

Girl Scouts – Western Oklahoma, Inc.

Independent Auditor's Report and Financial Statements

September 30, 2016 and 2015



Girl Scouts – Western Oklahoma, Inc.
September 30, 2016 and 2015

Contents

Independent Auditor’s Report 1

Financial Statements

Statements of Financial Position 3

Statement of Activities – Year Ended September 30, 2016 4

Statement of Activities – Year Ended September 30, 2015 5

Statement of Functional Expenses – Year Ended September 30, 2016..... 6

Statement of Functional Expenses – Year Ended September 30, 2015..... 7

Statements of Cash Flows 8

Notes to Financial Statements 9

Independent Auditor's Report

Board of Directors
Girl Scouts – Western Oklahoma, Inc.
Oklahoma City, Oklahoma

We have audited the accompanying financial statements of Girl Scouts – Western Oklahoma, Inc. (the Council), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Girl Scouts – Western Oklahoma, Inc.
Page 2

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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKD, LLP

Oklahoma City, Oklahoma
December 20, 2016

Girl Scouts – Western Oklahoma, Inc.
Statements of Financial Position
September 30, 2016 and 2015

Assets

	<u>2016</u>	<u>2015</u>
Cash and cash equivalents	\$ 627,165	\$ 606,983
Accounts receivable, net	9,963	59,110
Contributions receivable, net	56,940	38,788
Grants receivable, net	326,126	309,771
Investments	2,641,199	2,291,405
Inventory	116,383	72,865
Prepaid expenses	37,177	35,160
Investments restricted for investment in capital campaign	243,539	208,147
Contributions receivable restricted for capital campaign, net	-	104,357
Property and equipment, net	3,837,476	4,100,436
Investments restricted for investment in endowment	8,926	8,926
Contributions receivable restricted for endowment, net	-	13,351
Beneficial interest in assets held by others	376,618	340,242
	<u> </u>	<u> </u>
Total assets	<u>\$ 8,281,512</u>	<u>\$ 8,189,541</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 73,543	\$ 63,126
Accrued payroll and related benefits	105,417	70,445
Accrued compensated absences	54,357	53,474
Custodial funds	435	5,565
Obligations to girls and service units	131,242	148,048
Deferred revenue	175	464
Funds held for troops	11,777	13,192
Notes payable to bank	-	17,889
	<u> </u>	<u> </u>
Total liabilities	<u>376,946</u>	<u>372,203</u>

Net Assets

Unrestricted		
Undesignated	6,727,741	6,713,048
Board-designated for endowment	239,106	215,029
	<u> </u>	<u> </u>
Total unrestricted net assets	<u>6,966,847</u>	<u>6,928,077</u>
Temporarily restricted	782,791	721,482
Permanently restricted	154,928	167,779
	<u> </u>	<u> </u>
Total net assets	<u>7,904,566</u>	<u>7,817,338</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 8,281,512</u>	<u>\$ 8,189,541</u>

Girl Scouts – Western Oklahoma, Inc.
Statement of Activities
Year Ended September 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Public support				
Contributions	\$ 193,132	\$ 29,426	\$ -	\$ 222,558
Grants	-	215,750	-	215,750
United Way	-	379,230	-	379,230
Special events	322,990	68,601	-	391,591
	<u>516,122</u>	<u>693,007</u>	<u>-</u>	<u>1,209,129</u>
Program-Related Revenue				
Product sales				
Gross product sales	4,981,819	-	-	4,981,819
Cost of goods sold	(1,358,886)	-	-	(1,358,886)
Allocations to troops and service units	(787,525)	-	-	(787,525)
	<u>2,835,408</u>	<u>-</u>	<u>-</u>	<u>2,835,408</u>
Merchandise sales				
Gross receipts	368,661	-	-	368,661
Cost of sales	(217,037)	-	-	(217,037)
	<u>151,624</u>	<u>-</u>	<u>-</u>	<u>151,624</u>
Revenue from exchange transactions	71,200	-	-	71,200
Program service fees	129,114	-	-	129,114
	<u>3,187,346</u>	<u>-</u>	<u>-</u>	<u>3,187,346</u>
Gains and other revenue				
Interest and dividend income, net	40,002	3,603	-	43,605
Realized and unrealized gains on investments	93,560	-	-	93,560
Royalty income	912	-	-	912
Rental income	15,347	-	-	15,347
Miscellaneous income	13,897	-	-	13,897
Change in value of beneficial interest in assets held by others	24,078	12,299	-	36,377
Gain on sale of assets	1,500	-	-	1,500
	<u>189,296</u>	<u>15,902</u>	<u>-</u>	<u>205,198</u>
Total public support, program-related revenue, gains and other revenue	<u>3,892,764</u>	<u>708,909</u>	<u>-</u>	<u>4,601,673</u>

See Notes to Financial Statements

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets released from restrictions	\$ 648,447	\$ (648,447)	\$ -	\$ -
Total revenue	<u>4,541,211</u>	<u>60,462</u>	<u>-</u>	<u>4,601,673</u>
Expenses				
Program services	<u>3,748,887</u>	<u>(847)</u>	<u>12,851</u>	<u>3,760,891</u>
Supporting services				
Management and general	457,091	-	-	457,091
Fundraising	<u>296,463</u>	<u>-</u>	<u>-</u>	<u>296,463</u>
Total support services	<u>753,554</u>	<u>-</u>	<u>-</u>	<u>753,554</u>
Total expenses	<u>4,502,441</u>	<u>(847)</u>	<u>12,851</u>	<u>4,514,445</u>
Change in Net Assets	38,770	61,309	(12,851)	87,228
Net Assets, Beginning of Year	<u>6,928,077</u>	<u>721,482</u>	<u>167,779</u>	<u>7,817,338</u>
Net Assets, End of Year	<u><u>\$ 6,966,847</u></u>	<u><u>\$ 782,791</u></u>	<u><u>\$ 154,928</u></u>	<u><u>\$ 7,904,566</u></u>

Girl Scouts – Western Oklahoma, Inc.
Statement of Activities
Year Ended September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Public support				
Contributions	\$ 131,397	\$ 243,692	\$ 1,161	\$ 376,250
Grants	-	128,940	-	128,940
United Way	-	365,360	-	365,360
Special events	384,053	31,410	-	415,463
	<u>515,450</u>	<u>769,402</u>	<u>1,161</u>	<u>1,286,013</u>
Program-Related Revenue				
Product sales				
Gross product sales	5,104,977	-	-	5,104,977
Cost of goods sold	(1,406,097)	-	-	(1,406,097)
Allocations to troops and service units	(822,112)	-	-	(822,112)
	<u>2,876,768</u>	<u>-</u>	<u>-</u>	<u>2,876,768</u>
Merchandise sales				
Gross receipts	315,754	-	-	315,754
Cost of sales	(191,534)	-	-	(191,534)
	<u>124,220</u>	<u>-</u>	<u>-</u>	<u>124,220</u>
Revenue from exchange transactions	62,369	-	-	62,369
Program service fees	142,222	-	-	142,222
	<u>3,205,579</u>	<u>-</u>	<u>-</u>	<u>3,205,579</u>
Gains (losses) and other revenue				
Interest and dividend income, net	39,449	563	-	40,012
Realized and unrealized losses on investments	(53,192)	(859)	-	(54,051)
Royalty income	1,360	-	-	1,360
Rental income	17,682	-	-	17,682
Miscellaneous income	17,541	-	-	17,541
Change in value of beneficial interest in assets held by others	325	(864)	-	(539)
Gain on sale of assets	600	-	-	600
	<u>23,765</u>	<u>(1,160)</u>	<u>-</u>	<u>22,605</u>
Total public support, program-related revenue, gains (losses) and other revenue	<u>3,744,794</u>	<u>768,242</u>	<u>1,161</u>	<u>4,514,197</u>

See Notes to Financial Statements

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets released from restrictions	\$ 888,569	\$ (888,569)	\$ -	\$ -
Total revenue	4,633,363	(120,327)	1,161	4,514,197
Expenses				
Program services	3,805,182	(689)	-	3,804,493
Supporting services				
Management and general	437,346	-	-	437,346
Fundraising	292,407	-	-	292,407
Total support services	729,753	-	-	729,753
Total expenses	4,534,935	(689)	-	4,534,246
Change in Net Assets	98,428	(119,638)	1,161	(20,049)
Net Assets, Beginning of Year	6,829,649	841,120	166,618	7,837,387
Net Assets, End of Year	\$ 6,928,077	\$ 721,482	\$ 167,779	\$ 7,817,338

Girl Scouts – Western Oklahoma, Inc.
Statement of Functional Expenses
Year Ended September 30, 2016

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,610,682	\$ 236,906	\$ 163,502	\$ 2,011,090
Employee insurance benefits	142,751	20,997	14,491	178,239
Retirement	138,233	20,332	14,032	172,597
Payroll taxes	153,007	22,505	15,532	191,044
Workers' compensation insurance	16,392	2,411	1,664	20,467
Girl Scout incentives on product sales	207,996	-	-	207,996
Legal and professional fees	119,162	63,264	8,246	190,672
Computer service	20,404	3,001	2,071	25,476
Background check	5,974	579	344	6,897
Contract labor	1,255	122	72	1,449
Supplies	172,274	7,194	28,849	208,317
Horse lease	23,884	-	-	23,884
Recognition	11,744	-	-	11,744
Small equipment	31,142	1,916	1,460	34,518
Vehicle costs	40,130	-	-	40,130
Telephone and internet	59,562	5,769	3,431	68,762
Postage and freight	15,767	1,527	908	18,202
Utilities	64,420	3,963	3,020	71,403
Repair and maintenance	151,942	9,056	6,902	167,900
Rents	31,078	332	253	31,663
Entrance fees	36,825	-	-	36,825
Printing and publications	89,729	8,691	5,169	103,589
Meeting, transportation and lodging	49,052	4,513	2,684	56,249
Specific assistance – members	68,753	-	-	68,753
Organization dues	8,477	821	488	9,786
Insurance	58,864	17,155	2,133	78,152
Staff recruiting and development	36,828	3,567	2,122	42,517
Interest expense	170	10	8	188
Bank service charges	17,279	1,674	995	19,948
Property and other taxes	1,487	94	71	1,652
Provision for uncollectible accounts	36,737	-	-	36,737
Licenses, fees and permits	42,797	2,465	4,145	49,407
Other miscellaneous expenses	1,883	128	77	2,088
	<u>3,466,680</u>	<u>438,992</u>	<u>282,669</u>	<u>4,188,341</u>
Depreciation	<u>294,211</u>	<u>18,099</u>	<u>13,794</u>	<u>326,104</u>
Total expenses	<u>\$ 3,760,891</u>	<u>\$ 457,091</u>	<u>\$ 296,463</u>	<u>\$ 4,514,445</u>

Girl Scouts – Western Oklahoma, Inc.
Statement of Functional Expenses
Year Ended September 30, 2015

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,609,953	\$ 236,799	\$ 163,428	\$ 2,010,180
Employee insurance benefits	130,445	19,186	13,242	162,873
Retirement	132,781	19,530	13,479	165,790
Payroll taxes	153,382	22,560	15,570	191,512
Workers' compensation insurance	14,724	2,166	1,495	18,385
Girl Scout incentives on product sales	259,750	-	-	259,750
Legal and professional fees	93,141	51,252	8,345	152,738
Computer service	360	53	37	450
Background check	3,345	324	193	3,862
Contract labor	12,286	1,190	708	14,184
Supplies	143,688	5,999	29,438	179,125
Recognition	15,986	-	-	15,986
Small equipment	66,541	4,093	3,120	73,754
Vehicle costs	55,578	-	-	55,578
Telephone and internet	56,076	5,431	3,230	64,737
Postage and freight	6,240	604	359	7,203
Utilities	68,254	4,199	3,200	75,653
Repair and maintenance	149,755	8,949	6,821	165,525
Rents	39,471	358	273	40,102
Entrance fees	67,147	-	-	67,147
Printing and publications	100,393	9,724	5,783	115,900
Meeting, transportation and lodging	67,883	6,420	3,819	78,122
Camperships	29,819	-	-	29,819
Specific assistance – members	86,422	-	-	86,422
Organization dues	6,126	589	351	7,066
Insurance	62,064	14,100	2,428	78,592
Staff recruiting and development	39,167	3,765	2,239	45,171
Interest expense	423	26	20	469
Bank service charges	18,301	1,770	1,053	21,124
Property and other taxes	1,332	86	64	1,482
Provision for uncollectible accounts	22,633	-	-	22,633
Other miscellaneous expenses	8,991	823	489	10,303
	<u>3,522,457</u>	<u>419,996</u>	<u>279,184</u>	<u>4,221,637</u>
Depreciation	<u>282,036</u>	<u>17,350</u>	<u>13,223</u>	<u>312,609</u>
Total expenses	<u>\$ 3,804,493</u>	<u>\$ 437,346</u>	<u>\$ 292,407</u>	<u>\$ 4,534,246</u>

Girl Scouts – Western Oklahoma, Inc.
Statements of Cash Flows
Years Ended September 30, 2016 and 2015

	2016	2015
Operating Activities		
Change in net assets	\$ 87,228	\$ (20,049)
Items not requiring (providing) operating activities cash flows		
Depreciation	326,104	312,609
Increase (decrease) in value of beneficial interest in assets held by others	(23,260)	7,797
Net realized and unrealized loss (gain) on investments	(93,560)	54,051
Discount on contributions receivable	3,561	2,794
Provision for uncollectible receivables	36,737	22,633
Gain on disposal of property and equipment	(1,500)	(600)
Donated assets	-	(35,750)
Changes in		
Accounts receivable	13,741	(69,968)
Contributions receivable	(18,152)	(20,145)
Contributions receivable restricted for capital campaign	(32,304)	(22,124)
Contributions receivable restricted for endowment	4,017	(1,161)
Grants receivable	(17,686)	34,266
Inventory	(43,518)	(7,027)
Prepaid expenses	(2,017)	12,111
Accounts payable and accrued liabilities	10,417	53,036
Accrued payroll and related benefits	34,972	7,049
Accrued compensated absences	883	(1,620)
Custodial funds	(5,130)	1,320
Obligations to troops and service units	(16,806)	33,560
Deferred revenues	(289)	(7,276)
Funds held for troops	(1,415)	(50)
	<u>262,023</u>	<u>355,456</u>
Investing Activities		
Purchases of investments	(1,882,897)	(2,063,839)
Proceeds from sale of investments	1,616,121	1,964,972
Purchase of investments with assets restricted to capital campaign	(24,850)	(563)
Purchase from distribution of beneficial interest in assets held by others	(13,116)	(7,259)
Proceeds from sale of property and equipment	1,500	600
Purchase of property and equipment	(63,144)	(248,603)
	<u>(366,386)</u>	<u>(354,692)</u>

	<u>2016</u>	<u>2015</u>
Financing Activities		
Proceeds from contributions restricted for the capital campaign	\$ 133,100	\$ 172,201
Proceeds from contributions restricted for endowment	9,334	9,334
Payments on notes payable	<u>(17,889)</u>	<u>(14,005)</u>
Net cash provided by financing activities	<u>124,545</u>	<u>167,530</u>
Increase in Cash and Cash Equivalents	20,182	168,294
Cash and Cash Equivalents, Beginning of Year	<u>606,983</u>	<u>438,689</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 627,165</u></u>	<u><u>\$ 606,983</u></u>
Supplemental Information		
Amount paid for interest	<u>\$ 214</u>	<u>\$ 468</u>
Noncash contributions		
Donated goods and services	<u>\$ 67,149</u>	<u>\$ 20,711</u>
Donated property	<u>\$ 21,350</u>	<u>\$ 35,750</u>

Girl Scouts – Western Oklahoma, Inc.

Notes to Financial Statements

September 30, 2016 and 2015

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Girl Scouts – Western Oklahoma, Inc. (the Council) is a not-for-profit organization formed on March 1, 2008, to offer all girls, ages 5 through 17 (grades Kindergarten through 12), residing within its jurisdiction an opportunity to participate in the Girl Scouts program in accordance with the purpose of Girl Scouts of the United States of America (GSUSA), which is to help girls develop as happy, resourceful individuals willing to share their abilities in their home and as citizens in their communities, their county and world.

The Council was formed through the merger of the Girl Scouts – Sooner Council's and Girl Scouts – Redlands Council's operations to develop, manage and maintain Girl Scout activities throughout the area of its jurisdiction (central and western half of the state of Oklahoma) in such manner and subject to such limitations as prescribed in the constitution, bylaws and policies of GSUSA and by the terms of the charter granted to the Council by GSUSA.

The Council's revenues and other support are derived principally from the sale of products sold in the spring and fall by individual Girl Scout troops and from various United Way grants.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Council considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2016 and 2015, cash equivalents consisted of a money market account with a financial institution.

At September 30, 2016, the Council's cash accounts exceeded federally insured limits by approximately \$385,000.

Cash does not include bank accounts held by Girl Scout troops and other groups, such as service units, committees and volunteer-led camps under the federal identification number of the Council. Bank accounts held by troops and groups are under the federal identification number of the Council but are not controlled by the Council. The Council has signature authority and provides limited oversight of the accounts but will not access the funds as long as the troop or group is functioning according to Girl Scout policies and procedures, except to withdrawal funds owed as a result of product sales. Individual troops and groups have the responsibility to use funds in their control for the purposes of Girl Scout activities as determined by the members and adult volunteers.

Girl Scouts – Western Oklahoma, Inc.

Notes to Financial Statements

September 30, 2016 and 2015

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the accompanying statements of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Accounts Receivable

Accounts receivable consist primarily of amounts due from individual troops for product sales. The Council provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the troop. The Council's allowance for uncollectible accounts receivable was approximately \$11,600 and \$23,200 at September 30, 2016 and 2015, respectively.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. The Board-approved policy is to capitalize all items over \$5,000 on a per item basis.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	30 years
Leasehold improvements	10–15 years
Computer hardware and software	3–5 years
Furniture and fixtures	5–10 years
Motor vehicles	5 years

Long-Lived Asset Impairment

The Council evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Girl Scouts – Western Oklahoma, Inc.
Notes to Financial Statements
September 30, 2016 and 2015

No asset impairment was recognized during the years ended September 30, 2016 and 2015.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Council has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Council in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor-stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Property and equipment, securities and other noncash contributions are recognized at fair value on the date the unconditional gift is made. The Council reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. The unamortized discounts were approximately \$0 and \$3,600 at September 30, 2016 and 2015, respectively.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

An allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, the general economic environment and other relevant factors. The Council's allowance for uncollectible contributions receivable was approximately \$34,000 and \$23,000 at September 30, 2016 and 2015, respectively.

Girl Scouts – Western Oklahoma, Inc.

Notes to Financial Statements

September 30, 2016 and 2015

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

In-Kind Contributions

In addition to receiving cash contributions, the Council receives in-kind contributions from various donors. It is the policy of the Council to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended September 30, 2016 and 2015, approximately \$88,000 and \$56,000, respectively, were received as in-kind contributions.

Grants

Grants, including unconditional grants (grants receivable), are recognized in the period when the grant becomes unconditional. Grants which are conditioned upon the Council incurring certain qualifying expenses (or costs) are recognized to the extent the expenses are incurred. Determination as to whether a transaction is a grant award or an exchange transaction requires the Council to exercise judgment concerning whether a reciprocal transaction has occurred. The Council evaluates transactions from both the Council's and the resource provider's point of view and the determination can be affected by a wide variety of factors, including the Council's intent on soliciting the funds, the resource provider's expressed intent in providing the funds, the method of delivering the services, the method of determining the amount of payment and other factors as deemed relevant by the Council.

Exchange Transactions

The Council accounts for exchange transactions as reimbursement arrangements in which revenue is recognized as services are performed and costs are incurred according to the terms of the underlying agreement. Revenue earned but not collected is included in grants receivable in the accompanying statements of financial position.

Special Events Revenue

The Council records revenue from special events at the time of the event.

Product and Merchandise Sales

Revenue is recognized once delivery of the product or merchandise to the purchaser has occurred. Sales consist primarily of cookie sales and fall product sales. Merchandise sales consist primarily of Girl Scout-related equipment and supplies sold at the Council's retail store and campsite trading posts.

Girl Scouts – Western Oklahoma, Inc.

Notes to Financial Statements

September 30, 2016 and 2015

Inventory Pricing

Inventories consist primarily of Girl Scout supplies and merchandise sold in the Council's shops and campsite trading posts. Inventories are stated at the lower of weighted-average cost or market.

Shipping and Handling Costs

Shipping and handling costs of approximately \$18,200 and \$7,200 are included in program expenses for the years ended September 30, 2016 and 2015, respectively.

Income Taxes

The Council is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Council is subject to federal income tax on any unrelated business taxable income.

The Council files tax returns in the U.S. federal jurisdiction.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and functional expenses. Certain costs have been allocated among the program, management and general and fundraising categories based on time expended, usage and other methods.

Taxes Collected from Customers and Remitted to Governmental Authorities

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying statements of activities on a net basis.

Note 2: Investments and Investment Return

Investments consisted of the following at September 30:

	<u>2016</u>	<u>2015</u>
Mutual funds		
Fixed income	\$ 2,118,811	\$ 1,722,079
Equity	551,068	429,226
Money market	207,851	341,419
U.S. Treasury note	15,934	15,754
	<u> </u>	<u> </u>
Total investments	<u>\$ 2,893,664</u>	<u>\$ 2,508,478</u>

Girl Scouts – Western Oklahoma, Inc.
Notes to Financial Statements
September 30, 2016 and 2015

The Council's temporarily and permanently restricted net assets include various endowment funds established by donors.

	2016	2015
Unrestricted investments	\$ 2,641,199	\$ 2,291,405
Temporarily restricted investments	243,539	208,147
Permanently restricted investments	<u>8,926</u>	<u>8,926</u>
 Total investments	 <u>\$ 2,893,664</u>	 <u>\$ 2,508,478</u>

Total investment return is comprised of the following:

	2016	2015
Realized gains	\$ 16,488	\$ 33,426
Unrealized gains (losses)	<u>77,072</u>	<u>(87,477)</u>
 Total realized and unrealized gains (losses)	 <u>93,560</u>	 <u>(54,051)</u>
Interest and dividends	60,019	55,169
Less investment fees	<u>(16,414)</u>	<u>(15,157)</u>
 Total interest and dividend income	 <u>43,605</u>	 <u>40,012</u>
 Net investment gain (loss)	 <u>\$ 137,165</u>	 <u>\$ (14,039)</u>

Girl Scouts – Western Oklahoma, Inc.
Notes to Financial Statements
September 30, 2016 and 2015

Note 3: Contributions Receivable

Contributions receivable consisted of the following at September 30:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2016				
Due within one year	\$ 64,711	\$ 3,550	\$ 7,806	\$ 76,067
Due in one to five years	-	7,177	7,500	14,677
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions receivable	64,711	10,727	15,306	90,744
Less				
Allowance for uncollectible pledges	(7,771)	(10,727)	(15,306)	(33,804)
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions receivable, net	<u>\$ 56,940</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,940</u>
2015				
Due within one year	\$ 40,834	\$ 112,655	\$ 8,306	\$ 161,795
Due in one to five years	-	13,477	7,500	20,977
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions receivable	40,834	126,132	15,806	182,772
Less				
Unamortized discount to present value (5.5%)	-	(3,170)	(391)	(3,561)
Allowance for uncollectible pledges	(2,046)	(18,605)	(2,064)	(22,715)
	<hr/>	<hr/>	<hr/>	<hr/>
Total contributions receivable, net	<u>\$ 38,788</u>	<u>\$ 104,357</u>	<u>\$ 13,351</u>	<u>\$ 156,496</u>

Girl Scouts – Western Oklahoma, Inc.

Notes to Financial Statements

September 30, 2016 and 2015

Note 4: Interests in Assets Held by Others

Oklahoma City Community Foundation (OCCF)

The Council has transferred assets to OCCF and retained a beneficial interest in those assets. The Council receives annual distributions from these assets according to OCCF's spending policy, which currently states 5% of the average market value over the previous 12 quarters will be distributed each year. The Council has granted variance power to OCCF as the Council's agreement with OCCF states funds received by OCCF are subject to variance power, described by the U.S. Treasury regulations as the power of the governing board of OCCF to modify any donor restrictions as to distributions if they determine them to become unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community. The fair value of the retained beneficial interest in OCCF was determined using the fair value of the assets in the OCCF trust as included in the accompanying statements of financial position and was approximately \$288,000 and \$258,000 at September 30, 2016 and 2015, respectively.

Cherokee Strip Community Foundation (CSCF)

The Council has transferred assets to CSCF and retained a beneficial interest in those assets. As specified in the agency agreement, CSCF has complete discretion in the investment and reinvestment of the assets held in the fund. The Council may withdraw part or all of the funds and property deposited in the fund no more frequently than quarterly and the Council is required to maintain a balance of no less than \$10,000. The Council's agreement with CSCF may be terminated upon 30 days written notice by either party; at which time, CSCF will deliver the assets to the Council "as soon as practical." The Council received no distributions from CSCF during 2016 or 2015. The fair value of the retained beneficial interest in CSCF was determined using the fair value of the assets in the CSCF trust as included in the accompanying statements of financial position and was approximately \$89,000 and \$82,000 at September 30, 2016 and 2015, respectively.

Note 5: Property and Equipment

Property and equipment at September 30 consists of:

	2016	2015
Land	\$ 456,634	\$ 456,634
Land improvements	454,481	446,123
Buildings	2,591,346	2,591,346
Building improvements	1,839,022	1,831,384
Equipment and furnishings	504,438	492,798
Vehicles	243,862	229,006
Computer hardware	239,657	239,657
Computer software	67,391	67,391
	<u>6,396,831</u>	<u>6,354,339</u>
Less accumulated depreciation	<u>(2,559,355)</u>	<u>(2,253,903)</u>
Property and equipment, net	<u>\$ 3,837,476</u>	<u>\$ 4,100,436</u>

Girl Scouts – Western Oklahoma, Inc.

Notes to Financial Statements

September 30, 2016 and 2015

Note 6: Notes Payable

The Council had three notes that were paid off in September 2016. These were payable \$1,208 monthly, including interest at a fixed rate of 1.9% annually, and were secured by certain vehicles.

Note 7: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30 are available for the following purposes or periods:

	<u>2016</u>	<u>2015</u>
Contributions received with donor-restricted purpose		
Capital campaign	\$ 235,924	\$ 285,870
Public housing and outreach	15,738	9,161
Leadership programming	81,607	59,840
Scholarship	41,482	20,716
Storm shelter campaign	46,944	55,931
Grants	16,636	-
Sooner Haven	8,924	-
Capacity	12,000	-
	<u>459,255</u>	<u>431,518</u>
Contributions with donor-imposed time restrictions		
General operations	281,986	271,445
Special events	41,550	18,519
	<u>323,536</u>	<u>289,964</u>
Total temporarily restricted net assets	<u>\$ 782,791</u>	<u>\$ 721,482</u>

Permanently Restricted Net Assets

Permanently restricted net assets at September 30 are restricted to:

	<u>2016</u>	<u>2015</u>
Building endowment	\$ 146,002	\$ 158,853
Camp scholarships	8,926	8,926
Total permanently restricted net assets	<u>\$ 154,928</u>	<u>\$ 167,779</u>

Girl Scouts – Western Oklahoma, Inc.

Notes to Financial Statements

September 30, 2016 and 2015

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes by occurrence of other events specified by donors or by time restrictions satisfied by receipt of pledges.

	<u>2016</u>	<u>2015</u>
Purpose restrictions accomplished		
Capital campaign	\$ 71,806	\$ 44,218
Public housing and outreach	1,040	10,447
Leadership programming	118,712	105,487
Scholarship	5,162	4,736
Specific assistance	5,730	-
Storm shelter	8,642	243,922
Sooner Haven	2,385	-
Tornado relief	-	12,079
Grants	8,364	-
Capacity	40,000	85,020
Contributions with satisfied time restrictions		
General operations	366,754	378,314
Special events	19,852	4,346
Total temporarily restricted net assets released from restrictions	<u>\$ 648,447</u>	<u>\$ 888,569</u>

Note 8: Endowment

The Council's endowment consists of approximately four individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Girl Scouts – Western Oklahoma, Inc.

Notes to Financial Statements

September 30, 2016 and 2015

The Council’s governing body has interpreted the *State of Oklahoma Prudent Management of Institutional Funds Act of 1972* (SPMIFA) as requiring 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 as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is 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 SPMIFA. In accordance with SPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Council and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Council
7. Investment policies of the Council

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at September 30 consisted of:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
2016				
Donor-restricted endowment funds	\$ -	\$ 34,394	\$ 154,928	\$ 189,322
Board-designated endowment funds	239,106	-	-	239,106
Total endowment funds	\$ 239,106	\$ 34,394	\$ 154,928	\$ 428,428
2015				
Donor-restricted endowment funds	\$ -	\$ 18,397	\$ 167,779	\$ 186,176
Board-designated endowment funds	215,029	-	-	215,029
Total endowment funds	\$ 215,029	\$ 18,397	\$ 167,779	\$ 401,205

Girl Scouts – Western Oklahoma, Inc.
Notes to Financial Statements
September 30, 2016 and 2015

Changes in endowment net assets are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, September 30, 2014	\$ 214,703	\$ 19,556	\$ 166,618	\$ 400,877
Change in value of beneficial interest in assets held by others	326	(864)	-	(538)
Contributions	-	-	1,161	1,161
Other	-	(295)	-	(295)
Balance, September 30, 2015	215,029	18,397	167,779	401,205
Change in value of beneficial interest in assets held by others	24,077	12,299	-	36,376
Contributions	-	-	-	-
Other	-	3,698	(13,242)	(9,544)
Balance, September 30, 2016	<u>\$ 239,106</u>	<u>\$ 34,394</u>	<u>\$ 154,537</u>	<u>\$ 428,037</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Council is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, no deficiencies of this nature were reported in unrestricted net assets as of September 30, 2016 or 2015.

The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Council must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Council's policies, endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index and the Barclay's Capital Aggregate Bond index average while assuming a low to moderate level of investment risk. The Council expects its endowment funds to provide an average rate of return of approximately 5% annually over time. Actual returns in any given year may vary from this amount.

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 current yield (investment income, such as dividends and interest) and capital appreciation (both realized and unrealized). The Council targets a diversified asset allocation that places an equal emphasis on equity and fixed income-based investments to achieve its long-term return objectives within prudent risk constraints.

At this time, the Council is not appropriating for distribution any earnings on its donor-restricted endowment funds. Earnings on the donor-restricted endowment funds managed by the Council are accumulating and the Council is evaluating the best method for administering the endowment in accordance with the donors' restrictions.

Girl Scouts – Western Oklahoma, Inc.
Notes to Financial Statements
September 30, 2016 and 2015

Note 9: Related-Party Transactions

The Council is a chartered member of GSUSA. As part of being a chartered member, the Council collects and passes through membership dues on behalf of GSUSA. The Council also purchases a majority of its merchandise inventory from GSUSA. The Council also receives contributions and special events revenue from various board members and employees. The following summarizes activity from these related parties for the years ended September 30:

	2016	2015
Purchases of merchandise inventory from GSUSA	\$ 171,300	\$ 150,200
Payable to GSUSA for merchandise inventory at year-end	\$ 3,200	\$ 2,000
Membership dues paid to GSUSA	\$ 69,800	\$ 83,200
Grant revenue provided to the Council from GSUSA	\$ 20,300	\$ 39,000
Grants receivable from GSUSA at year-end	\$ 12,200	\$ 25,000
Contributions from board members and employees	\$ 71,200	\$ 32,900
Contributions receivable from board members and employees at year-end	\$ 35,000	\$ 24,900

Note 10: 403(b) Thrift Plan and Multi-Employer Pension Plan

403(b) Thrift Plan

The Council has a 403(b) thrift plan covering employees who work 20 hours a week and have one year of employment. The Council matches the employee contributions 50 cents to the dollar up to 3% of qualified payroll. The Council's matching contributions for the years ended September 30, 2016 and 2015, were approximately \$17,500 and \$18,100, respectively.

Multi-Employer Pension Plan

The Council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by GSUSA. The National Board of GSUSA voted to freeze NGSCR to new entrants and to freeze future benefit accruals for all current participants under NGSCR effective July 31, 2010. NGSCR covers substantially all of the employees of various Girl Scout councils who were eligible to participate in NGSCR prior to the freeze. Accrued and vested benefits prior to July 31, 2010, are based on years of service and salary levels. Contributions made in fiscal years 2016 and 2015 were \$155,061 and \$147,705, respectively. Starting on January 1, 2015, contributions were increased an average of 62% over three years above the 2013 contribution amount. This is due to the further decline in interest rates used to value plan liabilities, which more than offsets growth, further increasing the excess accumulated benefits over net plan assets. Legislative and regulatory solutions are being explored to reduce the minimum required contributions.

Girl Scouts – Western Oklahoma, Inc.

Notes to Financial Statements

September 30, 2016 and 2015

Note 11: Disclosures About Fair Value of Assets

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets; 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
- Level 3** Unobservable inputs supported by little or no market activity and significant to the fair value of the assets

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at year-end.

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2016				
Investments				
Money market mutual funds	\$ 207,851	\$ 207,851	\$ -	\$ -
Fixed income mutual funds	2,118,811	2,118,811	-	-
Equity mutual funds	551,068	551,068	-	-
Treasury note	15,934	-	15,934	-
Beneficial interests in assets held by others	376,618	-	-	376,618
	<u>\$ 3,270,282</u>	<u>\$ 2,877,730</u>	<u>\$ 15,934</u>	<u>\$ 376,618</u>

Girl Scouts – Western Oklahoma, Inc.

Notes to Financial Statements

September 30, 2016 and 2015

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2015				
Investments				
Money market mutual funds	\$ 341,419	\$ 341,419	\$ -	\$ -
Fixed income mutual funds	1,722,079	1,722,079	-	-
Equity mutual funds	429,226	429,226	-	-
Treasury note	15,754	-	15,754	-
Beneficial interests in assets held by others	340,242	-	-	340,242
	\$ 2,848,720	\$ 2,492,724	\$ 15,754	\$ 340,242

Following is a description of the valuation methodologies and inputs used for assets 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 pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2016. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below.

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include money market mutual funds, fixed income mutual funds and equity mutual funds. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. Level 2 investments include a treasury note. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. Level 3 investments include beneficial interests in assets held by others.

Beneficial Interests in Assets Held by Others

The Council does not have the ability to redeem the funds held by OCCF and may redeem the funds held by CSCF only on a quarterly basis. Based on the methodology of determining fair value of beneficial interests held by OCCF and CSCF, the nonredeemable nature of the assets held at OCCF and the timing of the possible redemptions at CSCF, the Council has categorized these within Level 3 of the hierarchy.

Girl Scouts – Western Oklahoma, Inc.
Notes to Financial Statements
September 30, 2016 and 2015

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	Beneficial Interest in Assets Held by Others – OCCF	Beneficial Interest in Assets Held by Others – CSCF
Balance, September 30, 2014	\$ 255,410	\$ 85,370
Change in value of beneficial interest	<u>2,587</u>	<u>(3,125)</u>
Balance, September 30, 2015	257,997	82,245
Change in value of beneficial interest	<u>30,066</u>	<u>6,310</u>
Balance, September 30, 2016	<u><u>\$ 288,063</u></u>	<u><u>\$ 88,555</u></u>

The summary of changes in fair value of Level 3 assets has been prepared to reflect the activity in the same categories as those used in the accompanying statements of activities. The change in fair value of the beneficial interests in assets held by others includes realized and unrealized gains (losses) on investments; investment income, *i.e.*, interest and dividends; and administrative fees. The change in fair value of the beneficial interests is included in change in net assets in the accompanying statements of activities.

Note 12: Significant Estimates and Concentrations

GAAP require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions and Grants

At September 30, 2016 and 2015, 73% and 77%, respectively, of grants receivable were from one donor. For the year ended September 30, 2016, two donors comprised 54% and 13% of total grant revenue. For the year ended September 30, 2015, one donor comprised 65% of total grant revenue. At September 30, 2016, one donor made up 17% of total contributions receivable. At September 30, 2015, two donors made up 41% of total contributions receivable. For the years ended September 30, 2016 and 2015, two donors made up 22% and 29%, respectively, of total contribution revenue.

Girl Scouts – Western Oklahoma, Inc.
Notes to Financial Statements
September 30, 2016 and 2015

Litigation

The Council is subject to other claims and lawsuits that arise primarily in the ordinary course of its activities. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, change in net assets and cash flows of the Council. Events could occur that would change this estimate materially in the near term.

Investments

The Council invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 13: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Sale of Camp Cookieland

On November 10, 2016, the Council sold Camp Cookieland to the Oklahoma Turnpike Authority for \$3,200,000.