GIRL SCOUTS OF SOUTHEAST FLORIDA, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS

For the Year Ended September 30, 2017
(with comparable totals for September 30, 2016)

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Girl Scouts of Southeast Florida, Inc.
Jupiter, Florida

We have audited the accompanying financial statements of Girl Scouts of Southeast Florida, Inc. (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, cash flows and functional expenses 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 the Girl Scouts of Southeast Florida, Inc. 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 Southeast Florida, Inc. 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 23, 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 financial statements from which it has been derived.

Holyfield & Thomas, LLC

West Palm Beach, Florida
January 2, 2018

GIRL SCOUTS OF SOUTHEAST FLORIDA, INC.

STATEMENT OF FINANCIAL POSITION

As of September 30, 2017 ***(with comparable totals for 2016)***

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Totals	2016 Totals
ASSETS					
Cash and cash equivalents	$ 3,206,243	$ 121,777	$ -	$ 3,328,020	$ 1,681,894
Investments	2,490,313	1,126	25,000	2,516,439	1,974,786
Accounts and grants receivable	28,441	4,013	-	32,454	80,838
Inventories	158,112	-	-	158,112	164,831
Prepaid expenses and other assets	66,376	-	-	66,376	69,805
Property and equipment, net	4,667,866	-	-	4,667,866	2,192,044
Total assets	$ 10,617,351	$ 126,916	$ 25,000	$ 10,769,267	$ 6,164,198
LIABILITIES AND NET ASSETS					
Liabilities:					
Accounts payable	$ 113,575	$ -	$ -	$ 113,575	$ 74,858
Accrued expenses	289,063	-	-	289,063	262,308
Deferred revenue	171,596	-	-	171,596	182,947
Mortgage payable	1,166,880	-	-	1,166,880	-
Total liabilities	1,741,114	-	-	1,741,114	520,113
Net assets	8,876,237	126,916	25,000	9,028,153	5,644,085
Total liabilities and net assets	$ 10,617,351	$ 126,916	$ 25,000	$ 10,769,267	$ 6,164,198

See accompanying notes to financial statements.

GIRL SCOUTS OF SOUTHEAST FLORIDA, INC. **STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2017 ***(with comparable totals for 2016)***

	Unrestricted	Temporarily Restricted	Permanently Restricted	2017 Totals	2016 Totals
Support:					
Gifts, grants and bequests	$ 334,958	$ 96,633	$ -	$ 431,591	$ 518,666
United Way allocations	5,089	21,350	-	26,439	26,677
Fundraising events	57,249	-	-	57,249	70,269
Total support	397,296	117,983	-	515,279	615,612
Revenues:					
Product sales, net	3,793,527	-	-	3,793,527	3,683,074
Merchandise sales, net	132,536	-	-	132,536	164,591
Girl programs	313,090	-	-	313,090	430,486
Rental and service income	10,704	-	-	10,704	57,506
Investment income, net of fees	56,079	-	-	56,079	45,155
Realized and unrealized (loss) gain on investments	196,754	1,126	-	197,880	145,286
Gain/(loss) on disposal of assets	3,018,062	-	-	3,018,062	1,179
Other	63,545	-	-	63,545	22,467
Total revenues	7,584,297	1,126	-	7,585,423	4,549,744
Total support and revenues	7,981,593	119,109	-	8,100,702	5,165,356
Net assets released from restriction	34,722	(34,722)	-	-	-
Expenses:					
Program services	3,855,431	-	-	3,855,431	3,967,686
Supporting services:					
Management and general	413,495	-	-	413,495	419,030
Fundraising	447,708	-	-	447,708	517,175
Total expenses	4,716,634	-	-	4,716,634	4,903,891
Change in net assets	3,299,681	84,387	-	3,384,068	261,465
Net assets, beginning	5,576,556	42,529	25,000	5,644,085	5,382,620
Net assets, ending	$ 8,876,237	$ 126,916	$ 25,000	$ 9,028,153	$ 5,644,085

See accompanying notes to financial statements.

GIRL SCOUTS OF SOUTHEAST FLORIDA, INC.

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2017 ***(with comparable totals for 2016)***

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 3,384,068	$ 261,465
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	175,103	173,500
Realized and unrealized loss (gain) on investments	(197,880)	(145,286)
(Gain) on disposal of fixed assets	(3,018,062)	(1,179)
Change in value of split interest agreements	-	(158,244)
Bad debt expense	2,173	-
(Increase) decrease in assets:		
Accounts and grants receivable	46,211	(37,278)
Inventories	6,718	15,191
Prepaid expenses and other assets	3,429	(14,909)
Increase (decrease) in liabilities:		
Accounts payable	38,717	(153,188)
Accrued expenses	26,756	19,829
Deferred revenue	(11,351)	12,006
Net cash provided by (used in) operating activities	455,882	(28,093)
Cash flows from investing activities:		
Proceeds from sale of investments	1,058,995	872,709
Purchases of investments	(1,402,768)	(935,104)
Proceeds from split-interest agreement	-	376,057
Proceeds from sale of property and equipment	3,722,387	1,179
Purchases of property and equipment	(3,355,250)	(59,992)
Net cash provided by investing activities	23,364	254,849
Cash flows from financing activities:		
Proceeds from mortgage	1,200,000	-
Principal payments on mortgage	(33,120)	-
Net cash provided by financing activities	1,166,880	-
Net change in cash and cash equivalents	1,646,126	226,756
Cash and cash equivalents, beginning of year	1,681,894	1,455,138
Cash and cash equivalents, end of year	$ 3,328,020	$ 1,681,894

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2017 ***(with comparable totals for 2016)***

		Supporting Services			
	Program Services	Management and General	Fundraising	2017 Totals	2016 Totals
Functional Expenses:					
Compensation	$ 1,906,975	$ 193,188	$ 227,403	$ 2,327,566	$ 2,402,682
Pension benefits	218,548	22,140	26,062	266,750	275,834
Other benefit costs	194,749	19,729	23,224	237,702	232,458
Payroll taxes	139,238	14,106	16,603	169,947	181,117
Professional fees for service	5,955	35,828	5,710	47,493	52,217
Program fees	89,598	4,653	5,477	99,728	135,475
Supplies	97,766	5,438	6,400	109,604	112,181
Financial assistance	54,728	-	-	54,728	59,896
Recognition and appreciation	153,787	15,580	18,338	187,705	182,927
Printing, advertising, and promotion	63,126	6,395	7,528	77,049	72,797
Office expenses	11,562	1,171	1,379	14,112	16,143
Information technology	54,204	5,491	6,464	66,159	115,537
Occupancy	416,995	42,244	49,726	508,965	479,768
Travel	41,738	4,228	4,978	50,944	65,274
Conferences, conventions, and meetings	9,302	942	1,110	11,354	14,818
Insurance	86,724	8,786	10,341	105,851	105,776
Bank and credit card fees	29,388	2,977	3,505	35,870	26,185
Communications	64,688	6,553	7,714	78,955	82,951
Postage and shipping	11,406	1,156	1,360	13,922	9,391
Equipment expenses	40,318	4,038	4,754	49,110	71,026
Miscellaneous	21,174	4,318	2,525	28,017	35,938
Total expenses before depreciation and amortization	3,711,969	398,961	430,601	4,541,531	4,730,391
Depreciation and amortization	143,462	14,534	17,107	175,103	173,500
Total expenses	$ 3,855,431	$ 413,495	$ 447,708	$ 4,716,634	$ 4,903,891

See accompanying notes to financial statements.

1. Organization and Nature of Activities

Organization and Nature of Activities

Girl Scouts of Southeast Florida, Inc. (the "Organization") is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code that locally administers the National Girl Scout Program. Girl Scouting builds girls of courage, confidence and character, who make the world a better place. The program provides girls with the opportunity to experience activities that encourage social, ethical, leadership and individual development through a wide variety of activities and projects. The Organization recruits, trains and provides a support system of volunteers, who serve as troop leaders and in other program-related positions.

2. Significant Accounting Policies

Financial Statement Presentation

In accordance with FASB Accounting Standards Codification (FASB ASC) 958-605, *Not-for-Profit Entities, Revenue Recognition,* the Organization reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization presents a statement of cash flows. The categories of net assets are described as follows:

> Unrestricted – is used to account for all resources over which the Board of Directors exercises discretionary control. The resources in these funds are used to carry out the activities of the Organization in accordance with its By-Laws. The principal sources of income are unrestricted contributions, grants, and revenues from product sales.
>
> Temporarily Restricted – is used to account for those resources whose use has been limited by donors to either a later period of time, or after specified dates, or for a specified purpose.
>
> Permanently Restricted – is used to account for endowments or other permanently restricted gifts made to the Organization, and are invested such that resulting income is available for a specific purpose. This category includes the Scholarship Endowment fund.

Basis of Accounting

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

Use of Estimates

Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

2. <u>Significant Accounting Policies</u>, continued

Cash Equivalents

Bank deposits are maintained at high quality institutions. Except for money market fund investments held within the investment portfolio, the Organization considers all highly liquid investments with maturities of 90 days or less, as well as overnight investment sweeps and repurchase agreements, to be cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable consist of program grant reimbursements due to the Organization for administrative and program expenses incurred. It also includes amounts due from GSUSA for revenue sharing. Management believes the amounts recorded for accounts and grants receivable are fully realizable, and therefore has not recorded an allowance for doubtful accounts in these amounts.

Inventories

Merchandise inventories, which consist primarily of clothing, books and patches, are stated at the lower of cost (first-in, first-out method) or market.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets ranging from three to forty years.

Additions, improvements, and expenditures for repairs and maintenance that are material in nature and that significantly add to the productivity or extend the economic life of assets are capitalized. Any immaterial amounts or amounts incurred as recurring expenditures for repairs and maintenance are expensed.

Accrued Expenses

The Organization records accrued expenses for various liabilities that may be reasonably estimated. Significant accrued expenses as of September 30, 2017, include $101,452 of accrued vacation and $86,015 of accrued salaries.

Deferred Revenue

The Organization records as deferred revenue amounts received in advance for other Girl programs to be held or provided in the following fiscal year, and for amounts received to sponsor and attend special events in the following fiscal year. The Organization also collects a $15 annual council service fee from each girl during registration, with amounts received before the registration year reflected as deferred revenue. Registration this fiscal year opened in April 2017, resulting in $96,345 in deferred service fee revenue as of September 30, 2017.

Investment Income

The Organization's investment income includes bank interest, money market interest, and investment dividends, net of $11,086 in investment fees.

2. Significant Accounting Policies, continued

Accounting for Contributions

The Organization follows FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*. In accordance with ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Under ASC 958-605, contributions that are initially restricted as to time or use are required to be reported as temporarily restricted revenue and are later reclassified to unrestricted net assets upon expiration of the time restriction or compliance with the intended purpose.

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs, principally membership development and educational programs. The value of this contributed time does not meet the criteria established by relevant accounting standards, and is not reflected in these statements.

Functional Expenses

The costs of providing various programs and other activities are summarized on a functional basis. Expenses, which can be specifically identified with a functional category, are charged accordingly. Other expenses are allocated among supporting services based on relative salaries incurred.

Advertising

Advertising costs are expensed when incurred and are included in the category of printing, advertising and promotion in the statement of functional expenses. The total advertising expense for the year ended September 30, 2017 was $22,607.

Income taxes

The Organization is a nonprofit organization, other than a private foundation, pursuant to Internal Revenue Code Section 501(c)(3) and, as such, is not required to pay income taxes on its exempt function income. However, income from certain activities not directly related to the Organization’s tax-exempt purpose would be subject to taxation as unrelated business income.

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This standard seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold. The Organization assesses its income tax positions based on management’s evaluation of the facts, circumstances and information available at the reporting date. The Organization uses the prescribed more likely than not threshold when making its assessment. There are currently no open Federal or State tax years under audit.

2. Significant Accounting Policies, continued

Recent Accounting Pronouncements

The Financial Accounting Standards Board recently issued several Accounting Standards Updates (ASUs) that affect the accounting and reporting of not-for-profit entities. The FASB issued ASU 2016-02, *Leases (Topic 842)*, which does not take effect until the Organization's fiscal year ending September 30, 2021, and provides new guidance for leases, such that virtually all leases will be capitalized and create "right of use" assets along with associated liabilities. This standard will impact the interpretation of certain transactions of the Organization, and management is evaluating the effect that the updated standard will have on the financial statements. ASU 2016-14, *Not-for-Profit Entities (Topic 958)*, imposes new requirements for the presentation and disclosure of not-for-profit financial statements, including a reduction in the number of net asset categories from 3 classes to 2 classes, a requirement to present a statement of functional expenses, a requirement to disclose the quantitative and qualitative aspects about liquidity, in addition to other provisions. This ASU will be effective for the Organization's fiscal year ending September 30, 2019, with early implementation permitted. As with the new guidance on leasing, management is evaluating the effect that this updated standard will have on the financial statements.

Prior Year Comparable Information

The financial statements include certain prior year summarized 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 only be read in conjunction with the Organization's financial statements for the year ended September 30, 2016, from which the summarized information was derived.

Reclassifications

Certain amounts in the 2016 financial statements have been reclassified to conform to the 2017 presentation with no effect on the net assets or change in net assets as of or for the year ended September 30, 2016.

3. Fair Value of Measurements

FASB ASC 820-10, *Fair Value Measurement and Disclosures,* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy under the framework 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.

3 ***Fair Value of Measurements, continued***

Level 2 – Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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 methodologies used for assets measured at fair value, on a recurring basis. There have been no changes in the methodologies used as of September 30, 2017.

Investments:

- *Money market funds* – The carrying value of money market funds approximated fair value.
- *Certificates of deposit* – Value based on amortized costs which approximates fair value due to the short term nature of the instrument.
- *Fixed income funds and ETFs* – Funds are valued at Net Asset Value ("NAV") by the custodian, and ETFs are valued at quoted prices per share by the custodian as of the close of business as of September 30, 2017.
- *Common stocks* – Valued at quoted prices per share by the custodian as of the close of business as of September 30, 2017.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2017:

	Assets at Fair Value as of September 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market funds	$ 242,800	$ -	$ -	$ 242,800
Certificates of deposit	300,336	-	-	300,336
Fixed income funds and ETFs	686,606	-	-	686,606
Common stocks	1,286,697	-	-	1,286,697
Total investments at fair value	$ 2,516,439	$ -	$ -	$ 2,516,439

4. ***Financial Instruments***

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. While the cash balances as of September 30, 2017 exceeded the $250,000 FDIC limit by approximately $2,886,549, management uses financial institutions it believes are in sound financial condition, and does not believe that the Organization is exposed to any significant credit risk on its cash and cash equivalents.

5. Investments

The Organization's investments as of September 30, 2017 consist of:

	Fair Value	Cost	Unrealized Gain (Loss)
Money market funds	$ 242,800	$ 242,800	$ -
Certificates of deposit	300,336	300,000	336
Fixed income funds and ETFs	686,606	685,924	682
Common stocks	1,286,697	1,119,002	167,695
Total	$ 2,516,439	$ 2,347,726	$ 168,713

6. Accounts and Grants Receivable

As of September 30, 2017, the Organization held the following balances in accounts and grants receivable:

Accounts, grants and reimbursements receivable	$ 31,935
Miscellaneous receivables	519
	$ 32,454

7. Prepaid Expenses and Other Assets

Prepaid expenses and other assets include the following amounts as of September 30, 2017:

Prepaid insurance and other	$ 39,227
Security deposits	27,149
	$ 66,376

8. Property and Equipment, Net

Property and equipment as of September 30, 2017 consisted of the following:

Land	$ 419,981
Land improvements	2,021,929
Buildings and leasehold improvements	5,910,163
Equipment	1,372,017
Furniture	20,460
Construction in progress	433,301
	10,177,851
(Less) accumulated depreciation	(5,509,985)
Property and equipment, net	$ 4,667,866

Depreciation expense for the year ended September 30, 2017, was $175,103.

Property and equipment as of September 30, 2017, included construction in progress that related to costs incurred for the Lake Worth headquarters project.

9. Credit Line

The Organization has a $1,100,000 secured credit line extended by an investment institution. The line of credit is secured by investments held with the institution. The credit line carries interest on the unpaid principal balance at a variable interest rate based on 30-day LIBOR + 2.00% or 3.27% as of September 30, 2017. There was no outstanding balance on the line of credit as of September 30, 2017.

10. Mortgage Payable

In May 2017 the Organization obtained a mortgage from financial institution. The total amount borrowed of $1,200,000 was used for the purchase of a building. Beginning on June 12, 2017 the Organization pays monthly principal and interest of $11,976 calculated at a fixed interest rate of 3.64%, and amortized over a 10 year term. The mortgage matures on May 12, 2027. The loan is secured by all assets of the Organization.

Maturities of the mortgage payable as of September 30 is as follows:

2018	$ 102,374
2019	106,217
2020	110,110
2021	114,337
2022	118,629
Thereafter	615,213
	$ 1,166,880

11. Commitments and Contingencies

The Organization leases its administrative headquarters in Jupiter, Florida. The rent expense for the administrative headquarters totaled $232,674 for the year ended September 30, 2017. The Organization also leases two retail locations and certain office equipment under operating lease arrangements, which extend through October 2020. Approximate future minimum lease payments according to these non-cancelable operating leases for the years ended September 30 are as follows:

2018	$ 124,796
2019	56,698
2020	42,146
2021	42,617
2022	43,884
Thereafter	82,268
	$ 392,409

The Organization's most significant revenue is product sales of which approximately 93% is cookies. In an effort to establish greater certainty in its cost of sales, the Organization entered into a purchase agreement with Little Brownie Bakers on May 18, 2015, whereby the Organization committed to utilizing Little Brownie Bakers for the baking, packaging, distribution, and delivery of its cookies in exchange for fixed percentage increases on future purchases. The agreement extends through the 2017-2018 Cookie Sale season.

The Organization may be involved in legal matters from time to time and maintains insurance to mitigate potential losses, if any.

12. United Way and Federated Campaigns

During the 2017 fiscal year, the Organization had allocation agreements with various United Way agencies and Federated Campaigns, one of which extended through December 31, 2017. Amounts received during the year ended September 30, 2017 are recorded on the Statement of Activities as unrestricted or temporarily restricted net asset support.

13. Pension Plan

The Organization participates in the National Girl Scout Council Retirement Plan ("NGSCRP"), 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.

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 NGSCRP the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately, or not at all. NGSCRP 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 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.

The Organization made contributions into NGSCRP of $266,750 during the year ended September 30, 2017.

14. Employee Benefit Plan

The Organization provides a 401(k) defined contribution retirement plan, available to all employees who have attained 21 years of age and have completed one year of service. Each year the Organization determines the discretionary employer match. For calendar year 2017, the Organization authorized a match of 100% of the employee's contribution up to 3% of the participants' compensation. Total employer expense for the year ended September 30, 2017 was $40,939, and is reported under pension benefits in the Statement of Functional Expenses.

15. Rental Income

The Organization leased a portion of their Oakland Park Service Center building to Impact Broward, Inc. (a 501(c)(3) tax exempt organization) under a lease agreement originally set to expire in September, 2020. During the fiscal year, the Organization sold the location and did not continue to receive rental income from Impact Broward, Inc., which had paid annual rental of $10,700 for the year ended September 30, 2017.

16. Sales of Cookies, Fall Products and Merchandise

The following table illustrates the specific sales and cost of sales categories for the year ended September 30, 2017.

	Sales	Direct Costs	Gross Margin	
Cookies	$ 5,352,402	$ 1,772,400	$ 3,580,002	67%
Fall products	373,654	160,129	213,525	57%
Total Product sales	5,726,056	1,932,529	3,793,527	
Merchandise	282,857	150,321	132,536	47%
	$ 6,008,913	$ 2,082,850	$ 3,926,063	

17. Related Party Transactions

The Organization acts as an agent for purposes of receiving and remitting membership dues to GSUSA. The Organization also purchases from GSUSA program supplies and merchandise for sale in its retail shops. During the year ended September 30, 2017, the Organization remitted $210,913 to GSUSA. As of September 30, 2017, $11,695 was due to GSUSA, and was included in accounts payable.

18. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following programs/sources and amounts as of September 30, 2017:

Admirals Cove Care Foundation	$ 5,000
Barbara Turner Scholarship - Exceptional Community Service	4,465
Batchelor Foundation - Welaka	73,025
Broward Sheriff – Anti Bullying	9,591
Emerald Event - Call from the Heart	3,000
Hobe Sound Community Chest - Recruiting	16,000
Kathryn Vecellio Scholarship Fund (See Note 18)	1,126
Town of Palm Beach United Way – Time restriction	4,013
PBC Sherriff's Foundation - Safe Girl, Safe Community Program	10,000
Welaka Improvement	696
	$ 126,916

19. Permanently Restricted Net Assets

The Organization's permanently restricted net assets consist of a donor restricted endowment contribution received for the Organization's scholarship program that is segregated in a money fund account. The objective of this endowment is to accumulate enough principal to support scholarship related costs in future years. FASB ASC 958, *Not-for-Profit Entities*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA), which provides a) consistent investment and spending standards to all forms of charitable funds, b) strengthens the concept of prudent investing, c) abandons historic dollar value as a floor for expenditures and provides more flexibility to the organization in making decisions about whether to expend any portion of an endowment fund, and d) provides a process for the release or modification of restrictions on a gift instrument. The adoption by the Organization of the provisions of the new law did not have a significant change in its management and investment policies of its endowment.

As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence. The Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Investment Objectives

Historically, the Organization's investment objectives and policies have been to provide: (a) sufficient liquidity to meet cash flow obligations, (b) sufficient income to meet budgeted requirements and, (c) a growth rate in the investment portfolio at least equal to the current rate of inflation. In order to meet its objectives, the Organization currently invests its restricted funds in money market accounts.

Investment Objectives, continued

The Organization retains the ability of revising its investment policy to specifically identify strategies and spending policies as they relate to the various designation and restricted categories.

19. Permanently Restricted Net Assets, continued

Spending Policy

The amount of funds available for expenditure from donor-restricted endowments is governed by the applicable donor gift instrument. In absence of an agreement, the initial contribution amount is kept as permanently restricted and any income is considered available for spending.

The endowment net assets as of September 30, 2017 consist of the following:

	Permanently Restricted
Donor-restricted endowment net assets:	
Kathryn Vecellio Scholarship Fund	$ 25,000

20. Subsequent Events

The Organization's management has evaluated subsequent events through January 2, 2018, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be presented in these financial statements.