

GIRL SCOUTS OF WESTERN NEW YORK, INC.

Financial Statements

September 30, 2010

(With Independent Auditors' Report Thereon)

GIRL SCOUTS OF WESTERN NEW YORK, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Girl Scouts of Western New York, Inc.:

We have audited the accompanying statement of financial position of Girl Scouts of Western New York, Inc. as of September 30, 2010, and the related statements of activities, functional expenses, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements and, in our report, dated March 27, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Western New York, Inc. as of September 30, 2010, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Toski, Schaefer & Co., P.C.*

Williamsville, New York  
December 6, 2010

GIRL SCOUTS OF WESTERN NEW YORK, INC.

Statement of Financial Position

September 30, 2010

with comparative totals for 2009

<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and equivalents	\$ 61,909	91,398
Receivables:		
Grants	22,217	5,169
Other	120,457	52,874
Total receivables	142,674	58,043
Inventory	190,026	233,538
Prepaid expenses and other assets	46,365	58,643
Total current assets	440,974	441,622
Investments, at fair value	7,113,580	6,766,224
Property and equipment, at cost:		
Land and improvements	3,713,848	3,801,806
Buildings and improvements	11,274,450	12,087,043
Equipment and vehicles	1,845,748	1,831,052
	16,834,046	17,719,901
Less accumulated depreciation	(9,530,278)	(9,898,356)
Net property and equipment	7,303,768	7,821,545
Total assets	\$ 14,858,322	15,029,391

(Continued)

See accompanying notes to financial statements.

GIRL SCOUTS OF WESTERN NEW YORK, INC.  
Statement of Financial Position, Continued

<u>Liabilities and Net Assets</u>	<u>2010</u>	<u>2009</u>
Current liabilities:		
Accounts payable	\$ 148,388	216,348
Accrued expenses	445,031	512,265
Deferred revenue	65,944	120,617
Current portion of notes payable	<u>1,324,279</u>	<u>1,041,585</u>
Total current liabilities	1,983,642	1,890,815
Notes payable, excluding current portion	<u>161,875</u>	<u>176,154</u>
Total liabilities	<u>2,145,517</u>	<u>2,066,969</u>
Net assets:		
Unrestricted:		
Undesignated	5,216,046	5,804,876
Board designated	<u>5,966,767</u>	<u>5,623,266</u>
Total unrestricted	11,182,813	11,428,142
Temporarily restricted	1,505,757	1,510,045
Permanently restricted	<u>24,235</u>	<u>24,235</u>
Total net assets	12,712,805	12,962,422
Commitments (note 6)		
Total liabilities and net assets	<u>\$ 14,858,322</u>	<u>15,029,391</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF WESTERN NEW YORK, INC.  
Statement of Activities  
Year ended September 30, 2010  
with comparative totals for 2009

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>	
			<u>2010</u>	<u>2009</u>
Public support and revenue:				
Public support:				
Special events	\$ 92,245	-	92,245	7,902
Business and government grants	169,330	-	169,330	115,624
Contributions	272,849	2,725	275,574	212,782
United Way allocation	469,654	-	469,654	523,462
Total public support	<u>1,004,078</u>	<u>2,725</u>	<u>1,006,803</u>	<u>859,770</u>
Revenue:				
Cookie sales	5,675,864	-	5,675,864	5,641,855
Magazine and nut sales	532,656	-	532,656	677,884
Camping program	449,538	-	449,538	447,749
Membership services	243,503	-	243,503	171,160
Merchandise sales	514,836	-	514,836	539,024
Interest and dividends	164,681	-	164,681	205,038
Miscellaneous	650,436	-	650,436	146,254
Total revenue	<u>8,231,514</u>	<u>-</u>	<u>8,231,514</u>	<u>7,828,964</u>
Total public support and revenue	<u>9,235,592</u>	<u>2,725</u>	<u>9,238,317</u>	<u>8,688,734</u>
Cost of public support and revenue:				
Special events	21,876	-	21,876	1,603
Cookie sales	2,527,835	-	2,527,835	2,603,426
Magazine and nut sales	325,686	-	325,686	432,858
Merchandise sales	360,804	-	360,804	339,852
Total cost of support and revenue	<u>3,236,201</u>	<u>-</u>	<u>3,236,201</u>	<u>3,377,739</u>
Net assets released from restrictions through satisfaction of program restrictions	<u>7,013</u>	<u>(7,013)</u>	<u>-</u>	<u>-</u>
Net support and revenue	<u>6,006,404</u>	<u>(4,288)</u>	<u>6,002,116</u>	<u>5,310,995</u>

(Continued)

See accompanying notes to financial statements.

GIRLS SCOUTS OF WESTERN NEW YORK, INC.  
Statement of Activities, Continued

	<u>Unrestricted</u>	Temporarily <u>restricted</u>	<u>Total</u>	
			<u>2010</u>	<u>2009</u>
Expenses:				
Program services:				
Camping	\$ 1,653,571	-	1,653,571	1,644,267
Membership services	<u>3,611,695</u>	-	<u>3,611,695</u>	<u>3,452,176</u>
Total program services	<u>5,265,266</u>	-	<u>5,265,266</u>	<u>5,096,443</u>
Supporting services:				
Management and general	905,268	-	905,268	941,743
Fund development	<u>300,243</u>	-	<u>300,243</u>	<u>531,186</u>
Total supporting services	<u>1,205,511</u>	-	<u>1,205,511</u>	<u>1,472,929</u>
Total expenses	<u>6,470,777</u>	-	<u>6,470,777</u>	<u>6,569,372</u>
Decrease in net assets before change in fair value of marketable securities and other expenses	<u>(464,373)</u>	<u>(4,288)</u>	<u>(468,661)</u>	<u>(1,258,377)</u>
Change in fair value of marketable securities:				
Net realized gain (loss) on investments	186,330	-	186,330	(770,789)
Net unrealized gain on investments	<u>55,449</u>	-	<u>55,449</u>	<u>512,320</u>
Total change in fair value of marketable securities	<u>241,779</u>	-	<u>241,779</u>	<u>(258,469)</u>
Change in funded status of defined benefit pension plan	<u>(22,735)</u>	-	<u>(22,735)</u>	<u>(252,123)</u>
Decrease in net assets	<u>\$ (245,329)</u>	<u>(4,288)</u>	<u>(249,617)</u>	<u>(1,768,969)</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF WESTERN NEW YORK, INC.  
Statement of Functional Expenses  
Year ended September 30, 2010  
with comparative totals for 2009

	Program services			Supporting services			Total		
	<u>Camping</u>	Membership		<u>and general</u>	Fund		<u>Total</u>	<u>2010</u>	<u>2009</u>
		<u>services</u>	<u>Total</u>		<u>development</u>	<u>Total</u>			
Salaries	\$ 672,456	1,864,576	2,537,032	424,242	161,271	585,513	3,122,545	3,252,018	
Payroll taxes	63,495	174,352	237,847	39,766	15,261	55,027	292,874	406,631	
Employee benefits	51,570	260,575	312,145	59,867	22,995	82,862	395,007	262,142	
Total salaries and related benefits	787,521	2,299,503	3,087,024	523,875	199,527	723,402	3,810,426	3,920,791	
Conferences and meetings	12,476	14,200	26,676	7,610	2,389	9,999	36,675	55,740	
Equipment maintenance	54,008	112,255	166,263	29,159	17,452	46,611	212,874	178,050	
Financial assistance	32,962	73,160	106,122	50	-	50	106,172	75,814	
Insurance	30,400	80,379	110,779	23,744	7,216	30,960	141,739	123,075	
Interest	-	-	-	18,169	-	18,169	18,169	11,995	
Membership dues	2,788	758	3,546	3,139	1,464	4,603	8,149	5,901	
Occupancy	171,433	217,656	389,089	43,148	16,560	59,708	448,797	460,188	
Postage	7,818	27,796	35,614	5,854	14,277	20,131	55,745	39,300	
Printing and publications	11,854	127,321	139,175	9,818	9,112	18,930	158,105	119,856	
Professional fees	6,759	64,878	71,637	133,526	1,628	135,154	206,791	194,301	
Supplies	191,160	245,270	436,430	7,537	2,785	10,322	446,752	412,947	
Telephone and network	26,501	95,537	122,038	25,117	8,929	34,046	156,084	139,099	
Transportation and travel	78,766	93,544	172,310	10,702	4,589	15,291	187,601	226,416	
Bad debt expense	-	-	-	4,798	-	4,798	4,798	18,104	
Miscellaneous	-	-	-	21,724	-	21,724	21,724	37,017	
Total expenses before depreciation	1,414,446	3,452,257	4,866,703	867,970	285,928	1,153,898	6,020,601	6,018,594	
Depreciation	239,125	159,438	398,563	37,298	14,315	51,613	450,176	550,778	
Total expenses	<u>\$ 1,653,571</u>	<u>3,611,695</u>	<u>5,265,266</u>	<u>905,268</u>	<u>300,243</u>	<u>1,205,511</u>	<u>6,470,777</u>	<u>6,569,372</u>	

See accompanying notes to financial statements.

GIRL SCOUTS OF WESTERN NEW YORK, INC.  
Statement of Cash Flows  
Year ended September 30, 2010  
with comparative totals for 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (249,617)	(1,768,969)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	450,176	550,778
Net realized (gain) loss on sale of investments	(186,330)	770,789
Net unrealized appreciation in fair value of investments	(55,449)	(512,320)
Loss on disposal of assets	142,224	36,328
Changes in:		
Receivables	(84,631)	22,316
Inventory	43,512	(9,181)
Prepaid expenses and other assets	12,278	25,382
Accounts payable	(91,732)	21,961
Accrued expenses	(67,234)	193,955
Deferred revenue	(54,673)	-
Net cash used in operating activities	<u>(141,476)</u>	<u>(668,961)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	(105,577)	203,970
Purchase of property and equipment	<u>(50,851)</u>	<u>(364,032)</u>
Net cash used in investing activities	<u>(156,428)</u>	<u>(160,062)</u>
Cash flows from financing activities:		
Proceeds from notes payable	3,010,000	1,229,000
Repayments of notes payable	<u>(2,741,585)</u>	<u>(1,011,585)</u>
Net cash provided by financing activities	<u>268,415</u>	<u>217,415</u>
Net decrease in cash and equivalents	(29,489)	(611,608)
Cash and equivalents at beginning of year	<u>91,398</u>	<u>703,006</u>
Cash and equivalents at end of year	<u>\$ 61,909</u>	<u>91,398</u>
Supplemental schedule of cash flow information:		
Cash paid during the year for interest	<u>\$ 15,572</u>	<u>11,995</u>
Disposal of fully depreciated property and equipment	<u>\$ 259,955</u>	<u>374,422</u>
Property and equipment financed through accounts payable	<u>\$ 23,772</u>	<u>-</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF WESTERN NEW YORK, INC.  
Statement of Changes in Net Assets  
Year ended September 30, 2010  
with comparative totals for 2009

	Unrestricted			Temporarily <u>restricted</u>	Permanently <u>restricted</u>	Total	
	<u>Undesignated</u>	<u>Board designated</u>	<u>Total</u>			<u>2010</u>	<u>2009</u>
Balance at beginning of year	\$ 5,804,876	5,623,266	11,428,142	1,510,045	24,235	12,962,422	14,731,391
Increase (decrease) in net assets	<u>(588,830)</u>	<u>343,501</u>	<u>(245,329)</u>	<u>(4,288)</u>	<u>-</u>	<u>(249,617)</u>	<u>(1,768,969)</u>
Balance at end of year	<u>\$ 5,216,046</u>	<u>5,966,767</u>	<u>11,182,813</u>	<u>1,505,757</u>	<u>24,235</u>	<u>12,712,805</u>	<u>12,962,422</u>

See accompanying notes to financial statements.

GIRL SCOUTS OF WESTERN NEW YORK, INC.

Notes to Financial Statements

September 30, 2010

(1) Summary of Significant Accounting Policies

(a) Nature of Activities

The Girl Scouts of Western New York, Inc. (the Organization) is a not-for-profit organization whose purpose is to build girls of courage, confidence and character who make the world a better place. Effective July 1, 2008, the Girl Scouts of Genesee Valley, Inc., the Girl Scouts of Buffalo and Erie County, Inc., and the Girl Scouts of Southwestern New York merged into the Girl Scouts Council of Niagara County, Inc. Girl Scouts of Niagara County, Inc. was the surviving Organization and changed its name to Girl Scouts of Western New York, Inc.

(b) Basis of Accounting

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

(c) Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations and may be used for any purpose designated by the Organization's Board of Directors.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

(d) 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. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

GIRL SCOUTS OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(f) Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Although the accounts periodically exceed the federally insured deposit amount, management does not anticipate nonperformance by the financial institution.

(g) Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Changes in the valuation allowance have not been material to the financial statements.

(h) Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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.

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

(i) Inventories

Inventories consist of uniforms, patches, pins and various other Girl Scout items and are stated at the lower of cost (first-in, first-out) or market.

GIRL SCOUTS OF WESTERN NEW YORK, INC.  
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(j) Capitalization and Depreciation

Property and equipment are recorded at cost or fair market value at the date of the gift in the case of donated property and equipment. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of equipment are recorded as unrestricted support. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of activities.

(k) Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. In determining whether there is an impairment of long-lived assets, the Organization compares the sum of the expected future net cash flows (undiscounted and without interest charges) to the carrying amount of the assets. At September 30, 2010 and 2009, no impairment in value has been recognized.

(l) Donated Goods and Services

Donated goods are reflected in the financial statements based on the fair market value at the time of the donation.

During the years ended September 30, 2010 and 2009, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

(m) Expense Allocation

The costs of providing the program and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited.

(n) Subsequent Events

The Organization has evaluated events after September 30, 2010, and through December 6, 2010, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(o) Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision for income taxes is reflected in the financial statements.

GIRL SCOUTS OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(2) Investments

Financial Instruments

The cost and fair value of investments in marketable securities at September 30, 2010 and 2009 is summarized as follows:

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Money market funds	\$ 465,529	465,529	649,147	649,147
U.S. Government securities	1,001,232	1,012,942	766,481	780,290
Common stocks	3,932,667	4,255,793	4,011,069	4,313,696
Corporate bonds	1,041,032	1,089,493	724,246	745,543
Mutual funds	172,932	169,421	140,368	134,953
Collateralized mortgage obligations	<u>110,397</u>	<u>120,402</u>	<u>140,571</u>	<u>142,595</u>
Total investments	\$ <u>6,723,789</u>	<u>7,113,580</u>	<u>6,431,882</u>	<u>6,766,224</u>

Investments in marketable securities for the years ended September 30, 2010 and 2009 are stated at fair value. In accordance with the policy of carrying investments at fair value, the change in the net unrealized appreciation or depreciation is included in the statement of activities. A summary of investment income (loss) for the years ended September 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 164,681	205,038
Net realized gain (loss) on investments	186,330	(770,789)
Net unrealized appreciation in fair value of investments	<u>55,449</u>	<u>512,320</u>
Total investment income (loss)	\$ <u>406,460</u>	<u>(53,431)</u>

Investments in marketable securities at September 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Unrestricted:		
Undesignated	\$ 14,568	10,859
Board designated	5,574,777	5,228,665
Temporarily restricted	1,500,000	1,502,465
Permanently restricted	<u>24,235</u>	<u>24,235</u>
Total investments	\$ <u>7,113,580</u>	<u>6,766,224</u>

## GIRL SCOUTS OF WESTERN NEW YORK, INC.

### Notes to Financial Statements, Continued

#### (2) Investments, Continued

Investments are reported at fair value based on quoted market prices. This Organization has interpreted New York State law to allow the spending of income and gains on investments of permanently restricted net assets, absent explicit donor stipulations that all of a portion of such income or gains be maintained in perpetuity. State law allows the Organization to appropriate and spend such income and gains as is prudent, considering such factors as the Organization's long and short-term needs, present and anticipated financial requirements, expected total return on investments, price level trends and general economic conditions.

Accordingly, such realized and unrealized gains and losses, as well as gains and losses on temporarily restricted and unrestricted net assets, are reported as temporarily restricted or unrestricted, based upon the presence or absence of donor stipulations as to their use.

The Organization prohibits investment in companies involved with the manufacture of tobacco and tobacco related products, and alcohol and alcohol related products.

#### Fair Value Measurements

A framework has been established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

GIRL SCOUTS OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(2) Investments, Continued

Fair Value Measurements, Continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2010 and 2009.

- Mutual funds - Valued at the net asset value (NAV) of shares held by the Organization at year end.
- U.S. government securities, common stock and corporate bonds - Valued at the closing price reported on the active market on which the individual securities are traded.
- Collateralized mortgage obligations - Value is based on the underlying mortgages.

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

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2010 and 2009:

	<u>Assets at Fair Value as of September 30, 2010</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 465,529	-	465,529
U.S. Government securities	1,012,942	-	1,012,942
Common stocks	4,255,793	-	4,255,793
Corporate bonds	1,089,493	-	1,089,493
Mutual funds	169,421	-	169,421
Collateralized mortgage obligations	<u>-</u>	<u>120,402</u>	<u>120,402</u>
Total assets at fair value	\$ <u>6,993,178</u>	<u>120,402</u>	<u>7,113,580</u>

	<u>Assets at Fair Value as of September 30, 2009</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 649,147	-	649,147
U.S. Government securities	780,290	-	780,290
Common stocks	4,313,696	-	4,313,696
Corporate bonds	745,543	-	745,543
Mutual funds	134,953	-	134,953
Collateralized mortgage obligations	<u>-</u>	<u>142,595</u>	<u>142,595</u>
Total assets at fair value	\$ <u>6,623,629</u>	<u>142,595</u>	<u>6,766,224</u>

GIRL SCOUTS OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(3) Rochester Area Community Foundation Funds

The Rochester Area Community Foundation (RACF) holds funds on behalf of the Organization. These investments are assets of RACF, with the Organization being the income beneficiary in an amount which approximates the income earned on these investments. The amount of funds held by RACF for the benefit of the Organization was \$27,603 and \$26,475 at September 30, 2010 and 2009, respectively.

(4) Notes Payable

Notes payable at September 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
\$1,500,000 line of credit with a financial institution. Interest is prime plus 0.25% (3.5% at September 30, 2010).	\$ 1,310,000	1,030,000
Note payable to Mazda American Credit with monthly installments of \$965 through August 2011. This note is secured by a vehicle.	9,654	21,239
Note payable to Oishei Foundation. Principal payments begin in September 2011. No interest is due until September 2011. Interest shall accrue at 3% on the unpaid principal balance thereafter. All outstanding accrued and unpaid interest is due on September 29, 2014.	<u>166,500</u>	<u>166,500</u>
Total notes payable	1,486,154	1,217,739
Less current portion	<u>(1,324,279)</u>	<u>(1,041,585)</u>
Notes payable, excluding current portion	\$ <u>161,875</u>	<u>176,154</u>

The aggregate maturity of the notes payable for the years following September 30, 2010 and thereafter is as follows:

2011	\$ 1,324,279
2012	55,500
2013	55,500
2014	<u>50,875</u>
	\$ <u>1,486,154</u>

GIRL SCOUTS OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(5) Pension Plans

The Organization has a noncontributory defined benefit pension plan (the Plan) covering substantially all employees of the former Girl Scouts of Genesee Valley, Inc. The Organization's funding policy is to contribute amounts to the Plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act (ERISA) of 1974, plus some additional amounts as the Organization may determine to be appropriate from time to time. Contributions are intended to provide for benefits accrued.

The following table sets forth the Plan's funded status and amounts recognized in the Organization's financial statements. The Organization used a September 30, 2010 and 2009 measurement date for its plan.

	<u>2010</u>	<u>2009</u>
Benefit obligation	\$ (1,155,641)	(1,079,242)
Fair value of plan assets	<u>986,134</u>	<u>932,470</u>
Funded status	(169,507)	(146,772)
Prepaid pension	179,940	130,168
Net periodic pension cost (benefit)	(228)	23,235
Employer contributions	50,000	30,000
Benefits paid	<u>(41,149)</u>	<u>(44,469)</u>

The accumulated benefit obligation was \$1,155,641 and \$1,079,242 at September 30, 2010 and 2009, respectively.

Assumptions - The weighted average assumptions used to determine benefit obligations at September 30, 2010 and 2009 and net periodic benefit cost for the years then ended is as follows:

	<u>2010</u>	<u>2009</u>
Discount rate	5.00%	5.75%
Rate of compensation increases	N/A	N/A
Expected long-term return on plan assets	<u>7.50%</u>	<u>7.50%</u>

The overall expected long-term rate of return on assets is based on historical performance, investment objectives and market trends. The rate of compensation increases is no longer relative from 2005 going forward as the plan was frozen effective August 31, 2005.

Plan Assets - The Organization's pension plan weighted-average asset allocations at September 30, 2010 and 2009, by asset category are as follows:

	<u>2010</u>	<u>2009</u>
Equity	64%	60%
Fixed income	36%	32%
International	0%	7%
Real estate	<u>0%</u>	<u>1%</u>

GIRL SCOUTS OF WESTERN NEW YORK, INC.

Notes to Financial Statements, Continued

(5) Pension Plans, Continued

Cash Flows - The following benefit payments, which reflect expected services, as appropriate, are expected to be paid:

2011	\$ 54,500
2012	58,000
2013	56,200
2014	57,800
2015	<u>69,000</u>

Estimated contributions during the next fiscal year total \$40,000.

The Organization participates in the National Girl Scout Council Retirement Plan (the Plan), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA which covers substantially all of the employees of various Girl Scout councils. Benefits are based on years of service and salary levels. The Organization's pension expense and contributions to this Plan for the years ended September 30, 2010 and 2009 amounted to \$183,968 and \$79,984, respectively. The National Board of the Girl Scouts of the USA voted to freeze future benefits under the Plan effective July 31, 2010. Due to the nature of the Plan, it is not practicable to determine the extent to which the assets of the Plan cover the actuarially computed value of vested benefits for the Organization as a standalone operation. In addition, because the Plan is considered a multiemployer plan, it is only subject to certain minimum reporting requirements. Due to unfavorable market conditions, as of January 1, 2010, the actuarial present value of accumulated Plan benefits exceeded net Plan assets available for Plan benefits.

The Organization is a participant in a 401(k) profit sharing plan covering all employees at least 21 years of age and who have completed one year of service. Participation in the plan is voluntary. Participating employees may contribute up to at least 1%, but no more than 100% of their annual compensation. There are no employer matching contributions.

(6) Commitments

The Organization leases office space for its administrative offices under a noncancellable operating lease expiring in May 2020. The agreement requires monthly payments of \$6,913. In addition, the Organization leases copiers under an operating lease agreement that expires January 2012 and requires monthly payments of \$2,878. Minimum future lease payments as of September 30, 2010 were as follows:

2011	\$ 122,992
2012	94,468
2013	82,956
2014	82,956
2015	83,157
Thereafter	<u>419,726</u>
	\$ <u>886,255</u>

GIRL SCOUTS OF WESTERN NEW YORK, INC.  
Notes to Financial Statements, Continued

(7) Temporarily Restricted Net Assets

Temporarily restricted net assets as of September 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Mrs. Annabelle Home Piper gift - Camp Piperwood	\$ 1,500,000	1,500,000
Promise Pathway - Program Center	-	2,465
Barker Memorial	456	456
Troop 1245 - sponsorship	-	500
Scholarships	-	1,323
First Bank Brainard (Gould Foundation)	1,500	1,500
Outreach	<u>3,801</u>	<u>3,801</u>
	<u>\$ 1,505,757</u>	<u>1,510,045</u>

(8) Permanently Restricted Net Assets

Permanently restricted net assets as of September 30, 2010 and 2009 consists of the Scholarship Fund amounting to \$24,235.

(9) Net Assets Released from Restrictions

Net assets released from restrictions by incurring expenses in satisfaction of restrictions for the years ended September 30, 2010 and 2009 amounted to \$7,013 and \$27,130, respectively.