

**GIRL SCOUTS OF THE
SIERRA NEVADA, INC.**

**Financial Statements and
Supplementary Information**

September 30, 2015



SchettlerMacy
& Associates LLC
CERTIFIED PUBLIC ACCOUNTANTS

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Girl Scouts of the Sierra Nevada, Inc.

We have audited the accompanying financial statements of the Girl Scouts of the Sierra Nevada, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, and the related statements of activities and changes in net assets 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 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Girl Scouts of the Sierra Nevada, Inc. as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 18 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Schettler Macy & Associates, LLC

Reno, Nevada
January 21, 2016

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,177,650
Investments	481,199
Receivables	75,075
Inventory	92,684
Prepaid expenses	36,264
Total current assets	<u>1,862,872</u>

PROPERTY AND EQUIPMENT, net

661,151

\$ 2,524,023

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 72,764
Accrued payroll	30,882
Service unit trust funds	72,780
Due to Girl Scouts of the USA	2,785
Cookie sale recognition outstanding	2,877
Compensated absences	45,778
Deferred revenue	10,510
Total current liabilities	<u>238,376</u>

NET ASSETS

Unrestricted	
Designated	
Investment in property and equipment	528,671
Operating reserve	350,000
Quasi-endowment fund	102,064
Undesignated	<u>1,112,030</u>
Total unrestricted net assets	2,092,765
Temporarily restricted	86,082
Permanently restricted	<u>106,800</u>
Total net assets	<u>2,285,647</u>
	<u>\$ 2,524,023</u>

See accompanying notes.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEAR ENDED SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUE				
Public support				
Contributions	\$ 328,641	\$ 7,826	\$ -	\$ 336,467
In-kind contributions	4,365	-	-	4,365
Legacies and bequests	109,523	-	-	109,523
Revenue				
Cookie sales (net of related expenses of \$550,921)	1,483,596	-	-	1,483,596
Fundraising events (net of related expenses of \$31,894)	(15,955)	-	-	(15,955)
QSP program (net of related expenses of \$6,899)	(2,910)	-	-	(2,910)
Sale of merchandise (net of related expenses of \$111,756)	47,968	-	-	47,968
Program service fees	124,493	-	-	124,493
Investment returns	19,154	-	-	19,154
Unrealized loss on investments	(24,138)	-	-	(24,138)
Miscellaneous	51,019	-	-	51,019
Net assets released from restrictions	82,741	(82,741)	-	-
	<u>2,208,497</u>	<u>(74,915)</u>	<u>-</u>	<u>2,133,582</u>
EXPENSES				
Program services				
Membership development	851,777	-	-	851,777
Special programs	247,942	-	-	247,942
Camping services	449,648	-	-	449,648
Supporting services				
General and administrative	318,167	-	-	318,167
Fundraising	167,485	-	-	167,485
	<u>2,035,019</u>	<u>-</u>	<u>-</u>	<u>2,035,019</u>
CHANGE IN NET ASSETS	173,478	(74,915)	-	98,563
NET ASSETS, BEGINNING OF YEAR	<u>1,919,287</u>	<u>160,997</u>	<u>106,800</u>	<u>2,187,084</u>
NET ASSETS, END OF YEAR	<u>\$ 2,092,765</u>	<u>\$ 86,082</u>	<u>\$ 106,800</u>	<u>\$ 2,285,647</u>

See accompanying notes.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

STATEMENT OF CASH FLOWS YEAR ENDED SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$	98,563
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation		77,901
Realized and unrealized gain on investments		22,692
Changes in:		
Receivables		26,911
Inventory		(412)
Prepaid expenses		10,310
Accounts payable		7,119
Accrued payroll		5,032
Service unit trust funds		19,312
Due to Girl Scouts of the USA		(255)
Cookie sale recognition outstanding		(1,670)
Compensated absences		1,323
Deferred revenue		10,260
Net cash provided by operating activities		<u>277,086</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment		(181,200)
Purchase of investments		(102,935)
Proceeds from sale of investments		83,428
Net cash used by investing activities		<u>(200,707)</u>

NET CHANGE IN CASH 76,379

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 1,101,271

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 1,177,650

See accompanying notes.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Girl Scouts of the Sierra Nevada, Inc. (the Council) was formed in 1939 as a Nevada non-profit corporation and participates in a nationally recognized education program. The all-girl organization is available to any girl ages five to seventeen regardless of race, nationality, religion, socioeconomic background or disability. The four program goals of the Girl Scouts are to encourage girls to develop to their full potential, relate to others with increasing understanding, skill, and respect, develop a meaningful set of values to guide their actions and to provide for sound decision-making, and contribute to the improvement of society.

Financial Statement Presentation

In accordance with Financial Accounting Standards Board (FASB) ASC 958-205, the Council is required to report 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, based upon the existence or absence of donor-imposed restrictions. Restricted net assets as of September 30, 2015 are described in Note 4.

Basis of Accounting

The financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

The Council considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Investments are stated at fair value in the statement of financial position, with all gains and losses included in the statement of activities. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for discussion of fair value measurement.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Investments are made according to the investment policies adopted by the Council's Board of Directors. These guidelines provide for a balanced diversified portfolio with investments in equities, fixed income and other securities with performance measured against appropriate indices. Outside parties are contracted by the Council for the purpose of providing investment management.

Concentration of Credit Risk

The Council maintains cash and cash equivalent balances in financial institutions which may, at times, exceed federally insured limits. Cash balances in banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. Funds deposited with one institution in a collateralized sweep are not insured. The balance of those uninsured amounts is \$776,407 as of September 30, 2015. The Council has not experienced any losses in these accounts and does not believe it is exposed to any significant custodial credit risk related to these accounts.

Receivables

Receivables include grants, contributions, and other reimbursements, which have not been received by year end. Management considers all accounts fully collectible and, accordingly, an allowance for doubtful accounts is not deemed necessary.

Inventory

Inventories consist of Girl Scout merchandise and membership materials and are stated at the lower of cost, determined by the weighted average method, or market.

Property and Equipment

Property and equipment are recorded at cost. Donated assets are valued at fair value at the date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. The estimated useful lives range from three to seven years for furniture, fixtures and equipment, ten to twenty years for building improvements and forty years for buildings. The Council's policy is to capitalize assets with a cost greater than \$1,000.

Service Unit Trust Funds

Service unit trust funds include amounts earned by individual troops through various member activities. Such amounts are available to be used towards Girl Scout activities and merchandise.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Due to Girl Scouts of the USA

Due to Girl Scouts of the USA represents membership fees which were received but have not yet been transferred to Girl Scouts of the USA.

Cookie Sale Recognitions Outstanding

Cookie sale recognitions outstanding represent the value of undistributed prizes awarded for achieving certain cookie sales goals.

Compensated Absences

Compensated absences represents the Council's liability for the value of paid leave earned but not used by employees as of September 30, 2015, as determined in accordance with the Council's personnel policy.

Deferred Revenue

Deferred revenue represents amounts received prior to September 30, 2015, for events to be held in the subsequent fiscal year.

Contributions

Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Contributed Services, Materials and Facilities

Contributions of noncash (in-kind) assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. For the year ended September 30, 2015, the total fair value for services, materials and facilities contributed to the Council was \$4,365.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Gifts of Long-Lived Assets

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

Estimates

The preparation of the 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.

Income Taxes

The Council is a non-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision for income taxes is included in the accompanying financial statements. For federal income tax purposes, the Council's tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns. As of September 30, 2015, the 2011, 2012, and 2013 returns are subject to examination by the IRS.

Functional Expense Allocations

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

Management's Review

Subsequent events have been evaluated through September 30, 2015, which is the date the financial statements were available to be issued.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

NOTE 2 – INVESTMENTS AND FAIR VALUE

The Council utilizes fair value measurements to record certain assets and liabilities. In accordance with FASB ASC Topic 820, Fair Value Measurements, 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 is best determined based on quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

ASC Topic 820 establishes a three-tier 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, as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect an organization’s own assumptions about the information that market participants would use in pricing an asset or liability. The categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Fair values of assets measured on a recurring basis presented by level within the fair value hierarchy at September 30, 2015 are as follows:

Investments:	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 436,178	\$ 436,178	\$ -	\$ -
U.S. common stocks	29,764	29,764	-	-
Pooled funds	15,257	-	-	15,257
	<u>\$ 481,199</u>	<u>\$ 465,942</u>	<u>\$ -</u>	<u>\$ 15,257</u>

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

The pooled funds consist of a beneficial interest in investments held at the Community Foundation of Western Nevada (the Community Foundation) and are valued at the net asset value of pooled shares held by the Council at each year end. Net asset values are derived from the values of the underlying investments as reported by the Community Foundation. Management believes this method provides a reasonable estimate of fair value.

For the year ended September 30, 2015, the changes in assets measured using significant unobservable inputs (Level 3) were as follows:

Pooled funds, Beginning of Year	\$ 16,235
Realized and unrealized gains (losses)	(991)
Interest and dividends	243
Investment fees	(47)
Administrative fees	(183)
Pooled funds, End of Year	<u>\$ 15,257</u>

The following schedule summarizes the investment return for the year ended September 30, 2015:

Net realized and unrealized gains (losses)	\$ (22,692)
Interest and dividends	17,708
	<u>\$ (4,984)</u>

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2015:

Buildings	\$ 583,133
Building improvements	1,007,664
Office equipment	120,124
Camp equipment	124,668
Vehicles	38,188
	<hr/>
	1,873,777
Less: accumulated depreciation	<hr/> (1,345,106)
Unrestricted, net	<hr/> 528,671
Temporarily restricted - Building	43,200
Permanently restricted - Land	91,800
	<hr/>
	135,000
Less: accumulated depreciation	<hr/> (2,520)
Restricted, net	<hr/> 132,480
	<hr/>
	\$ 661,151

Depreciation expense for the year ended September 30, 2015 was \$77,901.

NOTE 4 – NET ASSETS

Unrestricted Net Assets

Unrestricted Net Assets are net assets that are not subject to donor-imposed stipulations. Certain unrestricted net assets are designated for specific purposes or uses under various internal operating and administrative arrangements of the Council. The board members, at their discretion, can revise the intended use of these net assets as they deem necessary. The Council has \$528,671 invested in unrestricted property and equipment and the board has designated \$350,000 of the unrestricted net assets to be held as an operating reserve and \$102,064 to be held as a quasi-endowment fund as of September 30, 2015.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

Temporarily Restricted Net Assets

Temporarily restricted net assets were restricted for the following purposes as of September 30, 2015:

Restricted building, net of related depreciation	\$	40,680
Service center equipment and improvements		35,590
Camp equipment		5,000
Scholarship		3,456
Other programs		1,356
	\$	<u>86,082</u>

Permanently Restricted Net Assets

During 1998, the Council received a donation for the purpose of establishing a permanent endowment. The principal is restricted and may not be expended. The earnings may be expended for scholarships and are classified as temporarily restricted until expended.

During 2014, the Council received a donation of land and building from the City of Elko. The deed states that the property revert back to the City of Elko should the property no longer be used for the Council's charitable purpose. The donated land has been classified as permanently restricted.

Permanently restricted net assets were restricted for the following purposes as of September 30, 2015:

Endowment	\$	15,000
Restricted Land		91,800
	\$	<u>106,800</u>

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted resources.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

NOTE 5 – OPERATING LEASES

The Reno service center is located on property leased from the Nevada Highway Department for \$1 per year. The lease expires on July 21, 2026; however, according to the agreement, the Council has the option to renew the lease for an additional period of forty-nine years with similar terms.

The Council leases office space in Bishop, California from the Los Angeles Department of Water and Power for an annual fee of \$500. The lease expires on January 31, 2018.

The Council leases office equipment with an agreement requiring monthly payments of \$377 for sixty months, expiring September 2018.

Minimum future rental payments under these lease agreements as of September 30, 2015 are as follows:

2016	\$ 5,025
2017	5,025
2018	<u>3,394</u>
	<u>\$ 13,444</u>

Total rental expense for the year ended September 30, 2015, including additional charges for equipment use overage charges was \$10,931.

NOTE 6 – RETIREMENT PLAN

The Council participates in the National Girl Scout Council Retirement Plan (Plan). The Plan is a multi-employer, noncontributory, defined benefit pension plan sponsored by Girl Scouts of the USA (EIN# 13-1624016; PN 002). The National Board of Girl Scouts of the USA voted to freeze the Plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The Plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the Plan prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2015. Based on the April 18, 2014 conditional approval by the IRS, all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30 million is remitted. The \$30 million calendar year minimum applies for each succeeding year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). Aggregate contributions made in fiscal year 2015 was \$34.5 million. Aggregate contributions made in fiscal year 2016 are expected to also be \$34.5 million.

The Council made contributions into the Plan of \$76,112 during the year ended September 30, 2015. These contributions represented 0.22% of total contributions into the Plan.

In addition, because the Plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification 715, *Compensation – Retirement Benefits*. 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 Council as a standalone operation.

The Council also maintains a 403(b) tax-deferred annuity plan (TDA), which is available to all employees immediately upon hiring. Employees may make pre-tax contributions to the TDA through payroll deductions. However, for the year ended September 30, 2015, the Council did not make any contributions to the TDA.

NOTE 7 – ENDOWMENTS

The Council's endowments consist of funds established for the purposes of providing scholarships to selected individuals and various other projects including the long-term maintenance of facilities. The Council's endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported as unrestricted, temporarily restricted and permanently restricted net assets based solely on the existence or absence of donor-imposed restrictions.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2015

The endowment net asset composition by type of fund was as follows for the year ended September 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Funds functioning as an endowment	\$ 102,064	\$ -	\$ -	\$ 102,064
Donor- restricted endowment funds	-	39,046	15,000	54,046
	<u>\$ 102,064</u>	<u>\$ 39,046</u>	<u>\$ 15,000</u>	<u>\$ 156,110</u>

The funds functioning as an endowment are included as unrestricted net assets on the statement of financial position.

Changes in endowment net assets for the year ended September 30, 2015 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 102,377	\$ 39,273	\$ 15,000	\$ 156,650
Investment income	4,545	686	-	5,231
Net increase (decrease) in value	(4,858)	(913)	-	(5,771)
Endowment net assets, end of year	<u>\$ 102,064</u>	<u>\$ 39,046</u>	<u>\$ 15,000</u>	<u>\$ 156,110</u>

Interpretation of Relevant Law

In the absence of explicit donor stipulations to the contrary, the Council has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Nevada, as requiring the preservation of the fair value of the original gift as of the gift date. As a result of this interpretation, the Council classifies as permanently restricted net assets (a) the original value of the 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.

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence described in UPMIFA. The Council takes into consideration the following factors in its determination to appropriate or accumulate donor-restricted endowment funds in accordance with UPMIFA:

- The duration and preservation of the fund
- The purpose of the Council and the donor-restricted endowment funds
- General economic conditions, including the possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Council
- The Council's investment policies

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires to be retained as perpetual funds. Such deficiencies would be reflected as decreases in unrestricted or temporarily restricted net assets.

Return Objectives and Risk Parameters

The Council has adopted investment strategies and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

The endowment fund investment strategy is reviewed and evaluated by the Finance Committee of the Board of Directors at least annually with its investment advisors to ensure the portfolio's proper diversification, security and return on investments.

SUPPLEMENTARY INFORMATION

GIRL SCOUTS OF THE SIERRA NEVADA, INC.

SCHEDULE OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2015

	Program Services				Supporting Services		Total Expenses
	Membership Development	Special Programs	Camping Services	Total	Management and General	Fundraising	
Salaries	\$ 478,283	\$ 115,571	\$ 196,235	\$ 790,089	\$ 124,204	\$ 97,439	\$ 1,011,732
Payroll taxes and employee benefits	120,889	30,152	34,699	185,740	29,005	25,037	239,782
Total salaries and related expenses	599,172	145,723	230,934	975,829	153,209	122,476	1,251,514
Conferences, conventions and meetings	5,561	4,413	161	10,135	32,665	2,249	45,049
Depreciation	19,654	4,716	43,704	68,074	5,503	4,324	77,901
Insurance	27,688	6,250	16,767	50,705	11,512	5,729	67,946
Miscellaneous	18,575	4,642	6,004	29,221	5,447	3,993	38,661
Occupancy	29,164	4,116	50,792	84,072	4,802	3,773	92,647
Organization dues	1,260	223	1,964	3,447	252	509	4,208
Postage and shipping	3,324	447	1,919	5,690	425	881	6,996
Printing and publications	4,394	4,703	5,371	14,468	2,442	6,801	23,711
Professional fees	20,656	4,807	5,201	30,664	5,602	5,901	42,167
Repairs and maintenance	6,602	372	5,798	12,772	70,350	4,118	87,240
Scholarships and assistance	24,120	390	9,327	33,837	2,000	-	35,837
Supplies	39,571	57,046	44,583	141,200	1,178	1,085	143,463
Telephone	17,596	3,991	6,380	27,967	4,656	3,659	36,282
Travel	34,440	6,103	20,743	61,286	18,124	1,987	81,397
Total expenses	\$ 851,777	\$ 247,942	\$ 449,648	\$ 1,549,367	\$ 318,167	\$ 167,485	\$ 2,035,019

See accompanying notes.