

**GIRL SCOUTS OF ORANGE COUNTY**  
(A California Nonprofit Organization)

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**FINANCIAL STATEMENTS**  
**WITH**  
**INDEPENDENT AUDITOR'S REPORT**

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**SEPTEMBER 30, 2017**

**GIRL SCOUTS OF ORANGE COUNTY**  
**(A California Nonprofit Organization)**

**SEPTEMBER 30, 2017**

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**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

**VALUE THE** *difference*

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Girl Scouts of Orange County  
Irvine, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Girl Scouts of Orange County (a California Nonprofit Organization), which comprise the statement of financial position as of September 30, 2017, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

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

## **Report on Summarized Comparative Information**

We have previously audited the Girl Scouts of Orange County 2016 financial statements, and we expressed an unmodified audit opinion on these audited financial statements in our report dated January 31, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Vavinek Tume Day & Co. LLP*

Rancho Cucamonga, California  
January 29, 2018

**GIRL SCOUTS OF ORANGE COUNTY**  
(A California Nonprofit Organization)

**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FROM 2016)**

	2017	2016
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 2,792,896	\$ 2,400,981
Resale inventory and supplies	158,154	136,487
Receivables:		
Accounts	43,224	26,185
Pledges	1,501,968	185,128
Grants	5,000	20,000
Prepaid expenses and other assets	146,395	158,926
Total Current Assets	4,647,637	2,927,707
Property and Equipment, net of accumulated depreciation	14,927,247	12,205,689
Total Assets	\$ 19,574,884	\$ 15,133,396
 <b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,000,689	\$ 679,287
Deferred revenue	360,155	371,537
Total Current Liabilities	2,360,844	1,050,824
 <b>Net Assets</b>		
Unrestricted	15,708,593	13,900,434
Temporarily restricted	1,505,447	182,138
Total Net Assets	17,214,040	14,082,572
Total Liabilities and Net Assets	\$ 19,574,884	\$ 15,133,396

The accompanying notes are an integral part of these financial statements.

**GIRL SCOUTS OF ORANGE COUNTY**  
(A California Nonprofit Organization)

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FROM 2016)**

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
<b>OPERATING REVENUE</b>				
<b>Support and Revenues</b>				
Contributions	\$ 556,437	\$ 203,321	\$ 759,758	\$ 728,751
<b>Revenue Related to Programs</b>				
Product Sales:				
Net Cookie Sales				
Cookie sales	11,943,679	-	11,943,679	11,626,149
Direct expenses	(4,107,688)	-	(4,107,688)	(3,970,591)
Net Cookie Sales	<u>7,835,991</u>	<u>-</u>	<u>7,835,991</u>	<u>7,655,558</u>
Net Magazine Sales				
Magazine sales	188,119	-	188,119	196,130
Direct expenses	(129,409)	-	(129,409)	(136,061)
Net Magazine Sales	<u>58,710</u>	<u>-</u>	<u>58,710</u>	<u>60,069</u>
Net Nut and Candy Sales				
Nut and candy sales	807,309	-	807,309	780,341
Direct expenses	(440,840)	-	(440,840)	(428,593)
Net Nut and Candy Sales	<u>366,469</u>	<u>-</u>	<u>366,469</u>	<u>351,748</u>
Total Net Product Sales	<u>8,261,170</u>	<u>-</u>	<u>8,261,170</u>	<u>8,067,375</u>
Council Shop:				
Council shop revenue	671,214	-	671,214	715,418
Direct expenses	(394,542)	-	(394,542)	(419,840)
Net Support From Council Shop	<u>276,672</u>	<u>-</u>	<u>276,672</u>	<u>295,578</u>
Program service fees	674,124	-	674,124	667,584
Donated rent	177,552	-	177,552	161,050
Rental income	196,706	-	196,706	245,472
Other operating income	150,542	-	150,542	140,604
Net assets released from restrictions	<u>238,256</u>	<u>(238,256)</u>	<u>-</u>	<u>-</u>
Total Support and Revenues	<u>10,531,459</u>	<u>(34,935)</u>	<u>10,496,524</u>	<u>10,306,414</u>
<b>OPERATING EXPENSES</b>				
<b>Functional Expenses</b>				
Program Services:				
Camp and program service centers	1,555,016	-	1,555,016	1,325,652
Program services	2,536,173	-	2,536,173	2,509,754
Communications	533,456	-	533,456	498,169
Membership services	2,214,401	-	2,214,401	2,221,069
Volunteer services	1,686,490	-	1,686,490	1,651,240
Total Program Services	<u>8,525,536</u>	<u>-</u>	<u>8,525,536</u>	<u>8,205,884</u>
<b>Supporting Services</b>				
Management and general	811,434	-	811,434	730,592
Fund raising	1,037,374	-	1,037,374	858,942
Total Supporting Services	<u>1,848,808</u>	<u>-</u>	<u>1,848,808</u>	<u>1,589,534</u>
Total Functional Expenses	<u>10,374,344</u>	<u>-</u>	<u>10,374,344</u>	<u>9,795,418</u>
<b>Total Operating Activity</b>	<u>157,115</u>	<u>(34,935)</u>	<u>122,180</u>	<u>510,996</u>
<b>NONOPERATING ACTIVITY</b>				
Comprehensive campaign contributions	-	3,079,030	3,079,030	123,892
Net assets released from restriction, comprehensive campaign	1,720,786	(1,720,786)	-	-
Transfers of net assets to Friends of the Girl Scouts Trust	(848,063)	-	(848,063)	(1,169,826)
Transfers of net assets from Friends of the Girl Scouts Trust	778,321	-	778,321	1,169,826
<b>Total Nonoperating Activity</b>	<u>1,651,044</u>	<u>1,358,244</u>	<u>3,009,288</u>	<u>123,892</u>
Net Change in Net Assets	1,808,159	1,323,309	3,131,468	634,888
Net Assets, Beginning of Year	13,900,434	182,138	14,082,572	13,447,684
Net Assets, End of Year	<u>\$ 15,708,593</u>	<u>\$ 1,505,447</u>	<u>\$ 17,214,040</u>	<u>\$ 14,082,572</u>

The accompanying notes are an integral part of these financial statements.

**GIRL SCOUTS OF ORANGE COUNTY**  
(A California Nonprofit Organization)

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FROM 2016)**

	2017	2016
<b>Cash Flows From Operating and Nonoperating Activities</b>		
Change in Operating Net Assets	\$ 122,180	\$ 510,996
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and amortization	443,323	337,066
Change in Operating Assets and Liabilities:		
Resale inventory and supplies	(21,667)	57,945
Accounts receivable	(17,039)	40,679
Pledges receivable	(1,316,840)	(33,773)
Grants receivable	15,000	(10,000)
Prepaid expenses and other assets	12,531	53,935
Accounts payable and accrued expenses	1,321,402	114,746
Deferred revenue	(11,382)	18,336
Net Cash Provided by Operating Activities	547,508	1,089,930
<b>Cash Flows From Investing Activities</b>		
Purchase of property and equipment	(3,164,881)	(1,370,130)
Comprehensive campaign contributions	3,079,030	123,892
Distribution of net assets to Friends of the Girl Scouts Trust	(848,063)	(1,169,826)
Receipt of net assets from Friends of the Girl Scouts Trust	778,321	1,169,826
Net Cash Used in Investing Activities	(155,593)	(1,246,238)
Net Change in Cash and Cash Equivalents	391,915	(156,308)
<b>Cash and Cash Equivalents, Beginning of Year</b>	2,400,981	2,557,289
<b>Cash and Cash Equivalents, End of Year</b>	\$ 2,792,896	\$ 2,400,981
<b>Supplemental Cash Flow Information</b>		
Interest Paid	\$ -	\$ 672
Taxes Paid	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

**GIRL SCOUTS OF ORANGE COUNTY**  
(A California Nonprofit Organization)

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FROM 2016)**

	Program Services					Total Program Services
	Camp and Program Service Centers	Program Services	Communications	Membership Services	Volunteer Services	
<b>Functional Expenses</b>						
Salaries and wages	\$ 526,723	\$ 1,198,942	\$ 247,221	\$ 1,396,554	\$ 969,868	\$ 4,339,308
Employee benefits	114,165	197,921	46,328	301,416	254,268	914,098
Payroll taxes	78,880	116,751	16,189	125,872	81,060	418,752
Total Salaries and Related Expenses	<u>719,768</u>	<u>1,513,614</u>	<u>309,738</u>	<u>1,823,842</u>	<u>1,305,196</u>	<u>5,672,158</u>
Professional fees and contracted services	27,176	82,717	32,569	94,374	45,298	282,134
Supplies	19,552	677,685	7,849	29,419	103,040	837,545
Telephone	54,544	5,639	2,401	10,831	9,271	82,686
Postage and shipping	958	3,270	21,336	1,218	568	27,350
Occupancy	190,805	30,188	7,435	38,415	31,379	298,222
Rentals, repairs, and maintenance	26,903	14,483	1,480	6,305	30,510	79,681
Printing, publication, and computer supplies	4,150	17,557	108,829	34,839	19,157	184,532
Transportation and travel	32,212	39,433	1,767	17,788	15,959	107,159
Conferences, conventions, and meetings	771	4,741	13,869	5,647	13,089	38,117
Financial assistance to girls, troops, and volunteers	-	14,105	-	6,625	16,824	37,554
Membership dues	-	3,458	-	-	-	3,458
Insurance	70,535	58,048	11,549	40,842	33,778	214,752
Other fees and expenses	16,412	36,440	716	32,347	4,430	90,345
Donated materials and rent	177,552	-	-	-	-	177,552
Depreciation	213,678	34,795	13,918	71,909	57,991	392,291
Total Functional Expenses	<u>\$ 1,555,016</u>	<u>\$ 2,536,173</u>	<u>\$ 533,456</u>	<u>\$ 2,214,401</u>	<u>\$ 1,686,490</u>	<u>\$ 8,525,536</u>

<sup>1</sup> Program services expenses represent 82.2% of total expenses, while support services expenses represent 17.8% of total expenses.

The accompanying notes are an integral part of these financial statements.



Support Services

Management and General	Fund Raising	Total Support Services	2017 Total <sup>1</sup>	2016 Total
\$ 387,056	\$ 510,988	\$ 898,044	\$ 5,237,352	\$ 4,820,473
134,961	120,004	254,965	1,169,063	1,123,526
36,033	41,342	77,375	496,127	476,599
<u>558,050</u>	<u>672,334</u>	<u>1,230,384</u>	<u>6,902,542</u>	<u>6,420,598</u>
42,917	26,753	69,670	351,804	445,461
12,470	61,264	73,734	911,279	900,356
6,311	2,421	8,732	91,418	90,046
2,493	2,810	5,303	32,653	22,752
20,185	7,435	27,620	325,842	348,217
-	14,728	14,728	94,409	91,779
4,881	22,342	27,223	211,755	200,535
7,603	2,863	10,466	117,625	139,199
-				
24,657	3,438	28,095	66,212	66,434
-	38,343	38,343	75,897	88,576
3,884	1,010	4,894	8,352	6,991
23,248	11,549	34,797	249,549	244,653
67,621	38,244	105,865	196,210	164,164
-	117,922	117,922	295,474	228,591
37,114	13,918	51,032	443,323	337,066
<u>\$ 811,434</u>	<u>\$ 1,037,374</u>	<u>\$ 1,848,808</u>	<u>\$ 10,374,344</u>	<u>\$ 9,795,418</u>

**GIRL SCOUTS OF ORANGE COUNTY  
(A California Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017  
(WITH COMPARATIVE TOTALS FROM 2016)**

***NOTE 1 - GENERAL***

As the preeminent leadership development organization for girls, Girl Scouts has been building girls of courage, confidence, and character, who make the world a better place for more than 100 years. Girl Scouts of Orange County (the Council), a California nonprofit organization established in 1968, working in partnership with nearly 13,000 volunteers and adult members, provides more than 20,000 girls from every zip code in Orange County with opportunities to develop their leadership potential through programs and activities that enable them to discover their strengths; connect with others in a multicultural environment; and take action to make a difference in the world. Through these opportunities, Girl Scouts contribute more than 500,000 hours of community service in Orange County each year.

In January 2016, Girl Scouts of Orange County began construction on a 6,100 square foot Leadership Center located at Marina Park in Newport Beach, California. Orange County's hub for Girl Scout STEM (Science, Technology, Engineering and Math) programs and activities, the Leadership Center was established to provide Orange County girls from all cultures and backgrounds opportunities to explore careers, learn how they can take action to change the world, and enjoy the waterfront surroundings.

The Council launched a \$5 million comprehensive campaign to fund construction of the building and educational software, and to provide an endowment to help fund annual operations at the Leadership Center. In April 2017, the Argyros Family Foundation provided Girl Scouts of Orange County with a \$2.5 million support grant as part of the comprehensive campaign and the Leadership Center was named the Argyros Girl Scout Leadership Center in honor of philanthropist and community leader, Julia Argyros. The Argyros Girl Scout Leadership Center officially opened in September 2017.

***NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

**Financial Statement Presentation**

The Council prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements include the accounts maintained by and directly under the control of the Council.

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210-50. Under ASC 958-210-50, 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. In addition, the Council is required to present a statement of cash flows. The Council does not use fund accounting. Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting.

**GIRL SCOUTS OF ORANGE COUNTY**  
**(A California Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FROM 2016)**

**Estimates**

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

**Income Taxes**

The Council is a non-profit public benefit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation and qualifies for deductible contributions as a public charity and is exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes has been reflected in these financial statements. Income tax returns for 2013 and forward may be audited by regulatory agencies; however, the Council is not aware of any such actions at this time.

The Council has adopted FASB ASC Topic 740 that clarifies the accounting for uncertainty in tax positions taken or expected to be taken on a tax return and provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if, based on its merits, the position is more likely than not to be sustained on audit by the taxing authorities. Management believes that all tax positions taken to date are highly certain, and, accordingly, no accounting adjustment has been made to the financial statements.

**Receivables**

The Council considers its accounts receivable to be fully collectable until all collection efforts have been exhausted. Receivables deemed uncollectable are written off as an expense. At September 30, 2017 and 2016, management had determined that all accounts receivable are fully collectible, and no allowance for bad debts has been established.

**Cash and Cash Equivalents**

For financial statement purposes, cash equivalents are defined as investments which have a remaining maturity of ninety days or less from the original date of purchase, excluding cash and cash equivalents held as part of the investment portfolio. As of September 30, 2017 and 2016, cash and cash equivalents consisted of money market funds, cash on deposit, and cash on hand held by two major U.S. financial institutions.

**Concentration of Risk**

The Council maintains its cash and cash equivalents balances at financial institutions that from time to time exceed the amounts insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of September 30, 2017 and 2016, the Council maintained deposits totaling \$2,418,670 and \$2,492,137, respectively, with certain financial institutions in excess of federally insured amounts. The Council has not incurred any losses related to these cash balances.

**GIRL SCOUTS OF ORANGE COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FROM 2016)**

**Resale Inventory and Supplies**

Resale inventories and supplies are carried at the lower of cost (determined using the weighted-average method) or market.

**Advertising**

Advertising costs are expensed as incurred. For the years ended September 30, 2017 and 2016, there were approximately \$44,500 and \$48,000, respectively, in advertising costs.

**Property and Equipment**

Property and equipment are stated at cost when purchased. Donated items are recorded at fair market value as of the date of donation. The Council calculates depreciation and amortization using the straight-line method over estimated useful lives of 10 to 30 years for buildings and land improvements, and 3 to 10 years for furniture and equipment.

Maintenance and repair costs are expensed as incurred. Renewals and improvements of a significant nature are capitalized. At the time of retirement or disposal of property and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reported in the statement of activities.

**Contributions, Pledges, and Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. 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.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the gift. As of September 30, 2017 and 2016, unconditional promises to give recorded in these financial statements were \$1,501,968 and \$185,128, respectively, net of amortized discount.

The Council uses the allowance method to determine uncollectible, unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management has determined that all balances are collectable as of September 30, 2017 and 2016.

**GIRL SCOUTS OF ORANGE COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FROM 2016)**

**Donated Materials and Services**

Donated materials and other non-cash contributions are reflected in the accompanying statements at their estimated fair market value at the date of receipt. Contributions of services are recognized if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other volunteer services that do not meet these criteria are not recognized in the financial statements, as there is no objective basis of deriving their value.

The Council received donated services from a substantial number of volunteers who donated their time to the Council's program and fund-raising activities. All volunteer services of the Council did not meet the above criteria.

**Expense Allocation**

The costs of providing the various programs 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 among the programs and supporting services benefited.

**Prior Year Comparative Financial Information**

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

**NOTE 3 - RECEIVABLES**

The accounts receivable at September 30, 2017 and 2016, consisted of the following:

	<u>2017</u>	<u>2016</u>
Accounts	\$ 43,224	\$ 26,185
Pledges	1,501,968	185,128
Grants	5,000	20,000
Total	<u>\$ 1,550,192</u>	<u>\$ 231,313</u>

Pledges as of September 30, 2017, included a \$1.25 million receivable representing the remaining half of the \$2.5 million support grant received from the Argyros Family Foundation as part of the comprehensive campaign to support the Leadership Center.

**GIRL SCOUTS OF ORANGE COUNTY**  
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**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FROM 2016)**

***NOTE 4 - PROPERTY AND EQUIPMENT***

At September 30, 2017 and 2016, property and equipment consisted of the following:

	2017	2016
Land	\$ 6,220,981	\$ 6,220,981
Work in progress	-	1,714,454
Land improvements	7,412,543	7,407,562
Buildings	11,874,935	7,726,927
Furniture, equipment, and vehicles	2,855,917	2,129,571
Subtotal	28,364,376	25,199,495
Less accumulated depreciation and amortization	(13,437,129)	(12,993,806)
Total	\$ 14,927,247	\$ 12,205,689

For the years ended September 30, 2017 and 2016, depreciation and amortization expense amounted to \$443,323 and \$337,066, respectively.

***NOTE 5 - ACCOUNTS PAYABLE AND ACCRUED EXPENSES***

The accounts payable and accrued expenses at September 30, 2017 and 2016, consisted of the following:

	2017	2016
Salaries and benefits	\$ 494,820	\$ 456,847
Argyros Girl Scout Leadership Center	1,099,710	7,537
Professional services	2,017	11,106
Others vendors	404,142	203,797
Total	\$ 2,000,689	\$ 679,287

**GIRL SCOUTS OF ORANGE COUNTY**  
**(A California Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2017**  
**(WITH COMPARATIVE TOTALS FROM 2016)**

**NOTE 6 - DEFERRED REVENUE**

Deferred revenue at September 30, 2017 and 2016, consisted of the following:

	2017	2016
Celebrate Leadership	\$ 117,404	168,010
Council service fee	145,335	78,045
Weekend and resident camps	54,266	69,534
Program fees	33,399	37,812
Program centers and outside sales	9,325	9,035
Other	426	9,101
Total	\$ 360,155	\$ 371,537

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at September 30, 2017, were available for the following purposes:

	Available September 30, 2016	Revenues	Expenditures	Available September 30, 2017
Camperships/Camp Scherman	\$ 1,040	\$ 30,208	\$ (17,905)	\$ 13,343
Operations and programs - General	116,100	173,113	(220,351)	68,862
Nonoperating - Comprehensive Campaign contributions	64,998	3,079,030	(1,720,786)	1,423,242
	\$ 182,138	\$ 3,282,351	\$ (1,959,042)	\$ 1,505,447

**NOTE 8 - RETIREMENT PLANS**

**Defined Benefit Plan**

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

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Although net plan assets grew during the year, net plan assets available for plan benefits continue to be less than the actuarial present value of accumulated plan benefits as of January 1, 2017. Based on the April 18, 2014, conditional approval by the Internal Revenue Service (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, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2016 and 2017 were \$34.3 million and \$33.1 million, respectively. The aggregate annual contributions decreased from 2016 to 2017 due to the reduction in the plan's total annual aggregate contributions from \$34.3 million to \$32.5 million effective May 1, 2017. Aggregate contributions made in fiscal 2018 are expected to continue to be \$32.5 million.

**403(b) Plan**

On October 1, 2011, the Council revised its existing 403(b) plan (the Plan). The Plan contains two parts. Under the first part of the Plan, all employees over the age of 21 who have completed one year of service and have worked more than 1,000 hours during the Plan year are eligible to contribute to the Plan. The Council will make a matching contribution equal to the lesser of 50 percent of the participant's salary reduction contribution or three percent of the participant's compensation received during the Plan year. The revised Plan also allows the employee to make Roth contributions. A participant's salary reduction contribution during any Plan year may not exceed the maximum allowed by the Internal Revenue Code.

Under the second part of the Plan, the employer may make a non-elective discretionary contribution. A non-elective discretionary contribution is a contribution the employer makes to the Plan which is unrelated to whether an employee makes an elective contribution to the Plan. Under the terms of the Plan, all employees, with the exception of temporary and seasonal employees, who have completed six months of service and are employed by the Council on the last day of the Plan year, are eligible for the employer non-elective discretionary contribution. The non-elective discretionary contribution may range from a rate of zero to six percent of the employee's eligible annual earnings and is subject to approval by the Board of Directors. All eligible employees receive the same percentage contribution rate.

Under both parts of the Plan, employees are immediately 100 percent vested in the employer portion of the contributions. Total employer contribution expenses for the years ended September 30, 2017 and 2016, amounted to \$214,796 and \$220,862, respectively. This includes an accrued estimated liability for the non-elective discretionary contribution which will be funded to the Plan in 2017.



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**457(b) Top Hat Plan**

Girl Scouts of Orange County provides a defined contribution retirement plan (the 457(b) Plan) under Section 457(b) of the Internal Revenue Code. The 457(b) Plan became effective on September 1, 2013. To be eligible to participate, an employee must be in a select group of management or a highly compensated employee as determined by the employer. The 457(b) Plan allows eligible employees to contribute 100 percent of their gross earnings on a pretax basis, but is subject to Internal Revenue Code limitations. Employer contributions are made annually. Contributions are remitted to Nationwide Trust Company, FSB, and are used to purchase other investments into an employee account that is 100 percent vested at date of deposit. The 457(b) Plan employer contributions totaled \$18,000 and \$18,000 for the years ended September 30, 2017 and 2016, respectively.

***NOTE 9 - SUBSEQUENT EVENTS***

The Council evaluated its September 30, 2017, financial statements for subsequent events through January 29, 2018, the date the financial statements were available to be issued. The Council is not aware of any subsequent events, other than those noted below, which would require recognition or disclosure in the accompanying financial statements.

The Council has entered into three separate agreements for construction, project management, and multi-media production on the new Argyros Girl Scout Leadership Center. Total estimated future contract costs for all three agreements are \$1,050,000 as of December 2017.