

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

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Girl Scouts of Middle Tennessee, Inc. and affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2015, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Middle Tennessee, Inc. and affiliate as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 19 and 20 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Nashville, Tennessee
December 22, 2015

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2015

	UNRESTRICTED					
	Camping, Operating and Special Project Reserves	Land, Buildings and Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	Total
	ASSETS					
Current assets:						
Cash and cash equivalents (Note 1)	\$ 5,780,561	\$ -	\$ 5,780,561	\$ 25,179	\$ -	\$ 5,805,740
Unconditional promises to give -						
United Way and other (Note 1, 2, 6)	-	-	-	81,078	-	81,078
Accounts receivable, net	8,126	-	8,126	-	-	8,126
Inventory (Note 1)	112,600	-	112,600	-	-	112,600
Prepaid expenses	17,519	-	17,519	-	-	17,519
Total current assets	5,918,806	-	5,918,806	106,257	-	6,025,063
Unconditional promises to give - noncurrent	-	-	-	10,000	-	10,000
Land, buildings and equipment (net of accumulated depreciation) (Note 1, 4)	-	5,592,140	5,592,140	-	-	5,592,140
Investments (Note 1, 3)	7,032,556	-	7,032,556	-	141,416	7,173,972
Total assets	<u>\$ 12,951,362</u>	<u>\$ 5,592,140</u>	<u>\$ 18,543,502</u>	<u>\$ 116,257</u>	<u>\$ 141,416</u>	<u>\$ 18,801,175</u>
	LIABILITIES AND NET ASSETS					
Current liabilities:						
Accounts payable	\$ 123,014	\$ -	\$ 123,014	\$ -	\$ -	\$ 123,014
Accrued liabilities	636,453	-	636,453	-	-	636,453
Deferred income	108,979	-	108,979	-	-	108,979
Total current liabilities	868,446	-	868,446	-	-	868,446
Custodian funds	31,311	-	31,311	-	-	31,311
Total liabilities	899,757	-	899,757	-	-	899,757
Net assets (Note 1, 6):						
Unrestricted	12,051,605	5,592,140	17,643,745	-	-	17,643,745
Temporarily restricted	-	-	-	116,257	-	116,257
Permanently restricted	-	-	-	-	141,416	141,416
Total net assets	12,051,605	5,592,140	17,643,745	116,257	141,416	17,901,418
Total liabilities and net assets	<u>\$ 12,951,362</u>	<u>\$ 5,592,140</u>	<u>\$ 18,543,502</u>	<u>\$ 116,257</u>	<u>\$ 141,416</u>	<u>\$ 18,801,175</u>

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	Total
Public support:				
Annual giving	\$ 647,630	\$ 40,554	\$ -	\$ 688,184
Community receptions, net	151,410	26,082	-	177,492
Golf tournament, net	66,785	-	-	66,785
United Way contributions	6,198	48,621	-	54,819
In-kind contributions	2,824	-	-	2,824
Total public support	874,847	115,257	-	990,104
Revenue:				
Program related revenue:				
Cookie sales, net (Note 9)	2,675,934	-	-	2,675,934
Camping fees	465,726	-	-	465,726
Program fees	212,331	-	-	212,331
Sale of merchandise, gross	457,534	-	-	457,534
Less: Cost of sales	(314,570)	-	-	(314,570)
Other income, net	132,749	-	-	132,749
Total revenue	3,629,704	-	-	3,629,704
Net assets released from restrictions:				
Satisfaction of program and time restrictions	133,419	(133,419)	-	-
Total revenues, gains and other support	4,637,970	(18,162)	-	4,619,808
Expenses:				
Program services	4,200,348	-	-	4,200,348
Supporting services:				
Management and general	316,697	-	-	316,697
Fundraising and community relations	414,645	-	-	414,645
Total expenses	4,931,690	-	-	4,931,690
Change in net assets from operating activities	(293,720)	(18,162)	-	(311,882)
Nonoperating activities:				
Investment income, net (Note 3)	115,539	-	-	115,539
Net loss on investments (Note 3)	(748,465)	-	-	(748,465)
Change in net assets	(926,646)	(18,162)	-	(944,808)
Net assets, beginning of year	18,570,391	134,419	141,416	18,846,226
Net assets, end of year	\$ 17,643,745	\$ 116,257	\$ 141,416	\$ 17,901,418

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2015

	<u>Supporting Services</u>				
			<u>Fundraising and Community</u>	<u>Total Supporting</u>	
	<u>Program Services</u>	<u>Management and General</u>	<u>Relations</u>	<u>Services</u>	<u>Total</u>
Salaries	\$1,614,082	\$ 127,638	\$ 223,522	\$ 351,160	\$1,965,242
Employee health and other benefits	304,360	23,979	42,099	66,078	370,438
Payroll taxes	135,116	10,758	20,321	31,079	166,195
 Total salaries and related expenses	 2,053,558	 162,375	 285,942	 448,317	 2,501,875
Occupancy	484,096	6,527	26,171	32,698	516,794
Legal fees	259,340	112,111	150	112,261	371,601
Conferences, conventions, meetings and training	179,013	3,944	18,058	22,002	201,015
Supplies	190,065	1,023	5,394	6,417	196,482
Professional fees	134,020	16,712	23,275	39,987	174,007
Scholarships and financial aid	89,549	-	-	-	89,549
Capital budget - repairs and maintenance	87,347	-	-	-	87,347
Travel	76,391	1,165	7,639	8,804	85,195
Telephone	70,773	2,522	6,541	9,063	79,836
Printing and publications	64,192	2,555	9,565	12,120	76,312
Program consultants	70,550	1,228	1,417	2,645	73,195
Awards and gifts	38,982	412	3,181	3,593	42,575
Rental, repair and maintenance	31,249	1,340	2,353	3,693	34,942
Insurance	26,769	1,846	3,448	5,294	32,063
Miscellaneous	21,686	1,698	4,439	6,137	27,823
Postage and shipping	15,532	571	2,727	3,298	18,830
Area fundraising	-	-	13,200	13,200	13,200
Membership dues	3,717	668	1,145	1,813	5,530
 Total expenses before depreciation	 3,896,829	 316,697	 414,645	 731,342	 4,628,171
Depreciation (Note 4)	303,519	-	-	-	303,519
 Total expenses	 <u>\$4,200,348</u>	 <u>\$ 316,697</u>	 <u>\$ 414,645</u>	 <u>\$ 731,342</u>	 <u>\$4,931,690</u>

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2015

Cash flows from operating activities:	
Change in net assets	\$ (944,808)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	303,519
Net loss on investments	748,465
Changes in operating assets and liabilities:	
Unconditional promises to give	(13,959)
Accounts receivable	12,344
Inventory	(25,214)
Prepaid expenses	20,125
Accounts payable	16,210
Accrued liabilities	215,522
Deferred income	13,660
Custodian funds	1,435
	<hr/>
Net cash provided by operating activities	347,299
	<hr/>
Cash flows from investing activities:	
Proceeds from sale of investments	4,352,862
Purchases of investments	(4,445,797)
Purchases of land, buildings and equipment	(15,555)
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Net cash used in investing activities	(108,490)
	<hr/>
Net increase in cash and cash equivalents	238,809
Cash and cash equivalents, beginning of year	5,566,931
	<hr/>
Cash and cash equivalents, end of year	<u><u>\$ 5,805,740</u></u>

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Girl Scouts of Middle Tennessee, Inc. and affiliate (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.

Principles of Consolidation

The financial statements include the accounts of the Girl Scouts of Middle Tennessee, Inc. and its affiliated supporting organization, Sue Peters Foundation for Girls of Character, Courage, and Confidence in Middle Tennessee Trust. All significant inter-entity transactions and balances have been eliminated in consolidation.

Sue Peters Foundation for Girls of Character, Courage, and Confidence in Middle Tennessee Trust

The Sue Peters Foundation for Girls of Character, Courage, and Confidence in Middle Tennessee Trust (the “Trust”) was established on December 11, 2014 and is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Trust was established to support Girl Scouts of Middle Tennessee, Inc. by providing real estate to be used for outdoor programs, a central office for the agency to conduct its operations, and scholarship opportunities for Gold Scout Gold Award recipients. Land, buildings, and equipment, as well as cash and cash equivalents of \$210,000, were transferred from Girl Scouts of Middle Tennessee, Inc. to the Trust during fiscal 2015. The financial statements of the Trust are consolidated with those of Girl Scouts of Middle Tennessee, Inc. in the accompanying consolidated financial statements, as Girl Scouts of Middle Tennessee, Inc. controls the Trust through the appointment of its board of directors. Girl Scouts of Middle Tennessee, Inc. has entered into agreements to lease certain properties from the Trust and also to provide administrative services to the Trust. These intercompany transactions are eliminated in consolidation. At September 30, 2015, net assets of \$200,000 held by the Trust were board designated for The Girl Scouts of Middle Tennessee Agenia Clark Gold Award Scholarship for Excellence in Leadership scholarship fund.

Basis of Presentation

The accompanying consolidated 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:

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

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 net assets are primarily comprised of the original endowment gifts 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 for the Organization's operations.

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.

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. The Organization purchases a majority of its merchandise inventory from one vendor. During the year ended September 30, 2015, approximately 94% of the Organization's merchandise inventory was purchased from the vendor.

Investments

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

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 which extend the useful life of the asset over one year 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 Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”), 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 FASB ASC 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.

Membership

Membership fees of \$15 per member are collected and forwarded to Girl Scouts of the United States of America. Accordingly, no membership fees are reflected in the statement of activities.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement 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 practical. Management and general expenses include those expenses that are not directly identifiable

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation (Continued)

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 consolidated statement 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

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.

The Organization follows FASB ASC guidance clarifying the accounting for uncertainty in income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying consolidated financial statements. Tax years that remain open for examination include years ended September 30, 2012 through September 30, 2015.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization evaluated subsequent events through December 22, 2015, when these consolidated financial statements were available to be issued. Except for the item described in Note 9, management is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying consolidated financial statements.

NOTE 2 – PROMISES TO GIVE

Unconditional promises to give consist of the following at September 30, 2015:

United Way allocations	\$ 48,621
Other	<u>42,457</u>
Total unconditional promises to give	<u>\$ 91,078</u>
Receivable in less than one year	\$ 81,078
Receivable in one to five years	<u>10,000</u>
	<u>\$ 91,078</u>

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 AND FAIR VALUE MEASUREMENTS

The Organization has adopted the provisions of the Fair Value Measurement topic of the FASB ASC. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. 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

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

minimize the use of unobservable inputs. The applicable levels of the fair value hierarchy 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 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 the 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2015.

Level 1 assets – determined by obtaining quoted market prices in active markets

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.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money market funds	\$ 399,427	\$ -	\$ -	\$ 399,427
Treasury bills	250,002	-	-	250,002
Fixed income funds:				
Short duration fixed income	480,526	-	-	480,526
Long duration fixed income	2,123,933	-	-	2,123,933
Total fixed income	2,604,459	-	-	2,604,459
Equity funds:				
Small/mid cap US funds	1,151,307	-	-	1,151,307
Large cap US funds	35,562	-	-	35,562
Large cap foreign funds	676,580	-	-	676,580
Master limited partnership funds	422,874	-	-	422,874
Small bond funds	69,654	-	-	69,654
Broad basket funds	269,557	-	-	269,557
Total equity funds	2,625,534	-	-	2,625,534
Common stock:				
Healthcare	227,804	-	-	227,804
Technology	227,624	-	-	227,624
Financial	243,345	-	-	243,345
Consumer goods	186,370	-	-	186,370
Services	159,448	-	-	159,448
Industrial goods	131,926	-	-	131,926
Basic materials	117,735	-	-	117,735
Other	298	-	-	298
Total common stock	1,294,550	-	-	1,294,550
Total investments at fair value	\$ 7,173,972	\$ -	\$ -	\$ 7,173,972

Net loss on investments amounted to \$748,465 for the year ended September 30, 2015.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

The following schedule summarizes the net investment income for the years ended September 30, 2015:

Interest and dividends	\$ 155,975
Investment fees	<u>(40,436)</u>
	<u>\$ 115,539</u>

NOTE 4 – LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following at September 30, 2015:

		<u>Estimated Useful Lives</u>
Land	\$ 1,079,505	
Office buildings	2,026,099	40 years
Campsite facilities	8,024,685	5 to 15 years
Land improvements	763,859	5 to 15 years
Equipment	<u>1,502,252</u>	3 to 12 years
Subtotal	13,396,400	
Less accumulated depreciation	<u>(7,804,260)</u>	
Total	<u>\$ 5,592,140</u>	

Depreciation expense amounted to \$303,519 for the year ended September 30, 2015.

NOTE 5 – LEASE COMMITMENTS

The Organization entered into lease agreements for office space, copiers and a postage machine that have been accounted for as operating leases. At September 30, 2015, future minimum annual lease payments under noncancelable lease obligations are as follows:

<u>Year ending September 30,</u>	
2016	\$ 19,515
2017	4,116
2018	4,116
2019	-
2020	<u>-</u>
	<u>\$ 27,747</u>

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 5 – LEASE COMMITMENTS (Continued)

Rent expense under all lease agreements totaled \$78,290 for the year ended September 30, 2015.

Property on which the Organization has a campsite facility is leased through the year 2025 from the United States Army Corp of Engineers, Nashville District, for one dollar for the term of the agreement.

NOTE 6 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at September 30, 2015:

Unconditional promises to give due in future periods	\$ 91,078
L.E.A.D. program	<u>25,179</u>
	<u>\$ 116,257</u>

Permanently restricted net assets are comprised of the following at September 30, 2015:

Dorothy May Campership fund	\$ 78,657
Judy Smith Promise Circle	42,102
Sue Peters endowment	12,363
Fran Barge endowment	<u>8,294</u>
	<u>\$ 141,416</u>

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

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.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 6 – RESTRICTIONS ON NET ASSETS (Continued)

Endowment Net Asset Composition by Type of Fund as of September 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ -	\$ -	\$ 141,416	\$ 141,416

Changes in Endowment Net Assets for the Year Ended September 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 8,485	\$ 141,416	\$ 149,901
Investment return: Net depreciation (realized and unrealized)	-	(8,485)	-	(8,485)
Endowment net assets, end of year	\$ -	\$ -	\$ 141,416	\$ 141,416

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.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 7 – 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 and investments. The Organization's cash and cash equivalent balances generally exceed Federal Deposit Insurance Corporation (FDIC) insured limits. The Organization has not experienced any losses in these balances and considers this to be a normal business risk. The Organization had approximately \$3,770,000 of cash and cash equivalents in excess of FDIC insured limits at September 30, 2015.

The Organization's investments are subject to market risk, the risk inherent in a fluctuating market. To minimize risk related to investments, the Organization's investment portfolio is diversified among a variety of asset categories. The Organization regularly evaluates its investment strategy.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLAN

On January 1, 2013, the Organization adopted a 403(b) retirement plan. Employees who work at least 20 hours per week are eligible to contribute to the 403(b) plan upon reaching age 18. Effective January 1, 2014, unless the participant makes a contrary election, the Organization will automatically withhold 6% from the participant's payroll each pay period. Employees are eligible to receive discretionary contributions upon reaching age 18 and completing one year of qualified service. No discretionary contributions were made for the year ended September 30, 2015.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

The Organization participates in the National Girl Scout Council Retirement Plan (the "Plan"), a multi-employer, noncontributory, defined benefit pension plan sponsored by Girl Scouts of the USA ("GSUSA") (EIN 13-1624016; PN 002). Effective July 31, 2010, the Plan was frozen to new entrants and to further benefit accruals for existing participants, although previously earned benefits can continue to vest. Accrued benefits earned prior to July 31, 2010 are based on years of service and salary levels.

The accumulated plan benefits exceeded net plan assets as of January 1, 2015. The actuarial valuation of the total Plan conducted by Girl Scouts of the USA, estimated that the status of the funding liability – stabilized basis, calculated based on the requirements of the Pension Protection Act of 2006, was at least 80% at January 1, 2015.

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 Organization as a standalone

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2015

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

operation. In addition, because the Plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements under FASB ASC guidance for employee benefit plans.

Management and the board of directors engaged ERISA counsel to assist the Organization in exploring its options with respect to the Plan and authorized legal counsel to seek legal remedies. Based on this counsel, the Organization brought a lawsuit against Girl Scouts of the USA seeking to withdraw from the Plan and other appropriate remedies. As a result, effective June 2013, the Organization suspended making contributions to the Plan. A motion by GSUSA seeking dismissal of the lawsuit was granted by the District Court. In June 2015, an appeal was filed with the United States Supreme Court.

On October 1, 2015, GSUSA and the Organization reached a settlement agreement which permits the Organization to withdraw from the National Girl Scout Council Retirement Plan. As part of the agreement, the Organization agreed to remit accrued contributions and to establish a single-employer plan. After an actuarial assessment is conducted to assess the valuation of the assets and liabilities related to the Organization, the Organization will transfer funds into the Plan to fully-fund the benefit liabilities attributed to the Organization. The related assets are scheduled to be transferred into the Organization's new single-employer pension plan in January 2016. In October 2015, accrued contributions and projected contributions related to the Plan were remitted to GSUSA. As of the date of this report, the actuarial assessment had not been completed, as such, the final valuation is not known. However, management estimates approximately \$2,300,000 will be needed to fully-fund the Organization's portion of liabilities. On December 1, 2015, \$1,000,000 was transferred into the Plan as a first installment in the funding process.

SUPPLEMENTARY INFORMATION

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2015

	Girl Scouts of Middle Tennessee, Inc.	Sue Peters Foundation	Consolidating Entries	Consolidated
	Assets			
Current assets:				
Cash and cash equivalents (Note 1)	\$ 5,597,288	\$ 208,452	\$ -	\$ 5,805,740
Unconditional promises to give -				
United Way and other (Note 1, 2, 6)	81,078	-	-	81,078
Accounts receivable, net	8,126	-	-	8,126
Inventory (Note 1)	112,600	-	-	112,600
Prepaid expenses	17,519	-	-	17,519
Intercompany receivables	75,497	-	(75,497)	-
Total current assets	5,892,108	208,452	(75,497)	6,025,063
Unconditional promises to give - noncurrent	10,000	-	-	10,000
Land, buildings and equipment (net				
of accumulated depreciation) (Note 1, 4)	9,808	5,582,332	-	5,592,140
Investments (Note 1, 3)	7,173,972	-	-	7,173,972
Total assets	<u>\$ 13,085,888</u>	<u>\$ 5,790,784</u>	<u>\$ (75,497)</u>	<u>\$ 18,801,175</u>
	Liabilities and Net Assets			
Current liabilities:				
Accounts payable	\$ 123,014	\$ -	\$ -	\$ 123,014
Accrued liabilities	636,453	-	-	636,453
Deferred income	96,479	12,500	-	108,979
Intercompany payables	-	75,497	(75,497)	-
Total current liabilities	855,946	87,997	(75,497)	868,446
Custodian funds	31,311	-	-	31,311
Total liabilities	887,257	87,997	(75,497)	899,757
Net assets (Note 1, 6):				
Unrestricted	11,940,958	5,702,787	-	17,643,745
Temporarily restricted	116,257	-	-	116,257
Permanently restricted	141,416	-	-	141,416
Total net assets	12,198,631	5,702,787	-	17,901,418
Total liabilities and net assets	<u>\$ 13,085,888</u>	<u>\$ 5,790,784</u>	<u>\$ (75,497)</u>	<u>\$ 18,801,175</u>

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2015

	Girl Scouts of Middle Tennessee, Inc.	Sue Peters Foundation	Consolidating Entries	Consolidated
Public support:				
Annual giving	\$ 688,184	\$ -	\$ -	\$ 688,184
Community receptions, net	177,492	-	-	177,492
Golf tournament, net	66,785	-	-	66,785
United Way contributions	54,819	-	-	54,819
In-kind contributions	2,824	-	-	2,824
Total public support	990,104	-	-	990,104
Revenue:				
Program related revenue:				
Cookie sales, net (Note 9)	2,675,934	-	-	2,675,934
Camping fees	465,726	-	-	465,726
Program fees	212,331	-	-	212,331
Sale of merchandise, gross	457,534	-	-	457,534
Less: Cost of sales	(314,570)	-	-	(314,570)
Other income, net	137,146	37,603	(42,000)	132,749
Total revenue	3,634,101	37,603	(42,000)	3,629,704
Total revenues, gains and other support	4,624,205	37,603	(42,000)	4,619,808
Expenses:				
Program services	4,022,599	215,249	(37,500)	4,200,348
Supporting services:				
Management and general	203,200	117,997	(4,500)	316,697
Fundraising and community relations	414,645	-	-	414,645
Total expenses	4,640,444	333,246	(42,000)	4,931,690
Change in net assets from operating activities	(16,239)	(295,643)	-	(311,882)
Nonoperating activities:				
Investment income, net (Note 3)	115,539	-	-	115,539
Net loss on investments (Note 3)	(748,465)	-	-	(748,465)
Change in net assets	(649,165)	(295,643)	-	(944,808)
Net assets, beginning of year	18,846,226	-	-	18,846,226
Transfer of net assets	(5,998,430)	5,998,430	-	-
Net assets, end of year	\$ 12,198,631	\$ 5,702,787	\$ -	\$ 17,901,418

See accompanying notes.