

**GIRL SCOUTS OF THE MISSOURI  
HEARTLAND, INC.**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2010 AND 2009**



**ELLIOTT, ROBINSON  
& COMPANY, LLP**

**CERTIFIED PUBLIC ACCOUNTANTS**

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Girl Scouts of the Missouri Heartland, Inc.  
Springfield, Missouri

We have audited the accompanying statements of financial position of Girl Scouts of the Missouri Heartland, Inc., a Missouri not-for-profit corporation, as of September 30, 2010 and 2009, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of the Missouri Heartland, Inc. as of September 30, 2010 and 2009, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Elliott, Robinson & Company, LLP  
Springfield, Missouri  
December 2, 2010

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash and cash equivalents - Note 1	\$ 2,378,816	1,475,918
Receivables and pledges - net allowance for doubtful accounts of \$62,503 and \$43,547 - Note 1	56,879	25,225
Current portion of land lease - Note 12	15,619	16,537
Inventory - Note 1	163,130	160,509
Prepaid expenses	44,378	49,217
Short term investments	110,000	1,010,000
Total current assets	2,768,822	2,737,406
<b>Fixed Assets - Note 1</b>		
Property and equipment, net of accumulated depreciation	4,495,064	4,727,788
Net fixed assets	4,495,064	4,727,788
<b>Other Assets</b>		
Long-term pledges receivable - Note 1	15,821	25,371
Long-term land lease - Note 12	112,006	127,624
Cash value of life insurance - Note 11	5,163	4,876
Other assets	13,772	8,176
Long-term investments - Note 1	1,218,952	1,171,080
Total other assets	1,365,714	1,337,127
<b>Total Assets</b>	<b>\$ 8,629,600</b>	<b>8,802,321</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 33,778	26,406
Accounts payable	50,190	54,125
Accrued vacation	78,595	96,738
Accrued program incentives	169,943	125,358
Accrued expenses	41,786	85,182
Deferred revenue	21,172	-
Total current liabilities	395,464	387,809
<b>Note payable - Note 7</b>	29,983	68,636
<b>Net assets - Note 1</b>		
Unrestricted	7,606,673	7,792,269
Temporarily restricted - Note 2	211,403	184,755
Permanently restricted - Note 2	386,077	368,852
Total net assets	8,204,153	8,345,876
<b>Total Liabilities and Net Assets</b>	<b>\$ 8,629,600</b>	<b>8,802,321</b>

See accompanying accountant's report and notes to financial statements.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Gains and Support:</b>				
Contributions	\$ 520,267	69,813	1,000	591,080
Special fundraising events	27,607	-	-	27,607
Realized gain (loss) on investments	1,018	-	-	1,018
Unrealized gain (loss) on investments	50,307	629	-	50,936
Investment income, net fees	35,051	79	-	35,130
Beneficial interest in perpetual trust	-	5,400	20,187	25,587
Contributed products and services	145,176	-	-	145,176
Rental income	12,020	-	-	12,020
Miscellaneous revenue	42,163	-	-	42,163
Gain on sale of assets	11,334	-	-	11,334
Total revenues	<u>844,943</u>	<u>75,921</u>	<u>21,187</u>	<u>942,051</u>
<b>Net Asset Released from Restrictions:</b>	<u>53,235</u>	<u>(47,619)</u>	<u>(5,616)</u>	<u>-</u>
<b>Product Sales:</b>				
Revenue	5,613,025	-	-	5,613,025
Cost of product	(1,476,043)	-	-	(1,476,043)
Troop proceeds	(887,382)	-	-	(887,382)
Net product sales	<u>3,249,600</u>	<u>-</u>	<u>-</u>	<u>3,249,600</u>
<b>Merchandise Sales:</b>				
Sales	405,529	-	-	405,529
Cost of sales	(263,006)	-	-	(263,006)
Returns, allowances, and discounts	(7,299)	-	-	(7,299)
Net merchandise sales	<u>135,224</u>	<u>-</u>	<u>-</u>	<u>135,224</u>
<b>Program Service Revenue:</b>	<u>228,806</u>	<u>-</u>	<u>-</u>	<u>228,806</u>
<b>Total Net Revenue, Gains and Support</b>	<u>4,511,808</u>	<u>28,302</u>	<u>15,571</u>	<u>4,555,681</u>
<b>Expenses:</b>				
Program services	4,026,222	-	-	4,026,222
Fundraising	391,256	-	-	391,256
General and administrative	279,926	-	-	279,926
Total expenses	<u>4,697,404</u>	<u>-</u>	<u>-</u>	<u>4,697,404</u>
<b>Transfers of Net Assets</b>	<u>-</u>	<u>(1,654)</u>	<u>1,654</u>	<u>-</u>
<b>Increase (Decrease) in Net Assets</b>	<u>\$ (185,596)</u>	<u>26,648</u>	<u>17,225</u>	<u>(141,723)</u>

See accompanying accountant's report and notes to financial statements.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Gains and Support:</b>				
Contributions	\$ 452,454	35,950	500	488,904
Special fundraising events	20,465	-	-	20,465
Realized gain (loss) on investments	4,725	(2,823)	-	1,902
Unrealized gain (loss) on investments	(58,261)	9,408	-	(48,853)
Investment income, net fees	40,155	7,102	-	47,257
Contributed products and services	203,589	-	-	203,589
Rental income	11,338	-	-	11,338
Miscellaneous revenue	16,419	-	-	16,419
Gain on sale of assets	38,056	-	-	38,056
Total revenues	<u>728,940</u>	<u>49,637</u>	<u>500</u>	<u>779,077</u>
<b>Net Asset Released from Restrictions:</b>	<u>45,613</u>	<u>(43,013)</u>	<u>(2,600)</u>	<u>-</u>
<b>Product Sales:</b>				
Revenue	6,040,135	-	-	6,040,135
Cost of product	(1,462,421)	-	-	(1,462,421)
Troop proceeds	(953,580)	-	-	(953,580)
Net product sales	<u>3,624,134</u>	<u>-</u>	<u>-</u>	<u>3,624,134</u>
<b>Merchandise Sales:</b>				
Sales	399,703	-	-	399,703
Cost of sales	(278,745)	-	-	(278,745)
Returns, allowances, and discounts	1,457	-	-	1,457
Net merchandise sales	<u>122,415</u>	<u>-</u>	<u>-</u>	<u>122,415</u>
<b>Program Service Revenue:</b>	<u>257,861</u>	<u>-</u>	<u>-</u>	<u>257,861</u>
<b>Total Net Revenue, Gains and Support</b>	<u>4,778,963</u>	<u>6,624</u>	<u>(2,100)</u>	<u>4,783,487</u>
<b>Expenses:</b>				
Program services	4,410,175	-	-	4,410,175
Fundraising	400,143	-	-	400,143
General and administrative	295,719	-	-	295,719
Total expenses	<u>5,106,037</u>	<u>-</u>	<u>-</u>	<u>5,106,037</u>
<b>Transfers of Net Assets</b>	<u>(1,415)</u>	<u>(302)</u>	<u>1,717</u>	<u>-</u>
<b>Increase (Decrease) in Net Assets</b>	<u><u>\$ (328,489)</u></u>	<u><u>6,322</u></u>	<u><u>(383)</u></u>	<u><u>(322,550)</u></u>

See accompanying accountant's report and notes to financial statements.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2010**

	Program			Total
	Membership Development	Programs	Camping Services	
Payroll:				
Salaries	\$ 806,016	766,154	383,634	1,955,804
Employee benefits	128,640	122,303	61,224	312,167
Payroll taxes	70,013	66,564	33,322	169,899
Total payroll and benefits	<u>1,004,669</u>	<u>955,021</u>	<u>478,180</u>	<u>2,437,870</u>
Other Expenses:				
Professional fees	42,243	40,162	20,105	102,510
Supplies	48,935	46,524	23,290	118,749
Product sales incentives and awards	76,313	72,554	36,320	185,187
Telecommunications	33,560	31,906	15,972	81,438
Postage and delivery	10,452	9,937	4,975	25,364
Occupancy	75,515	71,795	35,940	183,250
Repairs and maintenance	32,468	30,869	15,453	78,790
Printing, promotion and publications	53,799	51,149	25,605	130,553
Travel	50,693	48,195	24,126	123,014
Staff and volunteer development	1,968	1,871	937	4,776
Assistance and grants	31,793	30,227	15,132	77,152
Interest	1,966	1,869	936	4,771
Insurance	53,313	50,687	25,374	129,374
Depreciation	97,290	92,497	46,303	236,090
Other expenses	44,232	42,052	21,050	107,334
Total other expenses	<u>654,540</u>	<u>622,294</u>	<u>311,518</u>	<u>1,588,352</u>
Total Expenses:	<u><b>\$ 1,659,209</b></u>	<u><b>1,577,315</b></u>	<u><b>789,698</b></u>	<u><b>4,026,222</b></u>

See accompanying accountant's report and notes to financial statements.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2010**

	Supporting Services			Total Expenses
	Fundraising	General & Administrative	Total	
Payroll:				
Salaries	\$ 190,036	135,955	325,991	2,281,795
Employee benefits	30,339	21,707	52,046	364,213
Payroll taxes	16,512	11,814	28,326	198,225
Total payroll and benefits	<u>236,887</u>	<u>169,476</u>	<u>406,363</u>	<u>2,844,233</u>
Other Expenses:				
Professional fees	9,963	7,128	17,091	119,601
Supplies	11,541	8,257	19,798	138,547
Product sales incentives and awards	17,998	12,877	30,875	216,062
Telecommunications	7,915	5,663	13,578	95,016
Postage and delivery	2,465	1,764	4,229	29,593
Occupancy	17,810	12,743	30,553	213,803
Repairs and maintenance	7,657	5,479	13,136	91,926
Printing, promotion and publications	12,688	9,078	21,766	152,319
Travel	11,956	8,554	20,510	143,524
Staff and volunteer development	464	332	796	5,572
Assistance and grants	7,498	5,365	12,863	90,015
Interest	464	332	796	5,567
Insurance	12,574	8,996	21,570	150,944
Depreciation	22,945	16,417	39,362	275,452
Other expenses	10,431	7,465	17,896	125,230
Total other expenses	<u>154,369</u>	<u>110,450</u>	<u>264,819</u>	<u>1,853,171</u>
Total Expenses:	<u><b>\$ 391,256</b></u>	<u><b>279,926</b></u>	<u><b>671,182</b></u>	<u><b>4,697,404</b></u>

See accompanying accountant's report and notes to financial statements.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Program			Total
	Membership Development	Programs	Camping Services	
Payroll:				
Salaries	\$ 898,681	777,277	424,713	2,100,671
Employee benefits	144,722	125,178	68,386	338,286
Payroll taxes	82,072	70,988	38,781	191,841
Total payroll and benefits	<u>1,125,475</u>	<u>973,443</u>	<u>531,880</u>	<u>2,630,798</u>
Other Expenses:				
Professional fees	42,056	36,376	19,873	98,305
Supplies	136,782	118,310	64,633	319,725
Telecommunications	35,560	30,758	16,803	83,121
Postage and delivery	9,646	8,343	4,558	22,547
Occupancy	82,407	71,279	38,940	192,626
Repairs and maintenance	39,017	33,748	18,436	91,201
Printing, promotion and publications	89,807	77,678	42,436	209,921
Travel	79,602	68,852	37,614	186,068
Staff and volunteer development	1,605	1,388	758	3,751
Assistance and grants	31,585	27,320	14,925	73,830
Interest	2,673	2,312	1,263	6,248
Insurance	57,275	49,541	27,064	133,880
Bank service charges	2,658	2,299	1,256	6,213
Credit card charges	2,612	2,260	1,234	6,106
Bad debts	18,335	15,859	8,664	42,858
In kind expense	13,060	11,297	6,171	30,528
Donation paid out	9,311	8,053	4,400	21,764
Depreciation	104,712	90,571	49,479	244,762
Other expenses	2,533	2,192	1,198	5,923
Total other expenses	<u>761,236</u>	<u>658,436</u>	<u>359,705</u>	<u>1,779,377</u>
Total Expenses:	<u><b>\$ 1,886,711</b></u>	<u><b>1,631,879</b></u>	<u><b>891,585</b></u>	<u><b>4,410,175</b></u>

See accompanying accountant's report and notes to financial statements.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2009**

	Supporting Services			Total Expenses
	Fundraising	General & Administrative	Total	
Payroll:				
Salaries	\$ 190,503	140,897	331,400	2,432,071
Employee benefits	30,707	22,678	53,385	391,671
Payroll taxes	17,414	12,861	30,275	222,116
Total payroll and benefits	<u>238,624</u>	<u>176,436</u>	<u>415,060</u>	<u>3,045,858</u>
Other Expenses:				
Professional fees	8,923	6,590	15,513	113,818
Supplies	29,022	21,433	50,455	370,180
Telecommunications	7,545	5,573	13,118	96,239
Postage and delivery	2,047	1,511	3,558	26,105
Occupancy	17,485	12,913	30,398	223,024
Repairs and maintenance	8,279	6,113	14,392	105,593
Printing, promotion and publications	19,055	14,073	33,128	243,049
Travel	16,890	12,473	29,363	215,431
Staff and volunteer development	340	252	592	4,343
Assistance and grants	6,702	4,949	11,651	85,481
Interest	567	419	986	7,234
Insurance	12,153	8,975	21,128	155,008
Bank service charges	564	415	979	7,192
Credit card charges	554	409	963	7,069
Bad debts	3,890	2,873	6,763	49,621
In kind expense	2,770	2,047	4,817	35,345
Donation paid out	1,976	1,459	3,435	25,199
Depreciation	22,218	16,408	38,626	283,388
Other expenses	539	398	937	6,860
Total other expenses	<u>161,519</u>	<u>119,283</u>	<u>280,802</u>	<u>2,060,179</u>
Total Expenses:	<u><u>\$ 400,143</u></u>	<u><u>295,719</u></u>	<u><u>695,862</u></u>	<u><u>5,106,037</u></u>

See accompanying accountant's report and notes to financial statements.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Net Assets - September 30, 2008</b>	\$ 8,120,758	178,433	369,235	8,668,426
<b>Net Loss</b>	<u>(328,489)</u>	<u>6,322</u>	<u>(383)</u>	<u>(322,550)</u>
<b>Net Assets - September 30, 2009</b>	7,792,269	184,755	368,852	8,345,876
<b>Net Loss</b>	<u>(185,596)</u>	<u>26,648</u>	<u>17,225</u>	<u>(141,723)</u>
<b>Net Assets - September 30, 2010</b>	<u><u>\$ 7,606,673</u></u>	<u><u>211,403</u></u>	<u><u>386,077</u></u>	<u><u>8,204,153</u></u>

See accompanying accountant's report and notes to financial statements.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities:</b>		
(Decrease) in net assets	\$ (141,723)	(322,550)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	275,452	283,388
Amortization of land lease	16,536	17,508
(Gain) on sale of fixed assets	(11,334)	-
Net realized (gain) on investments	(1,840)	(1,902)
Net unrealized (gain) loss on investments	(69,943)	48,853
(Increase) in cash value of life insurance	(287)	(530)
(Increase) decrease in receivables and pledges	(22,104)	104,433
(Increase) decrease in inventory	(2,621)	25,461
(Increase) decrease in prepaid expenses	4,838	(13,739)
(Increase) in deferred charges	(5,596)	-
(Decrease) in accounts payable	(3,935)	(60,381)
Increase (decrease) in accrued vacation	(18,143)	50,889
Increase in accrued program incentives	44,585	61,741
(Decrease) in accrued expenses	(43,395)	(46,252)
Increase in deferred revenue	21,172	-
<b>Net cash provided by operating activities</b>	<b>41,662</b>	<b>146,919</b>
<b>Cash flows from investing activities:</b>		
Purchase of fixed assets	(43,327)	(60,756)
Proceeds from sale of fixed assets	11,934	-
Net proceeds from sale of investments	923,910	200,824
<b>Net cash provided by investing activities</b>	<b>892,517</b>	<b>140,068</b>
<b>Cash flows from financing activities:</b>		
Payments of long-term debt	(31,281)	(29,024)
<b>Net cash (used) by financing activities</b>	<b>(31,281)</b>	<b>(29,024)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>902,898</b>	<b>257,963</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>1,475,918</b>	<b>1,217,955</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,378,816</b>	<b>1,475,918</b>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for:		
Interest expense	\$ 5,567	7,234

See accompanying accountant's report and notes to financial statements.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the Organization**

Girl Scouts of the Missouri Heartland, Inc., a Missouri not-for-profit corporation, builds girls of courage, confidence and character, who make the world a better place. Programs and services are available to girls and women age five and older who subscribe to the Girl Scout Promise and Law. The Council currently has five administrative offices in Springfield, Joplin, Dexter, Cape Girardeau, and Jefferson City.

Girls Scouts of the Missouri Heartland, Inc. is chartered by Girl Scouts of the USA. The charter grants the Council the right to develop, manage, and maintain Girl Scouting in a specified area of jurisdiction. In order to retain the charter, the Council agrees to subscribe to the purpose, adhere to the policies and be guided by the standards of the Girl Scouts of the United States of America.

On October 1, 2008, five legacy councils were combined to form Girl Scouts of the Missouri Heartland, Inc. The five councils that merged to form the new Council include: Girl Scouts of Dogwood Trails Council, Inc., Girl Scouts Heart of Missouri Council, Girl Scout Council of the Ozark Area, Girl Scouts of Otahki Council, Inc., and Girl Scouts – Cotton Boll Area Council, Inc. All of the five legacy council's assets, liabilities, and net assets were contributed to the newly formed Council at their carryover balances.

**Accounting Method**

The Organization uses the accrual method of accounting, which recognizes revenue when earned and expenses when incurred.

**Financial Statement Presentation**

The Organization 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. The Organization does not use fund accounting.

**Contributed Services and Facilities**

During the years ended September 30, 2010 and 2009, the value of contributed products and services meeting the requirements for recognition in the financial statements was material and has been recorded at fair market value. Donated contributions are recognized if the donation creates or enhances a nonfinancial asset or requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less at the date of their acquisition to be cash equivalents.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

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

**Inventory**

Inventories are stated at the lower of cost or market based on the weighted-average method, and consist of girl scouting supplies, uniforms, and handbooks.

**Property and Depreciation**

Property and equipment are stated at cost. It is the Council's policy to capitalize property and equipment with a value of \$1,000 or more with a life expectancy longer than three years. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Depreciation is computed by applying the following methods and estimated lives:

<u>Category</u>	<u>Estimated Life</u>	<u>Method</u>
Buildings and improvements	10-40 years	Straight-line
Leasehold improvements	5-15 years	Straight-line
Vehicles	5-10 years	Straight-line
Livestock	5-10 years	Straight-line
Furniture and equipment	5-10 years	Straight-line
Computer equipment	3-7 years	Straight-line

**Investments**

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**Contributions and Unconditional Promises to Give**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

An allowance for uncollectible unconditional promises to give is based on a review of the current status of the existing promises to give. The allowance balance as of September 30, 2010 and 2009 was \$7,800 and \$2,500 respectively.

**Functional Allocation of Expenses**

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.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

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

**Income Taxes**

The Organization is a not-for-profit organization 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.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Subsequent Events**

Girl Scouts of the Missouri Heartland, Inc. has evaluated subsequent events through December 21, 2010, the date on which the financial statements were available to be issued.

**NOTE 2: RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets as of September 30, 2010 and 2009 are available for the following purposes:

	<u>2010</u>	<u>2009</u>
3M – Columbia Outreach	\$ 2,672	4,000
3M – Camp Unplugged	3,282	3,282
Iva Awberry Revocable Trust	15,647	15,647
Columbus Scout House	5,297	1,000
Columbus Scout House Repair	-	6,023
Conservation Projects	741	741
DeLappe Fund	30,841	33,393
Journey 2	-	7,986
Miscellaneous Services and Programs	3,665	3,665
Leader Boxes	-	1,133
Nevada Service Units	2,648	3,623
Pritchett Trust – Lagoon Work	306	2,054
Pritchett Trust – Leader Boxes	-	2,034
Property Donation	76,230	83,649
Sacajawea West Improvements	1,886	1,886
Silver Meadows Trail Development	-	1,000
College Scholarship Fund	967	1,967
Ed Felker – Thank Badge Fund	2,524	3,024
Dennis L Cain Fund	4,193	3,772
Doris Brown Fund	53,913	-
Travel for Adult Volunteer Training	5,163	4,876
GSUSA First	<u>1,428</u>	<u>-</u>
Total Temporarily Restricted Net Assets	<u>\$ 211,403</u>	<u>184,755</u>

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2010 AND 2009**

**NOTE 2: RESTRICTIONS ON NET ASSETS (CONTINUED)**

Permanently restricted net assets as of September 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Susie Henry	\$ 100	100
Dogwood Trails Council Endowment	21,382	21,382
Dogwood Trails Mtn. View Endowment	12,884	12,884
Camp Suzanne Improvements	30,050	30,050
Conservation Projects	12,000	12,000
Building Maintenance Endowment	1,000	1,000
DeLappe Fund	224,987	208,318
Eleanor Peck Johnson Scholarship	27,979	26,979
Harryette Campbell Fund	48,673	49,117
Travel for Adult Volunteer Training	4,138	4,138
Dyer Fund for Camp Assistance	<u>2,884</u>	<u>2,884</u>
Total Permanently Restricted Net Assets	<u>\$ 386,077</u>	<u>368,852</u>

**NOTE 3: INVESTMENTS**

Investments in equity securities with readily determinable fair values and all debt securities are reported at fair value with gains and losses included in the statement of activities. Investments as of September 30, 2010 and 2009 are summarized as follows:

	<u>2010</u>	<u>2009</u>
Certificates of Deposit	\$ 110,000	1,010,000
Mutual Funds	1,043,715	975,222
Common and preferred stocks	111,353	126,212
Corporate bonds	9,416	9,271
U.S. government bonds	<u>54,468</u>	<u>60,375</u>
Total Investments	<u>\$ 1,328,952</u>	<u>2,181,080</u>

The Organization is the beneficiary under a perpetual trust administered by an outside party. Under the terms of the trust, the Organization has the irrevocable right to receive distributions from the trust assets and earnings in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flow as of September 30, 2010 and 2009 is \$224,987 and \$209,972 respectively, which represents the fair value of the trust assets, and is included in long-term investments in the Statements of Financial Position. Distributions from this trust as of September 30, 2010 and 2009 were \$5,400 and \$10,800 respectively.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3: INVESTMENTS (CONTINUED)**

Investment return for all investments and cash accounts consisted of the following as of September 30, 2010 and 2009:

	2010	2009
Investment Income, net of fees	\$ 40,888	47,257
Realized Gain (Loss)	1,840	1,902
Unrealized Gain (Loss)	69,943	(48,853)
Net Investment Income	\$ 112,671	306

**NOTE 4: FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board ASC 820, Fair Value Measurements (formerly FASB Statement No. 157), establishes a framework for measuring fair value and expands disclosures about fair value measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets and liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

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

*Mutual Funds:* Valued at the quoted market prices available on active market which is based on the underlying net asset value (NAV) of share hold by the organization at year-end.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 4: FAIR VALUE MEASUREMENTS (CONTINUED)**

*Common and preferred stocks:* Valued at quoted market prices available on an active market.

*Corporate bonds:* Certain corporate bonds are valued at the closing price reported in the inactive market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

*U.S. Government bonds:* Valued at the closing price reported in the market in which the individual bond is traded.

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

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

**Assets at Fair Value as of September 30, 2010**

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Certificates of deposit	\$ -	110,000	-	110,000
Mutual funds	1,043,715	-	-	1,043,715
Common or preferred stock	111,353	-	-	111,353
Corporate bonds	-	9,416	-	9,416
US government bonds	-	54,468	-	54,468
Total assets at fair value	<u>\$ 1,155,068</u>	<u>173,884</u>	<u>-</u>	<u>1,328,952</u>

**Assets at Fair Value as of September 30, 2009**

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Certificates of deposit	\$ -	1,010,000	-	1,010,000
Mutual funds	975,222	-	-	975,222
Common or preferred stock	126,212	-	-	126,212
Corporate bonds	-	9,271	-	9,271
US government bonds	-	60,375	-	60,375
Total assets at fair value	<u>\$ 1,101,434</u>	<u>1,079,646</u>	<u>-</u>	<u>2,181,080</u>

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 5: PROMISES TO GIVE**

Unconditional promises to give and receivables as of September 30, 2010 and 2009 are as follows:

	<u>2010</u>	<u>2009</u>
Pledges receivable in less than one year	\$ 7,800	14,297
Miscellaneous receivables and pledges	111,582	54,475
Allowance for doubtful accounts	<u>(62,503)</u>	<u>(43,547)</u>
Current year receivables and pledges	<u>\$ 56,879</u>	<u>25,225</u>
Pledges receivable in one to five years	\$ 11,421	19,371
Pledges receivable in more than five years	<u>4,400</u>	<u>6,000</u>
Total long-term pledges	<u>\$ 15,821</u>	<u>25,371</u>

**NOTE 6: PROPERTY AND EQUIPMENT**

Property and equipment as of September 30, 2010 and 2009 consist of the following:

	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 1,579,120	1,567,177
Buildings and improvements	4,722,509	4,703,525
Leasehold improvements	118,337	118,337
Vehicles	64,613	46,613
Livestock	17,781	18,781
Furniture and equipment	448,291	440,936
Computer equipment	130,134	130,134
Construction in progress	<u>-</u>	<u>12,954</u>
	7,080,785	7,038,457
Less: accumulated depreciation	<u>2,585,721</u>	<u>2,310,669</u>
Net Fixed Assets	<u>\$ 4,495,064</u>	<u>4,727,788</u>

Two camp site locations deeded to the Council in previous years have provisions that if the Girl Scouts ceased using these locations for camping and other outdoor activities related to Girl Scout programs then certain stipulations would be imposed. The stipulation for Friendship Fields camp site requires the Council to provide a comparable camp site within Crawford County, Kansas if the present location is sold or ceases to be a Girl Scout camp site. The stipulation for Camp Suzanne camp site requires the reversion of the property to the heirs of the grantors if the present location is conveyed to another person, firm, organization or corporation or ceases to be a Girl Scout camp site. The stipulation for Camp Suzanne remains in effect until December 2055.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 7: NOTES PAYABLE**

On January 25, 2002, the Council signed an agreement with a bank to borrow \$275,000. The Council refinanced the note on November 20, 2009 at a rate of 6.25%. As of September 30, 2010 and 2009, the balance was \$63,761 and \$95,042, respectively. This note is secured by investments held by the bank. The proceeds of this financing were used for major remodeling of the Jefferson City Council's service center.

The long-term debt as of September 30, 2010, consists of the following:

<u>Description</u>	<u>Collateral</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Balance 09/30/10</u>
Central Bank	Brokerage	9/20/12	6.25 %	\$ 3,070	\$ 63,761
				Less: current portion	<u>33,778</u>
				Long-term debt	<u>\$ 29,983</u>

Maturities of long-term debt are as follows:

2011	\$ 33,778
2012	<u>29,983</u>
	<u>\$ 63,761</u>

**NOTE 8: RETIREMENT PLAN**

Girl Scouts of the Missouri Heartland, Inc. participates in the National Girl Scout Council Retirement Plan (the plan), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA which covers substantially all of the employees of various Girl Scout Councils. Benefits are based on years of service and salary levels. The Council's pension expense and contributions to this plan for fiscal year 2010 and 2009 was \$146,894 and \$62,846 respectively. The National Board of the Girl Scouts of the USA voted to freeze future benefits under the plan effective July 31, 2010. Due to the nature of the plan, it is not practicable to determine the extent to which the assets of the plan cover the actuarially computed value of vested benefits for the Council as a standalone operation. In addition, because the plan is considered a multiemployer plan, it is only subject to certain minimum reporting requirements of the FASB Accounting Standards Code Section 715-80 SFAS No. 87, "Employers' Accounting for Pensions," as amended by SFAS No. 132, "Employers' Disclosures and Pensions and Other Postretirement Benefits." Due to unfavorable market conditions, as of January 1, 2010, the actuarial present value of accumulated plan benefits exceeded net plan assets available for plan benefits.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 9: CONCENTRATION OF SUPPORT**

The annual Girl Scout cookie sales accounted for approximately 75% of total unrestricted revenues, gains, and other support for 2010 and 2009.

The results of the Council's cookie sales program and other sales programs for the year ended September 30, 2010 and 2009 were as follows:

	2010	2009
Cookie sale program revenue	\$ 5,079,356	5,393,815
Cost of cookies	(1,234,669)	(1,167,141)
Troop proceeds	(773,107)	(816,244)
Total Cookie Sale Program Revenue	\$ 3,071,580	3,410,430
Fall product program revenue	\$ 533,669	646,320
Cost of fall product	(241,374)	(295,280)
Troop proceeds	(114,275)	(137,336)
Total Fall Product Program Revenue	\$ 178,020	213,704

**NOTE 10: OPERATING LEASES**

The Council has leases for the use of office and computer equipment. Total lease expense for the lease items as of September 30, 2010 and 2009 was \$115,863 and \$88,085 respectively.

Future minimum lease payments under these operating leases are as follows:

2011	\$ 160,088
2012	72,252
2013	48,341
2014	33,207
2015	13,500
Total Minimum Lease Payments	\$ 327,388

**NOTE 11: LIFE INSURANCE POLICY**

In June of 1992, Girl Scouts of the Otahki Council, Inc. became the owner of a \$10,000 life insurance policy. Upon completion of the merger, Girl Scouts of the Missouri Heartland, Inc. is now the owner of the life insurance policy. As of September 30, 2010 and 2009, the cash surrender value of the life insurance policy was \$5,163 and \$4,876 respectively.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12: LEASED FACILITIES**

The Council is the lessee in a lease agreement with the Army Corp of Engineers for a 25 year period from January 1, 1996 to December 31, 2020. The lease covers land in Wappaello lake area, which is used for camping and recreational activities. The lease payment is nominal.

The Council is the lessee in a lease agreement with the Army Corp of Engineers for a 25 year period from June 1, 2000 to May 31, 2025. The lease covers undeveloped land at Table Rock Lake, which is used for primitive camping, hiking and fishing. The lease payment is nominal.

The Council is the lessee in a lease agreement with the Virgil Faulkner Post of Phelps County of Veterans of Foreign Wars for a 99 year period from March 1, 1981 to February 28, 2080. The lease covers a small facility in Rolla, Missouri that is used for program services. The lease payment consisted of \$7,500 to cover fifty percent of the buildings construction.

The Council is the lessee in a lease agreement with the Cherokee County American Legion for a 99 year period from April 20, 1979 to April 19, 2078. The lease covers a small facility in Columbus, Kansas that is used for program services. The lease payment is nominal.

The Council is the lessee in a lease agreement with Matt Puchta for a 5 year period from September 21, 2007 to September 21, 2012. The lease covers a campsite in Hermann, Missouri that is used for girl scouting activities. The lease payment is nominal.

The Council was donated a time share in Branson, Missouri. The time share is available to the Council one week every even year. The Council pays \$300 in annual maintenance fees. The Council currently has the time share placed on the market to be sold.

All of the leases listed above involved nominal payments or payments below market value. The difference between the fair rental value and the stated rent payments were recorded as a contribution at an estimated net present value of \$161,669 as of October 1, 2008. The net present value was restated to record prior period adjustments that should have taken place during the past several years. As of September 30, 2010 and 2009, the estimated net present value of these land leases are as follows:

	2010	2009
Portion of land lease due in less than one year	\$ 15,619	16,537
Portion of land lease due in one to five years	62,883	67,331
Portion of land lease due in more than five years	49,123	60,293
Total	\$127,625	144,161

Total amortization for the long-term leases as of September 30, 2010 and 2009 was \$16,536 and \$17,508 respectively. The discount rate used in calculating the net present value of these land leases was the 30 year United States Treasury rate at the time the lease was established.

**GIRL SCOUTS OF THE MISSOURI HEARTLAND, INC.**  
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**NOTE 13: CONCENTRATIONS OF CREDIT RISK**

At times during the current fiscal year, the Organization's cash balances exceeded the U.S. Federal Deposit Insurance Corporation's insurance limits.

**NOTE 14: SUBORDINATE UNIT BANK ACCOUNTS**

Girl Scout troops and groups establish bank accounts under the Council's tax identification number. All troop and group funds are maintained for the benefit of the girls within the respective group. These funds are not under the financial control of the Council and have not been included in the financial statements.