntary Conversion of Property	(41,452)	(433,822)
Gain on Sale of Asset	(7,000)	-
Contributions Restricted to Investment in Equipment	(7,084)	-
(Increase) Decrease in Operating Assets:		
Contributions Receivable	1,065	8,039
Accounts Receivable	(148,459)	(112,921)
Insurance Proceeds Receivable	179,666	(179,666)
Inventory	(35,003)	17,968
Prepaid Expenses and Other Assets	(72,399)	23,014
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(34,270)	15,224
Deferred Revenue	4,024	(787)
Accrued Expenses	96,152	150,956
Net Cash Provided (Used) by Operating Activities	169,736	(246,123)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(509,601)	(371,462)
Proceeds from Sale of Assets	7,000	
Purchase of Investments	(4,988,491)	(5,559,638)
Proceeds from Sale of Investments	5,116,079	5,883,191
Insurance Proceeds from Involuntary Conversion of Property	41,452	433,822
(Increase) Decrease in Cash Restricted to Investment in Equipment	-	100,000
Net Cash Provided (Used) by Investing Activities	(333,561)	485,913
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Equipment	7,084	-
Proceeds from Line of Credit	2,000,000	2,000,000
Payments on Line of Credit	(2,000,000)	(2,000,000)
Net Cash Provided by Financing Activities	7,084	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(156,741)	239,790
Cash and Cash Equivalents - Beginning of Year	738,962	499,172
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 582,221	\$ 738,962
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Interest Paid	\$ 5,308	\$ 9,168

See accompanying Notes to Financial Statements.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	Total Program Services	Supporting Services			Total	
		Management and General	Fundraising	Total	2017	2016
Salaries, Benefits, and Taxes	\$ 3,972,609	\$ 1,201,409	\$ 313,311	\$ 1,514,720	\$ 5,487,329	\$ 5,283,805
Camping Program	268,255	-	-	-	268,255	368,539
Program Supplies	633,844	-	-	-	633,844	586,887
Technology	126,377	41,775	8,903	50,678	177,055	141,380
Office Expenses	184,391	116,359	11,376	127,735	312,126	303,355
Occupancy	566,559	32,195	5,787	37,982	604,541	627,348
Maintenance	29,141	-	-	-	29,141	23,203
Printing and Publications	63,519	9,095	4,938	14,033	77,552	78,820
Travel	123,680	73,932	22,131	96,063	219,743	252,306
Training and Conferences	18,190	38,285	5,614	43,899	62,089	69,497
Specific Assistance	192,635	-	-	-	192,635	205,570
Insurance	162,016	22,737	5,820	28,557	190,573	172,498
Accounting	-	35,661	-	35,661	35,661	31,800
Legal	-	3,570	-	3,570	3,570	4,662
Taxes	1,858	-	-	-	1,858	4,446
Other Professional Fees	39,257	45,444	2	45,446	84,703	57,272
Bad Debt	85,081	5,770	-	5,770	90,851	84,343
Recruitment	25,168	15,612	-	15,612	40,780	48,226
Miscellaneous	38,669	132	17	149	38,818	3,805
Total Expenses Before Depreciation	6,531,249	1,641,976	377,899	2,019,875	8,551,124	8,347,762
Depreciation	468,796	6,663	4,324	10,987	479,783	525,521
Total Expenses	<u>\$ 7,000,045</u>	<u>\$ 1,648,639</u>	<u>\$ 382,223</u>	<u>\$ 2,030,862</u>	<u>\$ 9,030,907</u>	
2016 Totals	<u>\$ 7,134,901</u>	<u>\$ 1,292,390</u>	<u>\$ 445,992</u>	<u>\$ 1,738,382</u>		<u>\$ 8,873,283</u>

See accompanying Notes to Financial Statements.



**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Girl Scouts of Texas Oklahoma Plains, Inc. (the Council) is a nonprofit organization serving girls and adults in 81 counties throughout the Texas and Oklahoma Plains. The Council, formed in 2008 by merging four existing councils, reaches out to girls in large, small, and low-income communities. As an organization devoted to the Girl Scout movement, the Council has been issued a Girl Scout charter by the Girl Scouts of the USA (GSUSA), granting it the right to develop, manage, and maintain Girl Scouting in a specified area of jurisdiction, which is established by the national board of directors of GSUSA, and to call itself a Girl Scout Council. The Council collects dues from troop members which pass to GSUSA.

The Council reaches girls of every age, ethnicity, ability, and background fulfilling the Girl Scout mission of building girls of courage, confidence, and character, who make the world a better place. This mission is accomplished through traditional troop programs, outreach programs, and camping opportunities. Adults are served through leadership development, governance opportunities, and various adult learning opportunities throughout the Council. Girl Scouting helps girls develop their full individual potential; relate to others with increasing understanding, skill, and respect; and contribute to the improvement of society through their abilities, leadership skills, and cooperation with others.

**Management Estimates and Assumptions**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

**Cash and Cash Equivalents**

The Council considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Money market accounts and short-term investments of permanently restricted funds are not considered to be cash equivalents since these funds are of a permanent nature and are not used for general operations.

**Contributions Receivable**

Contributions receivable represent amounts that are unconditionally pledged by donors. The Council recognizes unconditional pledges as support in the period the pledge is made and reports them as contributions in the statement of activities. Management evaluates the adequacy of the allowance for doubtful receivables based on a review of the individual pledges, collection history and other specific information known to management.

**Accounts Receivable**

Accounts receivable represent amounts of program service fees or product sales billed to customers. Management evaluates the adequacy of the allowance for doubtful receivables based on a review of the individual circumstances of the underlying balances. The primary factors considered in determining the amount of the allowance are collection history and other specific information known to management that may affect collectability.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Inventory consists primarily of Girl Scout insignia, literature, and clothing items. These items are reflected in the statement of financial position at average cost.

**Investments**

Investments are reported at their fair values in the statement of financial position. Unrealized and realized gains and losses and investment income are recognized in the statement of activities.

The *fair value measurements and disclosures topic* of the accounting standards codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Topic also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

*Level 2* – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**Property and Equipment**

Property and equipment that are purchased are recorded at cost and depreciated over estimated useful lives using the straight-line method. Routine repair and maintenance is expensed as incurred. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Impairment of Long-lived Assets**

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Donated Services**

A substantial number of volunteers have donated significant amounts of their time in the Council's programs and fundraising activities. No amounts have been recorded in the financial statements for these services due to the services not meeting the recording requirements under U.S. GAAP.

**Revenue Recognition**

The Council records revenue for sales of its products upon shipment of the products to the buyer. Contributions are recorded as received or unconditionally pledged. Program fees are initially recorded as deferred revenue upon receipt of payment and subsequently recognized as revenue upon commencement and completion of the related service.

**Recognition of Donor Restrictions**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase 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.

**Functional Allocation of Expenses**

The costs of providing the programs and activities of the Council have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services and supporting services.

**Income Taxes**

The Council has been granted exempt status relative to federal and state income taxes under Section 501(c)(3) of the IRC and applicable state codes.

The Council's income tax returns are subject to review and examination by federal and state authorities. The Council is not aware of any activities that would jeopardize its tax-exempt status. The Council reports any activities that are subject to tax or unrelated business income or excise or other taxes and files all proper returns related to these activities.

**Reclassifications**

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. Such reclassifications had no effect on the net change in total net assets as previously recorded.

**Subsequent Events**

Management evaluated subsequent events through January 30, 2018, which is the date the combined financial statements were available to be issued.

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
(WITH COMPARATIVE TOTALS FOR 2016)

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Prior Year Comparative Information**

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

**NOTE 2 PROPERTY AND EQUIPMENT**

Property and equipment are comprised of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 160,216	\$ 160,216
Buildings and Improvements	9,667,803	9,215,052
Furniture and Equipment	1,404,299	1,368,319
Vehicles	219,162	200,301
Total	<u>11,451,480</u>	<u>10,943,888</u>
Less: Accumulated Depreciation	<u>(7,869,835)</u>	<u>(7,392,061)</u>
Total Property and Equipment	<u>\$ 3,581,645</u>	<u>\$ 3,551,827</u>

**NOTE 3 INVESTMENTS**

Short-term investments consist of the following:

	<u>2017</u>		<u>2016</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Money Market Funds	\$ 214,683	\$ 214,683	\$ 757,726	\$ 757,726
Total	<u>\$ 214,683</u>	<u>\$ 214,683</u>	<u>\$ 757,726</u>	<u>\$ 757,726</u>

Long-term investments consist of the following:

	<u>2017</u>		<u>2016</u>	
	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>
Money Market Funds	\$ 1,038,545	\$ 1,038,545	\$ 27,468	\$ 27,468
Fixed Income Mutual Funds	756,886	773,484	1,163,020	1,163,020
Equity Mutual Funds	550,736	491,027	664,457	664,457
Total	<u>2,346,167</u>	<u>\$ 2,303,056</u>	<u>1,854,945</u>	<u>\$ 1,854,945</u>
Investments Held in Trusts	338,034		312,186	
Total	<u>\$ 2,684,201</u>		<u>\$ 2,167,131</u>	

Reconciliation:

	<u>2017</u>	<u>2016</u>
Long-Term Investments	\$ 1,527,094	\$ 1,043,756
Investments Restricted for Endowment (see Note 6)	1,157,107	1,123,375
Total Long-Term Investments	<u>\$ 2,684,201</u>	<u>\$ 2,167,131</u>

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
(WITH COMPARATIVE TOTALS FOR 2016)

**NOTE 4 ASSETS RESTRICTED FOR PERMANENT ENDOWMENT**

The Council's endowment fund consists of certificates of deposit with various maturities and interest rates, bonds, stocks, mutual funds, and funds invested with Amarillo Area Foundation (see Note 7). The Council's endowment fund consists of contributions made to establish a permanent endowment, the earnings from which are to be used to support the Council's operations. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Council holds all donor-restricted endowment contributions by requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies permanently restricted net assets as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council. In accordance with the law, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the funds; the purposes of the Council and the donor-restricted endowment fund; the general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Council; and the investment policies established by the Council.

**Composition and Activity of Endowment Funds**

The Council's endowment net asset composition by type of funds for the years ended September 30, 2017 and 2016 is as follows:

		2017			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted		\$ -	\$ 57,008	\$ 1,100,099	\$ 1,157,107
		2016			
		Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted		\$ -	\$ 6,866	\$ 1,116,509	\$ 1,123,375

**GIRL SCOUTS OF TEXAS OKLAHOMA PLAINS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
(WITH COMPARATIVE TOTALS FOR 2016)

**NOTE 4 ASSETS RESTRICTED FOR PERMANENT ENDOWMENT (CONTINUED)**

The changes in the net assets for the years ended September 30, 2017 and 2016 are as follows:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Balance - Beginning of Year	\$ -	\$ 6,866	\$ 1,116,509	\$ 1,123,375
Interest Earned	-	24,539	-	24,539
Contributions	-	-	-	-
Realized/Unrealized Loss	-	93,747	-	93,747
Management Fees	-	(6,211)	-	(6,211)
Appropriation for Expenditure	-	(78,343)	-	(78,343)
Reclassification due to Reinterpretation of Endowment Trust Provisions	-	16,410	(16,410)	-
Balance - End of Year	<u>\$ -</u>	<u>\$ 57,008</u>	<u>\$ 1,100,099</u>	<u>\$ 1,157,107</u>

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Balance - Beginning of Year	\$ -	\$ 14,268	\$ 1,106,805	\$ 1,121,073
Interest Earned	-	17,283	4,368	21,651
Contributions	-	-	-	-
Realized/Unrealized Loss	-	45,741	19,413	65,154
Management Fees	-	(5,266)	(1,396)	(6,662)
Distributions	-	-	-	-
Appropriation for Expenditure	-	(65,160)	(12,681)	(77,841)
Balance - End of Year	<u>\$ -</u>	<u>\$ 6,866</u>	<u>\$ 1,116,509</u>	<u>\$ 1,123,375</u>

**Return Objectives and Risk Parameters**

The Council's overall objective is to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets may include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Currently, the Council has no board-designated endowment funds. The Council expects its endowment funds, over time, to provide an average rate of return that equals or exceeds the national rate. Actual returns in any given year may vary from this amount.

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**NOTE 4 ASSETS RESTRICTED FOR PERMANENT ENDOWMENT (CONTINUED)**

**Strategies Employed for Achieving Objectives**

In order to meet the objectives for a predictable stream of funding, the equity portion of the portfolio may be invested in the funds of common stocks, convertible preferred stocks, convertible fixed income securities, real estate investment trusts, Standard & Poor's Depository Receipts, and cash reserves. The equity portion of the portfolio should be well diversified among economic sectors, industry groups, and individual securities to avoid any undue exposure to any of the U.S. equity markets.

The securities invested in should be of good quality, publicly traded, and have adequate market liquidity to the size of the investment. The short-term investments shall consist of individual fixed income securities such as certificates of deposits, commercial paper, U.S. Treasury Bills, and other similar instruments with less than one year to maturity.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Council shall appropriate for distribution each year earnings in accordance with the donor's guidance not to exceed 7% of its endowment fund's average fair value over the prior three years through the calendar year-end preceding the fiscal year in which the distribution is planned, excluding funds invested with the Amarillo Area Foundation (see Note 7). In establishing this policy, the Council considered the long-term expected return on its endowment. The actual percentage distribution shall be determined by the board on an annual basis. The Council's objective is to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTE 5 FAIR VALUE OF ASSETS AND LIABILITIES**

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

**Investments**

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include publicly traded stocks, corporate bonds, mutual funds, and money market funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

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**NOTE 5 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

**Investments Held in Trusts**

The Council transferred assets, with a current fair value of \$293,138, to the Amarillo Area Foundation (AAF) which is holding them as endowed component funds (Funds) for the benefit of the Council. The Council has granted AAF variance power which gives AAF's board of directors the power to use the Funds for other purposes in certain circumstances. The amount available for distribution is determined annually by AAF's board of directors and is based on a percentage of the market value of the fund. In setting the distribution policy, AAF considers the total average fair market value for the previous 13 quarters. Distributions are made quarterly if the Council elects to take distributions. AAF's percentage used for distributions was 4.25% in 2017 and 2016. The Council reports the net asset value, which approximates fair value, of the Funds as a component of "Investments Held in Trust" which are included in "Investments Restricted for Endowment" in the statements of financial position.

The Funds, representing a beneficial interest in a perpetual trust, are classified as Level 3 securities and may include money market accounts, certificates of deposit, U.S. government agency securities, common and preferred stocks, bonds, mutual funds, and limited partnership interests, including managed futures funds and multi-strategy hedge funds. The fair value of U.S. government agency securities and bonds are based on the present value of the stream of cash flows they are expected to generate. The fair value of the stocks and mutual funds are based upon quoted market prices in active markets. The fair value of the money market accounts and certificates of deposit are based on the carrying amount due to their short-term nature. The fair value of the limited partnerships are based on net asset value information provided by the general partner or manager of the funds, the financial statements of which generally are audited annually. The AAF considers observable market data and performs diligence procedures in validating the appropriateness of using the net asset value as a fair value measurement. Management and selection of securities are not controlled by the Council.

The following table presents the fair value measurements of assets and liabilities recognized in the statements of financial position measured at fair value on a recurring basis and the level within the standard's fair value hierarchy in which the fair value measurements fall at September 30, 2017.

	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments:				
Cash and Cash Equivalents	\$ 1,253,229	\$ 1,253,229	\$ -	\$ -
Fixed Income Mutual Funds	756,886	756,886	-	-
Equity Mutual Funds	550,735	550,735	-	-
Investments Held in Trusts	338,034	44,896	-	293,138
Total	<u>\$ 2,898,884</u>	<u>\$ 2,605,746</u>	<u>\$ -</u>	<u>\$ 293,138</u>



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**NOTE 5 FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)**

The level within the standard's fair value hierarchy in which the fair value measurements fall at September 30, 2016 is as follows:

	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Investments:				
Cash and Cash Equivalents	\$ 785,194	\$ 785,194	\$ -	\$ -
Fixed Income Mutual Funds	1,163,020	1,163,020	-	-
Equity Mutual Funds	664,457	664,457	-	-
Investments Held in Trusts	312,186	39,855	-	272,331
Total	<u>\$ 2,924,857</u>	<u>\$ 2,652,526</u>	<u>\$ -</u>	<u>\$ 272,331</u>

The activity in Level 3 investments during the years ended September 30 is as follows:

	2017	2016
Beginning Balance	\$ 272,331	\$ 262,628
Realized and Unrealized Gains (Loss)	30,040	19,413
Investment Income, Net	3,506	2,972
Sales of Investments (Distributions)	(12,739)	(12,682)
Ending Balance	<u>\$ 293,138</u>	<u>\$ 272,331</u>

The reconciliation of investments at fair value to the statement of financial position for the years ended September 30 is as follows:

<u>Reconciliation:</u>	2017	2016
Short-Term Investments	\$ 214,683	\$ 757,726
Long-Term Investments	1,527,094	1,043,756
Investments Restricted for Endowment	1,157,107	1,123,375
Total	<u>\$ 2,898,884</u>	<u>\$ 2,924,857</u>

**NOTE 6 DESIGNATED NET ASSETS**

Net assets designated by the Board are as follows:

	2017	2016
Operating Reserves	\$ 1,668,331	\$ 1,668,331
Camp Repairs and Improvements	76,500	76,500
Total	<u>\$ 1,744,831</u>	<u>\$ 1,744,831</u>

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**NOTE 7 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

	2017	2016
Program Services	\$ 232,675	\$ 68,875
Time Restrictions	16,468	34,165
Unappropriated Endowment Earnings	57,008	6,866
Total	<u>\$ 306,151</u>	<u>\$ 109,906</u>

**NOTE 8 COMMITMENTS**

**Lease Commitments**

The Council leases several of its office facilities and equipment under noncancelable operating lease agreements with terms varying from one to five years. Other facilities are either owned or leased on a month-to-month basis. Total rent expense is \$211,340 and \$292,608 for the years ended September 30, 2017 and 2016, respectively. Future minimum lease payments at September 30, 2017 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2018	\$ 203,460
2019	152,390
2020	146,644
2021	82,986
Thereafter	700
Total	<u>\$ 586,180</u>

**NOTE 9 EMPLOYEE BENEFIT PLANS**

The Council participates in the National Girl Scout Council Retirement Plan (the Plan), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. Effective July 31, 2010, the Plan was frozen to new entrants and to further benefit 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 and salary levels. The Council made contributions into the Plan of \$412,932 and \$422,388 during the years ended September 30, 2017 and 2016, respectively. For the plan year ending December 31, 2016, the Plan implemented a funding improvement strategy, in which the Council was not required to pay a surcharge.

Additionally, the Council offers a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. This plan covers full-time employees of the Council who elect to participate. During the years ended September 30, 2017 and 2016, the Council matched employee contributions up to 3% of eligible compensation, which totaled \$59,040 and \$49,923, respectively.

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**NOTE 10 MAJOR SUPPLIER**

The Council is dependent on a third party cookie manufacturer as their primary supplier of Girl Scout cookies. The supplier accounted for approximately 23% and 21% of total expenditures as of September 30, 2017 and 2016, respectively. The loss of this supplier or a significant reduction in product availability could have a material adverse effect on the Council.

**NOTE 11 LINE OF CREDIT**

During the year ended September 30, 2017 the Council maintained a line of credit with a financial institution having an available balance of \$2,000,000. The line bears interest at an annual rate equal to the prime rate as published in *The Wall Street Journal* plus 1.5%, and matures on June 30, 2018. As of September 30, 2017 and 2016, no amounts were outstanding against the line of credit.