

**GIRL SCOUT COUNCIL
OF CUMBERLAND VALLEY**

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

September 30, 2006 and 2005

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scout Council of Cumberland Valley

We have audited the accompanying statements of financial position of Girl Scout Council of Cumberland Valley as of September 30, 2006 and 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Council'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 Scout Council of Cumberland Valley as of September 30, 2006 and 2005, 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

November 10, 2006

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
STATEMENTS OF FINANCIAL POSITION
September 30, 2006 and 2005

	UNRESTRICTED					
	Camping, Operating and Special Project Reserves	Land, Bldgs. & Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	2006 Total
ASSETS						
Current assets:						
Cash and cash equivalents (Note 1)	\$ 3,633,155	\$ -	\$ 3,633,155	\$ 36,544	\$ -	\$ 3,669,699
Unconditional promises to give -						
United Way and other (Note 1, 2, 7)	-	-	-	288,200	-	288,200
Unconditional promises to give - Capital Campaign (Note 1, 2, 7)	-	-	-	74,704	-	74,704
Accounts receivable	32,404	-	32,404	-	-	32,404
Inventory (Note 1)	124,064	-	124,064	-	-	124,064
Prepaid expenses	61,855	-	61,855	-	-	61,855
Total current assets	3,851,478	-	3,851,478	399,448	-	4,250,926
Land, buildings and equipment (net of accumulated depreciation of \$5,918,985 and \$6,137,356 (Note 1, 4))	-	5,796,610	5,796,610	-	-	5,796,610
Other non-current assets:						
Unconditional promises to give - Capital Campaign (Note 1, 2, 7)	-	-	-	6,380	-	6,380
Long-term investments (Note 1, 3)	4,396,604	-	4,396,604	8,896	1,150,870	5,556,370
Total assets	\$ 8,248,082	\$ 5,796,610	\$ 14,044,692	\$ 414,724	\$ 1,150,870	\$ 15,610,286
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ 74,879	\$ -	\$ 74,879	\$ -	\$ -	\$ 74,879
Accrued liabilities	131,144	-	131,144	-	-	131,144
Deferred income	175,095	-	175,095	-	-	175,095
Note payable	9,805	-	9,805	-	-	9,805
Total current liabilities	390,923	-	390,923	-	-	390,923
Custodian funds	29,068	-	29,068	-	-	29,068
Note payable	-	-	-	-	-	-
Total liabilities	419,991	-	419,991	-	-	419,991
Net assets (Note 1, 7):						
Unrestricted:						
Designated for camp improvements	-	116,437	116,437	-	-	116,437
Other unrestricted	7,828,091	5,680,173	13,508,264	-	-	13,508,264
Total unrestricted	7,828,091	5,796,610	13,624,701	-	-	13,624,701
Temporarily restricted	-	-	-	414,724	-	414,724
Permanently restricted	-	-	-	-	1,150,870	1,150,870
Total net assets	7,828,091	5,796,610	13,624,701	414,724	1,150,870	15,190,295
Total liabilities and net assets	\$ 8,248,082	\$ 5,796,610	\$ 14,044,692	\$ 414,724	\$ 1,150,870	\$ 15,610,286

See accompanying notes.

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
STATEMENT OF ACTIVITIES
For the year ended September 30, 2006

	Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	Total	2005
Public support:					
Annual giving (Note 1)	\$ 801,244	\$ -	\$ -	\$ 801,244	\$ 808,379
United Way contributions	-	339,751	-	339,751	380,032
Golf tournament, net	38,675	-	-	38,675	-
Gold Award Luncheon, net	120,666	-	-	120,666	115,990
Subtotal public support	960,585	339,751	-	1,300,336	1,304,401
Capital campaign	-	-	-	-	-
Total public support	960,585	339,751	-	1,300,336	1,304,401
Revenue:					
Program related revenue:					
Cookie sales, net (Note 10)	2,893,270	-	-	2,893,270	3,009,799
Camping fees	348,891	-	-	348,891	322,460
Program fees	100,155	-	-	100,155	100,604
Government grants	13,771	-	-	13,771	137,047
Sale of merchandise, gross	451,348	-	-	451,348	457,914
Less: Cost of sales	(369,601)	-	-	(369,601)	(385,010)
In-kind contributions	-	38,362	-	38,362	4,056
Investment income (Note 3)	275,024	-	11,910	286,934	158,788
Net gain on investments (Note 3)	230,527	-	-	230,527	413,454
Net gain on disposal of assets	186,833	-	-	186,833	-
Other income, net	66,759	-	-	66,759	89,884
Total revenue	4,196,977	38,362	11,910	4,247,249	4,308,996
Net assets released from restrictions:					
Satisfaction of program and time restrictions	479,260	(479,260)	-	-	-
Total revenues, gains and other support	5,636,822	(101,147)	11,910	5,547,585	5,613,397
Expenses:					
Program services	4,113,724	-	-	4,113,724	4,112,810
Supporting services:					
Management and general	336,345	-	-	336,345	303,934
Fundraising and community relations	363,974	-	-	363,974	322,537
Total expenses	4,814,043	-	-	4,814,043	4,739,281
Change in net assets	822,779	(101,147)	11,910	733,542	874,116
Net assets, beginning of year	12,801,922	515,871	1,138,960	14,456,753	13,582,637
Net assets, end of year	<u>\$ 13,624,701</u>	<u>\$ 414,724</u>	<u>\$ 1,150,870</u>	<u>\$15,190,295</u>	<u>\$14,456,753</u>

See accompanying notes.

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
STATEMENT OF ACTIVITIES
For the year ended September 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted Endowment</u>	<u>Total</u>	<u>2004</u>
Public support:					
Annual giving (Note 1)	\$ 808,379	\$ -	\$ -	\$ 808,379	\$ 728,656
United Way contributions	-	380,032	-	380,032	462,566
Golf tournament, net	-	-	-	-	49,402
Gold Award Luncheon, net	115,990	-	-	115,990	109,152
Subtotal public support	924,369	380,032	-	1,304,401	1,349,776
Capital campaign	-	-	-	-	188,897
Total public support	924,369	380,032	-	1,304,401	1,538,673
Revenue:					
Program related revenue:					
Cookie sales, net (Note 10)	3,009,799	-	-	3,009,799	3,042,262
Camping fees	322,460	-	-	322,460	291,810
Program fees	100,604	-	-	100,604	124,900
Government grants	137,047	-	-	137,047	88,471
Sale of merchandise, gross	457,914	-	-	457,914	480,369
Less: Cost of sales	(385,010)	-	-	(385,010)	(469,943)
In-kind contributions	-	4,056	-	4,056	3,762
Investment income (Note 3)	122,807	-	35,981	158,788	105,450
Net gain on investments (Note 3)	413,454	-	-	413,454	272,290
Other income, net	89,884	-	-	89,884	90,277
Total revenue	4,268,959	4,056	35,981	4,308,996	4,029,648
Net assets released from restrictions:					
Satisfaction of program and time restrictions	917,923	(917,923)	-	-	-
Total revenues, gains and other support	6,111,251	(533,835)	35,981	5,613,397	5,568,321
Expenses:					
Program services	4,112,810	-	-	4,112,810	4,036,373
Supporting services:					
Management and general	303,934	-	-	303,934	241,766
Fundraising and community relations	322,537	-	-	322,537	731,997
Total expenses	4,739,281	-	-	4,739,281	5,010,136
Losses:					
Provision for loss on uncollectible contributions	-	-	-	-	25,000
Change in net assets	1,371,970	(533,835)	35,981	874,116	533,185
Net assets, beginning of year	11,429,952	1,049,706	1,102,979	13,582,637	13,049,452
Net assets, end of year	<u>\$12,801,922</u>	<u>\$ 515,871</u>	<u>\$ 1,138,960</u>	<u>\$14,456,753</u>	<u>\$13,582,637</u>

See accompanying notes.

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2006

	SUPPORTING SERVICES				Total
	Program Services	Management & General	Fundraising and Community Relations	Total Supporting Services	
Salaries	\$ 2,029,921	\$ 198,301	\$ 229,215	\$ 427,516	\$ 2,457,437
Employee health and retirement benefits	225,381	21,996	25,443	47,439	272,820
Payroll taxes	235,408	22,975	26,575	49,550	284,958
Total salaries and related expenses	2,490,710	243,272	281,233	524,505	3,015,215
Occupancy	369,989	6,315	9,803	16,118	386,107
Supplies	144,015	2,390	8,288	10,678	154,693
Conferences, conventions, meetings and training	126,577	4,609	8,633	13,242	139,819
Insurance	87,840	6,910	7,992	14,902	102,742
Travel	90,672	3,076	6,563	9,639	100,311
Telephone	62,521	2,426	3,678	6,104	68,625
Rental, repair and maintenance	59,937	3,498	4,307	7,805	67,742
Program consultants	63,542	1,536	1,429	2,965	66,507
Professional fees	52,232	4,638	3,232	7,870	60,102
Scholarships and financial aid	59,818	-	-	-	59,818
Printing and publications	48,926	274	8,644	8,918	57,844
Capital budget - repairs and maintenance	55,105	-	-	-	55,105
Trust fund management fee	-	44,202	-	44,202	44,202
Postage and shipping	24,461	1,540	6,541	8,081	32,542
Awards and gifts	26,253	279	2,853	3,132	29,385
Miscellaneous	16,302	196	2,610	2,806	19,108
Bad debts	6,960	679	1,786	2,465	9,425
Membership dues	4,910	1,520	989	2,509	7,419
Total expenses before depreciation	3,790,770	327,360	358,581	685,941	4,476,711
Depreciation (Note 4)	322,954	8,985	5,393	14,378	337,332
Total expenses	<u>\$ 4,113,724</u>	<u>\$ 336,345</u>	<u>\$ 363,974</u>	<u>\$ 700,319</u>	<u>\$ 4,814,043</u>

See accompanying notes.

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2005

	SUPPORTING SERVICES				Total
	Program Services	Management & General	Fundraising and Community Relations	Total Supporting Services	
Salaries	\$1,977,448	\$ 177,704	\$ 197,111	\$ 374,815	\$2,352,263
Employee health and retirement benefits	233,513	21,010	23,383	44,393	277,906
Payroll taxes	201,237	18,106	20,151	38,257	239,494
Total salaries and related expenses	2,412,198	216,820	240,645	457,465	2,869,663
Occupancy	385,260	6,968	9,907	16,875	402,135
Conferences, conventions, meetings and training	115,522	9,856	10,234	20,090	135,612
Supplies	121,228	1,437	6,600	8,037	129,265
Capital budget - repairs and maintenance	125,794	-	-	-	125,794
Insurance	104,293	6,320	7,034	13,354	117,647
Scholarships and financial aid	114,159	-	-	-	114,159
Travel	69,364	6,599	6,787	13,386	82,750
Program consultants	71,933	969	808	1,777	73,710
Professional fees	58,491	2,614	3,222	5,836	64,327
Printing and publications	55,320	724	7,229	7,953	63,273
Telephone	38,235	7,760	4,440	12,200	50,435
Awards and gifts	31,045	694	2,658	3,352	34,397
Trust fund management fee	-	31,884	-	31,884	31,884
Postage and shipping	17,047	1,129	4,632	5,761	22,808
Miscellaneous	15,869	615	4,050	4,665	20,534
Rental, repair and maintenance	16,916	345	645	990	17,906
Interest expense	7,297	-	757	757	8,054
Membership dues	2,854	775	1,012	1,787	4,641
Bad debts	-	-	2,500	2,500	2,500
Total expenses before depreciation	3,762,825	295,509	313,160	608,669	4,371,494
Depreciation (Note 4)	349,985	8,425	9,377	17,802	367,787
Total expenses	<u>\$4,112,810</u>	<u>\$ 303,934</u>	<u>\$ 322,537</u>	<u>\$626,471</u>	<u>\$4,739,281</u>

See accompanying notes.

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Cash flows from operating activities:		
Change in net assets	\$ 733,542	\$ 874,116
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of equipment	(27,245)	-
Depreciation	337,332	367,787
Realized and unrealized gains on investments	(230,527)	(413,454)
Gain on disposal of fixed assets	(186,833)	(643)
Changes in operating assets and liabilities:		
Unconditional promises to give	137,147	258,383
Accounts receivable	69,424	(22,027)
Inventory	(12,168)	45,222
Prepaid expenses	33,113	(41,758)
Accounts payable	23,471	(21,094)
Accrued liabilities	30,114	(9,010)
Deferred income	128,563	(8,802)
Custodian funds	(2,264)	(17,780)
Net cash provided by operating activities	<u>1,033,669</u>	<u>1,010,940</u>
Cash flows from investing activities:		
Proceeds from sale of investments	2,676,666	2,470,082
Purchases of investments	(2,820,998)	(3,039,137)
Proceeds from disposal of land, buildings and equipment	231,512	-
Purchases of land, buildings and equipment	(104,924)	(193,879)
Net cash used in investing activities	<u>(17,744)</u>	<u>(762,934)</u>
Cash flows from financing activities:		
Net payments on line of credit	-	(707,000)
Payments on capital lease obligations	-	(44,929)
Payments on note payable	(9,806)	(9,805)
Net cash used in financing activities	<u>(9,806)</u>	<u>(761,734)</u>
Net increase (decrease) in cash and cash equivalents	1,006,119	(513,728)
Cash and cash equivalents, beginning of year	<u>2,663,580</u>	<u>3,177,308</u>
Cash and cash equivalents, end of year	<u>\$ 3,669,699</u>	<u>\$ 2,663,580</u>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ -</u>	<u>\$ 8,054</u>
Contribution of equipment	<u>\$ 27,245</u>	<u>\$ -</u>

See accompanying notes.

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
NOTES TO FINANCIAL STATEMENTS
September 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Girl Scout Council of Cumberland Valley (the “Council”) provides programs and administrative support for local Girl Scout troops in Middle Tennessee and Southern Kentucky. The Council is supported primarily through public support and the sale of cookies and merchandise. The following is a summary of the Council’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 Council’s Board for particular purposes, presently designated by the Board for camp improvements.

Temporarily restricted net assets - net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Council 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 Council. Permanently restricted assets are primarily comprised of the original endowment gift given to the Council by donors. Generally, the donors of these assets permit the Council to use all or part of the income from these assets.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Council 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 SCOUT COUNCIL OF CUMBERLAND VALLEY
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year 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.

Land, Buildings and Equipment

Land, buildings and equipment are recorded at cost to the Council, 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.

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 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 Council.

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2006 and 2005

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

The Council 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>2006</u>	<u>2005</u>
United Way allocations	\$ 270,190	\$ 309,795
Capital Campaign	102,282	209,844
Other	<u>18,010</u>	<u>15,107</u>
	390,482	534,746
Less allowance for uncollectible amounts	(21,198)	(24,053)
Less discount to net present value	<u>-</u>	<u>(4,262)</u>
Net unconditional promises to give	<u>\$ 369,284</u>	<u>\$ 506,431</u>
Receivable in less than one year, net	\$ 362,904	\$ 433,598
Receivable in one to five years, net	<u>6,380</u>	<u>72,833</u>
	<u>\$ 369,284</u>	<u>\$ 506,431</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.

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2006 and 2005

NOTE 3 – INVESTMENTS

Investments consist of the following at September 30:

	<u>2006</u>		<u>2005</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Corporate bonds and bond mutual funds	\$ 1,364,325	\$ 1,350,449	\$ 1,291,312	\$ 1,298,507
Short-term investments	404,619	404,619	905,864	905,864
Common stocks and stock mutual funds	<u>3,182,167</u>	<u>3,801,302</u>	<u>2,460,465</u>	<u>2,977,140</u>
	<u>\$ 4,951,111</u>	<u>\$ 5,556,370</u>	<u>\$ 4,657,641</u>	<u>\$ 5,181,511</u>

During 2006 and 2005, interest and dividends earned from investments totaled \$286,934 and \$158,788, respectively. Net appreciation on investments amounted to \$230,527 and \$413,454 for the years ended September 30, 2006 and 2005, respectively.

NOTE 4 – LAND, BUILDINGS AND EQUIPMENT

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

	<u>2006</u>	<u>2005</u>	<u>Estimated Useful Lives</u>
Land	\$ 1,079,504	\$ 1,079,504	
Campsite facilities	6,224,295	6,561,502	5 to 15 years
Office buildings	1,970,497	1,969,659	40 years
Equipment	1,677,439	1,809,283	3 to 12 years
Land improvements	<u>763,860</u>	<u>763,860</u>	5 to 15 years
Subtotal	11,715,595	12,183,808	
Less accumulated depreciation	<u>(5,918,985)</u>	<u>(6,137,356)</u>	
Total	<u>\$ 5,796,610</u>	<u>\$ 6,046,452</u>	

Depreciation expense amounted to \$337,332 and \$367,787 for the years ended September 30, 2006 and 2005, respectively.

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2006 and 2005

NOTE 5 – LEASE COMMITMENT

During fiscal 2005, the Council 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, 2006, future minimum annual lease payments under noncancelable lease obligations are as follows:

Year ending September 30,	
2007	\$ 27,576
2008	27,576
2009	27,576
2010	13,788
2011	<u>-</u>
	<u>\$ 96,516</u>

NOTE 6 – RESTRICTIONS ON NET ASSETS

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

	<u>2006</u>	<u>2005</u>
Unconditional promises to give due in future periods	\$ 369,284	\$ 506,431
Contributions received for capital campaign	-	544
Funds restricted by purpose and/or time	<u>45,440</u>	<u>8,896</u>
	<u>\$ 414,724</u>	<u>\$ 515,871</u>

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

	<u>2006</u>	<u>2005</u>
General endowment	\$ 637,042	\$ 642,375
Service center endowment	404,611	392,826
Sue Peters endowment	10,052	9,759
Fran Barge endowment	6,744	6,547
Dorothy May Campership fund	58,188	54,217
Judy Smith Promise Circle	<u>34,233</u>	<u>33,236</u>
	<u>\$1,150,870</u>	<u>\$1,138,960</u>

GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2006 and 2005

NOTE 7 – RETIREMENT PLAN

The Council participates in the National Girl Scout Council Retirement Plan covering various Girl Scout Councils. The plan is a noncontributory defined benefit pension plan, covering substantially all employees of various Girl Scout Councils. It is not practicable for the actuary to compute accumulated and projected benefit obligations for individual councils. Effective January 1, 2000, the rate of contribution is 3.0% of covered payroll. The amounts charged to Council pension expense and contributed to the plan for the years ended September 30, 2006 and 2005 were \$43,174 and \$48,308, respectively.

NOTE 8 – TAX EXEMPTION

The Council is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and the Council 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 Council 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 Council's programs and services.

Financial instruments that potentially subject the Council to credit risk consist principally of cash and cash equivalents, unconditional promises to give, and investments. Cash and cash equivalent balances are maintained in excess of Federal Deposit Insurance Corporation insured amounts.