

**GIRL SCOUTS OF
MIDDLE TENNESSEE, INC.**

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

September 30, 2009 and 2008

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of Middle Tennessee, Inc.
Nashville, Tennessee

We have audited the accompanying statements of financial position of Girl Scouts of Middle Tennessee, Inc. as of September 30, 2009 and 2008, and the related statements of activities, 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audits provide 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 Middle Tennessee, Inc. as of September 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Frasier, Dean & Howard, PLLC

December 4, 2009

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2009 and 2008

UNRESTRICTED

	Camping, Operating and Special Project Reserves	Land, Buildings and Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	2009 Total	2008 Total
ASSETS							
Current assets:							
Cash and cash equivalents (Note 1)	\$ 3,921,176	\$ -	\$ 3,921,176	\$ 449,371	\$ -	\$ 4,370,547	\$ 4,110,640
Unconditional promises to give - United Way and other (Note 1, 2, 6)	-	-	-	158,394	-	158,394	186,501
Unconditional promises to give - Capital Campaign (Note 1, 2, 6)	-	-	-	218,600	-	218,600	293,650
Accounts receivable	46,480	-	46,480	-	-	46,480	26,848
Inventory (Note 1)	103,173	-	103,173	-	-	103,173	124,365
Prepaid expenses	78,418	-	78,418	-	-	78,418	67,356
Total current assets	4,149,247	-	4,149,247	826,365	-	4,975,612	4,809,360
Land, buildings and equipment (net of accumulated depreciation of \$6,367,696 and \$6,094,901) (Note 1, 4)	-	5,584,741	5,584,741	-	-	5,584,741	5,733,808
Other non-current assets:							
Unconditional promises to give - Capital Campaign (Note 1, 2, 6)	-	-	-	402,944	-	402,944	551,050
Long-term investments (Note 1, 3)	5,158,340	-	5,158,340	8,896	114,151	5,281,387	5,263,414
Total assets	\$ 9,307,587	\$ 5,584,741	\$ 14,892,328	\$ 1,238,205	\$ 114,151	\$ 16,244,684	\$ 16,357,632
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable	\$ 81,270	\$ -	\$ 81,270	\$ -	\$ -	\$ 81,270	\$ 34,909
Accrued liabilities	134,488	-	134,488	-	-	134,488	114,788
Deferred income	142,919	-	142,919	-	-	142,919	99,916
Total current liabilities	358,677	-	358,677	-	-	358,677	249,613
Custodian funds	40,205	-	40,205	-	-	40,205	29,987
Total liabilities	398,882	-	398,882	-	-	398,882	279,600
Net assets (Note 1, 6):							
Unrestricted	8,908,705	5,584,741	14,493,446	-	-	14,493,446	14,626,335
Temporarily restricted	-	-	-	1,238,205	-	1,238,205	1,341,583
Permanently restricted	-	-	-	-	114,151	114,151	110,114
Total net assets	8,908,705	5,584,741	14,493,446	1,238,205	114,151	15,845,802	16,078,032
Total liabilities and net assets	\$ 9,307,587	\$ 5,584,741	\$ 14,892,328	\$ 1,238,205	\$ 114,151	\$ 16,244,684	\$ 16,357,632

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	Total	2008
Public support:					
Annual giving	\$ 569,854	\$ 17,000	\$ -	\$ 586,854	\$ 749,349
United Way contributions	44,020	85,210	-	129,230	159,116
Gold Community Luncheons, net	61,471	-	-	61,471	61,292
Golf tournament, net	29,090	16,650	-	45,740	-
Wilson County event, net	11,776	-	-	11,776	-
Subtotal public support	716,211	118,860	-	835,071	969,757
Capital campaign	-	64,844	-	64,844	192,797
Total public support	716,211	183,704	-	899,915	1,162,554
Revenue:					
Program related revenue:					
Cookie sales, net (Note 9)	2,675,020	-	-	2,675,020	2,681,826
Camping fees	355,046	-	-	355,046	353,256
Program fees	152,972	-	-	152,972	172,111
Government grants	42,121	5,429	-	47,550	-
Sale of merchandise, gross	456,694	-	-	456,694	460,445
Less: Cost of sales	(338,557)	-	-	(338,557)	(386,792)
Other income, net	116,959	-	-	116,959	88,555
Net gain on disposal of assets	3,350	-	-	3,350	265
In-kind contributions	-	-	-	-	56,154
Total revenue	3,463,605	5,429	-	3,469,034	3,425,820
Net assets released from restrictions:					
Satisfaction of program and time restrictions	292,511	(292,511)	-	-	-
Total revenues, gains and other support	4,472,327	(103,378)	-	4,368,949	4,588,374
Expenses:					
Program services	3,894,176	-	-	3,894,176	4,109,849
Supporting services:					
Management and general	337,537	-	-	337,537	328,327
Fundraising and community relations	463,337	-	-	463,337	452,375
Total expenses	4,695,050	-	-	4,695,050	4,890,551
Change in net assets from operating activities	(222,723)	(103,378)	-	(326,101)	(302,177)
Nonoperating activities:					
Investment income (Note 3)	171,385	-	4,037	175,422	212,535
Net loss on investments (Note 3)	(81,551)	-	-	(81,551)	(1,187,353)
Change in net assets	(132,889)	(103,378)	4,037	(232,230)	(1,276,995)
Net assets, beginning of year	14,626,335	1,341,583	110,114	16,078,032	17,355,027
Net assets, end of year	\$14,493,446	\$ 1,238,205	\$ 114,151	\$15,845,802	\$16,078,032

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
STATEMENT OF ACTIVITIES
For the year ended September 30, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	Total	2007
Public support:					
Annual giving	\$ 749,349	\$ -	\$ -	\$ 749,349	\$ 602,162
United Way contributions	-	159,116	-	159,116	329,372
Gold Community Luncheons, net	61,292	-	-	61,292	197,018
Golf tournament, net	-	-	-	-	65,952
Subtotal public support	810,641	159,116	-	969,757	1,194,504
Capital campaign	-	192,797	-	192,797	955,786
Total public support	810,641	351,913	-	1,162,554	2,150,290
Revenue:					
Program related revenue:					
Cookie sales, net (Note 9)	2,681,826	-	-	2,681,826	2,987,630
Camping fees	353,256	-	-	353,256	333,592
Program fees	172,111	-	-	172,111	196,181
Government grants	-	-	-	-	25,279
Sale of merchandise, gross	460,445	-	-	460,445	488,204
Less: Cost of sales	(386,792)	-	-	(386,792)	(400,386)
Other income, net	88,555	-	-	88,555	117,811
In-kind contributions	-	56,154	-	56,154	14,943
Net gain on disposal of assets	265	-	-	265	150,102
Total revenue	3,369,666	56,154	-	3,425,820	3,913,356
Net assets released from restrictions:					
Satisfaction of program and time restrictions	329,185	(329,185)	-	-	-
Total revenues, gains and other support	4,509,492	78,882	-	4,588,374	6,063,646
Expenses:					
Program services	4,109,849	-	-	4,109,849	4,135,216
Supporting services:					
Management and general	328,327	-	-	328,327	294,466
Fundraising and community relations	452,375	-	-	452,375	417,581
Total expenses	4,890,551	-	-	4,890,551	4,847,263
Change in net assets from operating activities	(381,059)	78,882	-	(302,177)	1,216,383
Nonoperating activities:					
Investment income (Note 3)	220,163	-	(7,628)	212,535	227,223
Net gain on investments (Note 3)	(1,187,353)	-	-	(1,187,353)	721,126
Change in net assets	(1,348,249)	78,882	(7,628)	(1,276,995)	2,164,732
Net assets, beginning of year	15,974,584	1,262,701	117,742	17,355,027	15,190,295
Net assets, end of year	\$ 14,626,335	\$ 1,341,583	\$ 110,114	\$ 16,078,032	\$ 17,355,027

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2009

	SUPPORTING SERVICES				Total
	Program Services	Management and General	Fundraising and Community Relations	Total Supporting Services	
Salaries	\$1,696,064	\$ 211,363	\$ 289,518	\$ 500,881	\$2,196,945
Employee health and retirement benefits	178,690	22,280	30,512	52,792	231,482
Payroll taxes	165,517	20,515	27,111	47,626	213,143
 Total salaries and related expenses	 2,040,271	 254,158	 347,141	 601,299	 2,641,570
Occupancy	388,242	6,245	12,875	19,120	407,362
Professional fees	232,097	10,125	21,085	31,210	263,307
Supplies	165,385	1,564	7,147	8,711	174,096
Conferences, conventions, meetings and training	135,554	2,899	3,954	6,853	142,407
Scholarships and financial aid	90,710	-	-	-	90,710
Travel	71,406	6,016	8,431	14,447	85,853
Insurance	67,273	6,752	5,490	12,242	79,515
Printing and publications	56,455	3,996	15,123	19,119	75,574
Capital budget - repairs and maintenance	71,154	-	-	-	71,154
Program consultants	59,247	2,612	3,066	5,678	64,925
Awards and gifts	57,534	309	4,987	5,296	62,830
Rental, repair and maintenance	69,766	3,157	5,658	8,815	78,581
Telephone	49,871	3,180	5,696	8,876	58,747
Postage and shipping	26,728	992	8,603	9,595	36,323
Trust fund management fee	-	25,737	-	25,737	25,737
Miscellaneous	18,947	296	1,678	1,974	20,921
Membership dues	5,144	622	2,289	2,911	8,055
Bad debts	-	-	2,957	2,957	2,957
 Total expenses before depreciation	 3,605,784	 328,660	 456,180	 784,840	 4,390,624
Depreciation (Note 4)	288,392	8,877	7,157	16,034	304,426
 Total expenses	 <u>\$3,894,176</u>	 <u>\$ 337,537</u>	 <u>\$ 463,337</u>	 <u>\$ 800,874</u>	 <u>\$4,695,050</u>

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2008

	SUPPORTING SERVICES				Total
	Program Services	Management and General	Fundraising and Community Relations	Total Supporting Services	
Salaries	\$ 1,962,495	\$ 205,523	\$ 295,883	\$ 501,406	\$ 2,463,901
Employee health and retirement benefits	192,340	20,142	28,999	49,141	241,481
Payroll taxes	174,526	18,367	27,317	45,684	220,210
Total salaries and related expenses	2,329,361	244,032	352,199	596,231	2,925,592
Occupancy	394,651	6,654	13,459	20,113	414,764
Supplies	207,455	2,674	6,986	9,660	217,115
Conferences, conventions, meetings and training	165,790	8,133	6,288	14,421	180,211
Printing and publications	84,633	3,049	5,787	8,836	93,469
Capital budget - repairs and maintenance	91,212	-	-	-	91,212
Travel	78,638	3,602	5,059	8,661	87,299
Insurance	70,708	5,979	6,530	12,509	83,217
Professional fees	59,556	7,354	14,761	22,115	81,671
Program consultants	67,601	1,363	1,047	2,410	70,011
Awards and gifts	58,040	975	6,201	7,176	65,216
Telephone	55,707	2,751	6,327	9,078	64,785
Postage and shipping	41,100	1,427	10,119	11,546	52,646
Scholarships and financial aid	51,174	-	-	-	51,174
Rental, repair and maintenance	43,322	2,350	5,226	7,576	50,898
Trust fund management fee	-	27,403	-	27,403	27,403
Miscellaneous	22,427	199	39	238	22,665
Membership dues	7,126	1,999	3,051	5,050	12,176
Total expenses before depreciation	3,828,501	319,944	443,079	763,023	4,591,524
Depreciation (Note 4)	281,348	8,383	9,296	17,679	299,027
Total expenses	<u>\$ 4,109,849</u>	<u>\$ 328,327</u>	<u>\$ 452,375</u>	<u>\$ 780,702</u>	<u>\$ 4,890,551</u>

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ (232,230)	\$ (1,276,995)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of equipment	-	(3,750)
Depreciation	304,426	299,027
Realized and unrealized losses on investments	81,551	1,187,353
(Gain) loss on disposal of fixed assets	(3,350)	265
Contributions restricted for capital campaign	(288,000)	(301,486)
Changes in operating assets and liabilities:		
Unconditional promises to give	251,263	222,604
Accounts receivable	(19,632)	33,576
Inventory	21,192	(38,393)
Prepaid expenses	(11,062)	21,475
Accounts payable	46,361	(85,661)
Accrued liabilities	19,700	(7,599)
Deferred income	43,003	15,627
Custodian funds	10,218	3,049
Net cash provided by operating activities	<u>223,440</u>	<u>69,092</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,560,466	3,022,111
Purchases of investments	(1,659,990)	(3,130,814)
Proceeds from disposal of land, buildings and equipment	3,350	-
Purchases of land, buildings and equipment	(155,359)	(205,759)
Net cash used in investing activities	<u>(251,533)</u>	<u>(314,462)</u>
Cash flows from financing activities:		
Contributions restricted for capital campaign	288,000	301,486
Net cash provided by financing activities	<u>288,000</u>	<u>301,486</u>
Net increase in cash and cash equivalents	259,907	56,116
Cash and cash equivalents, beginning of year	<u>4,110,640</u>	<u>4,054,524</u>
Cash and cash equivalents, end of year	<u><u>\$ 4,370,547</u></u>	<u><u>\$ 4,110,640</u></u>
Supplemental disclosure of cash flow information:		
Contribution of equipment	<u><u>\$ -</u></u>	<u><u>\$ 3,750</u></u>

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Girl Scouts of Middle Tennessee, Inc. (the “Organization”) provides programs and administrative support for local Girl Scout troops in Middle Tennessee. The Organization is supported primarily through public support and the sale of cookies and merchandise. The following is a summary of the Organization’s significant accounting policies.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets:

Undesignated – net assets that are not subject to donor-imposed stipulations.

Designated – net assets designated by the Organization’s Board for particular purposes, presently designated by the Board for camp and other improvements.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets - net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Permanently restricted assets are primarily comprised of the original endowment gift given to the Organization by donors. Generally, the donors of these assets permit the Organization to use all or part of the income from these assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents. Cash and cash equivalents also include certificates of deposit with no significant penalty for early withdrawal.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization 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 in which the contributions are recognized. 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.

Inventory

Inventory consists principally of Girl Scout related clothing and supplies and is stated at the lower of cost or market determined on the first-in, first-out basis.

Investments

Investments are stated at fair market value. Unrealized gains and losses as well as appreciation or depreciation in market value are reflected in the accompanying financial statements.

Fair Values

The Organization has an established process for determining fair values. Fair values are based upon quoted market prices, where available. If listed prices or quotes are not available, fair values are based upon internally developed models or processes that use primarily market-based or independently-sourced market data. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. 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 estimate of fair value at the reporting date. Generally accepted accounting principles have a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Values (Continued)

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost to the Organization, or if contributed, at the approximate market value at the date of acquisition. All depreciation is computed using the straight-line method based on the estimated useful life of the asset.

Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When buildings and equipment are sold or otherwise disposed, the asset and related accumulated depreciation are relieved, and any gain or loss is included in revenue.

Endowment Funds

As required by the Not For Profit Entities topic of the FASB Accounting Standards Codification, a nonprofit organization should classify the portion of a donor-restricted endowment fund that is not permanently restricted by the donor or by law as temporarily restricted net assets (time restricted) until it is appropriated for expenditure and donor-imposed purpose restrictions, if any, are met. When the purpose restrictions, if any, on the portion of donor-restricted endowment funds are met and the appropriation has occurred, temporarily restricted net assets are reclassified to unrestricted net assets. The Codification also requires additional disclosures applicable to all nonprofit organizations. Those disclosures provide: a) a description of the organization's policies for making appropriations for expenditures from endowment funds (i.e. the organization's endowment spending policies), b) a description of the organization's investment policies for endowment funds, c) a description of the organization's endowment by net asset class at the end of the period in total and by type of endowment fund, d) a reconciliation of the beginning and ending balances of endowment funds in total and by net asset class, and e) a description of the organization's interpretation of the law(s) underlying the net asset classification of donor-restricted endowment funds. The Organization has implemented this pronouncement and is now providing the expanded disclosures as of June 30, 2009.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation (Continued)

practical. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Donated Services

The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statements of activities related to volunteer services because the criteria for recognition of such volunteer effort under accounting principles generally accepted in the United States of America have not been satisfied.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – PROMISES TO GIVE

Unconditional promises to give consist of the following at September 30:

	<u>2009</u>	<u>2008</u>
United Way allocations	\$ 85,210	\$ 117,266
Capital Campaign	644,600	932,650
Other	<u>73,184</u>	<u>69,235</u>
	802,994	1,119,151
Less discount to net present value	<u>(23,056)</u>	<u>(87,950)</u>
Net unconditional promises to give	<u>\$ 779,938</u>	<u>\$ 1,031,201</u>

The discount rates used to determine the present value of pledge contributions receivable ranged from 1.57% to 3.94%.

Receivable in less than one year	\$ 376,994	\$ 480,151
Receivable in one to five years, net	<u>402,944</u>	<u>551,050</u>
	<u>\$ 779,938</u>	<u>\$ 1,031,201</u>

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009 and 2008

NOTE 2 – PROMISES TO GIVE (Continued)

Although donor designations to the United Way may vary, differences between the amounts allocated and collected from the United Way have historically been insignificant. Accordingly, no provision is made for uncollectible amounts. Uncollectible amounts for other unconditional promises to give are expected to be insignificant.

NOTE 3 – INVESTMENTS

Investments are stated at fair value, with fair value determined based on active markets (Level 1), and consist of the following at September 30:

	<u>2009</u>	<u>2008</u>
Common stocks and stock mutual funds	\$ 3,441,340	\$ 3,255,747
Corporate bonds and bond mutual funds	1,198,126	1,385,293
Short-term investments	612,681	577,604
Other	<u>29,240</u>	<u>44,770</u>
	<u>\$ 5,281,387</u>	<u>\$ 5,263,414</u>

During 2009 and 2008, interest and dividends earned from investments totaled \$175,422 and \$212,535, respectively. Net (depreciation)/appreciation on investments amounted to \$(81,551) and \$(1,187,353) for the years ended September 30, 2009 and 2008, respectively.

NOTE 4 – LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following at September 30:

	<u>2009</u>	<u>2008</u>	<u>Estimated Useful Lives</u>
Land	\$ 1,079,505	\$ 1,079,505	
Campsite facilities	6,399,442	6,263,470	5 to 15 years
Office buildings	2,009,727	2,009,727	40 years
Equipment	1,699,904	1,712,148	3 to 12 years
Land improvements	<u>763,859</u>	<u>763,859</u>	5 to 15 years
Subtotal	11,952,437	11,828,709	
Less accumulated depreciation	<u>(6,367,696)</u>	<u>(6,094,901)</u>	
Total	<u>\$ 5,584,741</u>	<u>\$ 5,733,808</u>	

Depreciation expense amounted to \$304,426 and \$299,027 for the years ended September 30, 2009 and 2008, respectively.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009 and 2008

NOTE 5 – LEASE COMMITMENT

The Organization entered into a lease agreement for copiers that has been accounted for as an operating lease. The lease provides for sixty monthly payments of \$2,298. At September 30, 2009, future minimum annual lease payments under noncancelable lease obligations are as follows:

Year ending <u>September 30,</u> 2010	\$ <u>13,788</u>
	\$ <u>13,788</u>

Rent expense under lease agreements totaled \$98,400 and \$76,131 for the years ended September 30, 2009 and 2008, respectively.

NOTE 6 – RESTRICTIONS ON NET ASSETS

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

	<u>2009</u>	<u>2008</u>
Unconditional promises to give due in future periods	\$ 158,394	\$ 186,501
Contributions receivable for capital campaign	621,544	844,700
Contributions received for capital campaign	432,371	301,486
Funds restricted by purpose and/or time	<u>25,896</u>	<u>8,896</u>
	<u>\$ 1,238,205</u>	<u>\$ 1,341,583</u>

Permanently restricted net assets are comprised of the following at September 30:

	<u>2009</u>	<u>2008</u>
Sue Peters endowment	\$ 10,984	\$ 10,664
Fran Barge endowment	7,369	7,154
Dorothy May Campership fund	58,391	55,978
Judy Smith Promise Circle	<u>37,407</u>	<u>36,318</u>
	<u>\$ 114,151</u>	<u>\$ 110,114</u>

As required by U.S. generally accepted accounting principles, net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009 and 2008

NOTE 6 – RESTRICTIONS ON NET ASSETS (Continued)

The Uniform Prudent Management of Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The board of directors has interpreted the UPMIFA as requiring that the Organization classify as permanently restricted net assets a) the original value of donor-restricted gifts to the permanent endowment, b) the original value of subsequent donor-restricted gifts to the permanent endowment, and c) accumulations (interest, dividends, capital gain/loss) 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 approved for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Endowment Net Asset Composition by Type of Fund as of September 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>114,151</u>	\$ <u>114,151</u>

Changes in Endowment Net Assets for the year ended September 30, 2009:

Endowment net assets, beginning of year	\$ -	\$ -	\$ 110,114	\$ 110,114
Investment return: Net appreciation (realized and unrealized)	<u>-</u>	<u>-</u>	<u>4,037</u>	<u>4,037</u>
Endowment net assets, end of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>114,151</u>	\$ <u>114,151</u>

Endowment Net Asset Composition by Type of Fund as of September 30, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ <u>-</u>	\$ <u>-</u>	\$ <u>110,114</u>	\$ <u>110,114</u>

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009 and 2008

NOTE 6 – RESTRICTIONS ON NET ASSETS (Continued)

Changes in Endowment Net Assets for the year ended September 30, 2008:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 117,742	\$ 117,742
Investment return:				
Net depreciation (realized and unrealized)	-	-	(7,628)	(7,628)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,114</u>	<u>\$ 110,114</u>

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the board of directors, the endowment assets are to be invested primarily in equities, fixed income investments and cash securities.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy of obtaining board of directors' approval for any distribution of dividend and interest income from the endowment fund.

NOTE 7 – RETIREMENT PLAN

The Organization 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 Organization's pension expense and contribution to this plan for fiscal 2009 and 2008 was \$65,279 and \$56,980, respectively. Due to the nature of the plan, it is not practicable to determine the extent to which the assets of the plan cover the actuarially computed value of vested benefits for the council as a standalone operation. The Plan is accounted for in accordance with the Statement of Financial Accounting Standards No. 87. As of January 1, 2008, net plan assets available for plan benefits exceeded the actuarial present value of accumulated benefits. However, due to unfavorable market conditions, as of January 1, 2009, the actuarial present value of accumulated plan benefits exceeded net plan assets available for plan benefits by approximately \$73,801,639.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2009 and 2008

NOTE 7 – RETIREMENT PLAN (Continued)

Management is evaluating its options including the possibility of withdrawing from the defined benefit plan. The amount of the potential withdrawal liability (and terms of payment of such liability) has not been determined, but could be significant. Final determination of whether to withdraw and terms of any withdrawal is currently under review by management and the Board.

NOTE 8 – TAX EXEMPTION

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and the Organization is classified as an organization that is not a private foundation as defined in Section 509(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes is included in the accompanying financial statements.

NOTE 9 – CONCENTRATIONS

The Organization receives a substantial amount of its support from the sale of cookies. A significant reduction in the level of cookie sales, if this were to occur, could have an adverse impact on the Organization's programs and services.

Financial instruments that potentially subject the Organization to credit risk consist principally of cash and cash equivalents, unconditional promises to give, and investments. The Organization had cash deposits of approximately \$3,558,000 and \$3,729,000 in excess of federally insured limits as of September 30, 2009 and 2008, respectively.

NOTE 10 – LITIGATION

The Organization is, from time to time, involved in litigation. In the opinion of management, no current or threatened litigation will have a material effect on the Organization's financial position or results of operations.