

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

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

September 30, 2008 and 2007

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, 2008 and 2007, 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, 2008 and 2007, 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 8, 2008

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2008 and 2007

	UNRESTRICTED					
	Camping, Operating and Special Project Reserves	Land, Buildings and Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	2007 Total
ASSETS						
Current assets:						
Cash and cash equivalents (Note 1)	\$ 3,809,154	\$ -	\$ 3,809,154	\$ 301,486	\$ -	\$ 4,110,640
Unconditional promises to give -						
United Way and other (Note 1, 2, 6)	-	-	-	186,501	-	306,067
Unconditional promises to give - Capital Campaign (Note 1, 2, 6)	-	-	-	293,650	-	213,150
Accounts receivable	26,848	-	26,848	-	-	60,424
Inventory (Note 1)	124,365	-	124,365	-	-	85,972
Prepaid expenses	67,356	-	67,356	-	-	88,831
Total current assets	4,027,723	-	4,027,723	781,637	-	4,809,360
Land, buildings and equipment (net of accumulated depreciation of \$6,094,901 and \$5,906,185) (Note 1, 4)	-	5,733,808	5,733,808	-	-	5,823,591
Other non-current assets:						
Unconditional promises to give - Capital Campaign (Note 1, 2, 6)	-	-	-	551,050	-	734,588
Long-term investments (Note 1, 3)	5,144,404	-	5,144,404	8,896	110,114	6,342,064
Total assets	\$ 9,172,127	\$ 5,733,808	\$ 14,905,935	\$ 1,341,583	\$ 110,114	\$ 17,709,211
LIABILITIES AND NET ASSETS						
Current liabilities:						
Accounts payable	\$ 34,909	\$ -	\$ 34,909	\$ -	\$ -	\$ 120,570
Accrued liabilities	114,788	-	114,788	-	-	122,387
Deferred income	99,916	-	99,916	-	-	84,289
Total current liabilities	249,613	-	249,613	-	-	327,246
Custodian funds	29,987	-	29,987	-	-	26,938
Total liabilities	279,600	-	279,600	-	-	354,184
Net assets (Note 1, 6):						
Unrestricted:						
Designated for camp improvements	-	-	-	-	-	154,502
Designated - general	-	-	-	-	-	1,041,653
Other unrestricted	8,892,527	5,733,808	14,626,335	-	-	14,778,429
Total unrestricted	8,892,527	5,733,808	14,626,335	-	-	15,974,584
Temporarily restricted	-	-	-	1,341,583	-	1,341,583
Permanently restricted	-	-	-	-	110,114	117,742
Total net assets	8,892,527	5,733,808	14,626,335	1,341,583	110,114	17,355,027
Total liabilities and net assets	\$ 9,172,127	\$ 5,733,808	\$ 14,905,935	\$ 1,341,583	\$ 110,114	\$ 17,709,211

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
Golf tournament, net	-	-	-	-	65,952
Gold Community Luncheons, net	61,292	-	-	61,292	197,018
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)
In-kind contributions	-	56,154	-	56,154	14,943
Net gain on disposal of assets	265	-	-	265	150,102
Other income, net	88,555	-	-	88,555	117,811
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 (loss) (Note 3)	220,163	-	(7,628)	212,535	227,223
Net (loss) 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 ACTIVITIES
For the year ended September 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	Total	2006
Public support:					
Annual giving	\$ 602,162	\$ -	\$ -	\$ 602,162	\$ 801,244
United Way contributions	-	329,372	-	329,372	339,751
Golf tournament, net	65,952	-	-	65,952	38,675
Gold Community Luncheons, net	197,018	-	-	197,018	120,666
Subtotal public support	865,132	329,372	-	1,194,504	1,300,336
Capital campaign	-	955,786	-	955,786	-
Total public support	865,132	1,285,158	-	2,150,290	1,300,336
Revenue:					
Program related revenue:					
Cookie sales, net (Note 9)	2,987,630	-	-	2,987,630	2,893,270
Camping fees	333,592	-	-	333,592	348,891
Program fees	196,181	-	-	196,181	100,155
Government grants	25,279	-	-	25,279	13,771
Sale of merchandise, gross	488,204	-	-	488,204	451,348
Less: Cost of sales	(400,386)	-	-	(400,386)	(369,601)
In-kind contributions	-	14,943	-	14,943	38,362
Net gain on disposal of assets	150,102	-	-	150,102	186,833
Other income, net	117,811	-	-	117,811	66,759
Total revenue	3,898,413	14,943	-	3,913,356	3,729,788
Net assets released from restrictions:					
Satisfaction of program and time restrictions	452,124	(452,124)	-	-	-
Total revenues, gains and other support	5,215,669	847,977	-	6,063,646	5,030,124
Expenses:					
Program services	4,135,216	-	-	4,135,216	4,113,724
Supporting services:					
Management and general	294,466	-	-	294,466	336,345
Fundraising and community relations	417,581	-	-	417,581	363,974
Total expenses	4,847,263	-	-	4,847,263	4,814,043
Change in net assets from operating activities	368,406	847,977	-	1,216,383	216,081
Nonoperating activities:					
Investment income (Note 3)	218,698	-	8,525	227,223	286,934
Net gain on investments (Note 3)	721,126	-	-	721,126	230,527
Change in net assets	1,308,230	847,977	8,525	2,164,732	733,542
Transfer of net assets (Note 6)	1,041,653	-	(1,041,653)	-	-
Net assets, beginning of year	13,624,701	414,724	1,150,870	15,190,295	14,456,753
Net assets, end of year	\$15,974,584	\$ 1,262,701	\$ 117,742	\$17,355,027	\$15,190,295

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
Rental, repair and maintenance	43,322	2,350	5,226	7,576	50,898
Scholarships and financial aid	51,174	-	-	-	51,174
Postage and shipping	41,100	1,427	10,119	11,546	52,646
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.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2007

	SUPPORTING SERVICES				Total
	Program Services	Management and General	Fundraising and Community Relations	Total Supporting Services	
Salaries	\$2,119,678	\$ 175,297	\$ 272,724	\$448,021	\$ 2,567,699
Employee health and retirement benefits	215,501	17,825	27,731	45,556	261,057
Payroll taxes	190,150	15,728	24,469	40,197	230,347
Total salaries and related expenses	2,525,329	208,850	324,924	533,774	3,059,103
Occupancy	364,359	4,374	8,878	13,252	377,611
Supplies	218,975	1,606	9,310	10,916	229,891
Conferences, conventions, meetings and training	149,370	5,865	10,753	16,618	165,988
Travel	81,221	2,893	4,014	6,907	88,128
Capital budget - repairs and maintenance	84,764	-	-	-	84,764
Insurance	65,982	4,310	6,705	11,015	76,997
Professional fees	47,932	11,548	10,082	21,630	69,562
Printing and publications	54,852	1,726	10,958	12,684	67,536
Telephone	58,194	2,947	6,349	9,296	67,490
Rental, repair and maintenance	32,060	2,160	3,361	5,521	37,581
Trust fund management fee	-	35,854	-	35,854	35,854
Scholarships and financial aid	33,950	-	-	-	33,950
Program consultants	31,072	1,890	907	2,797	33,869
Awards and gifts	32,135	633	1,092	1,725	33,860
Postage and shipping	23,309	832	7,813	8,645	31,954
Miscellaneous	11,727	146	1,257	1,403	13,130
Bad debts	-	-	2,140	2,140	2,140
Membership dues	5,229	1,222	2,200	3,422	8,651
Total expenses before depreciation	3,820,460	286,856	410,743	697,599	4,518,059
Depreciation (Note 4)	314,756	7,610	6,838	14,448	329,204
Total expenses	<u>\$4,135,216</u>	<u>\$ 294,466</u>	<u>\$ 417,581</u>	<u>\$712,047</u>	<u>\$ 4,847,263</u>

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,276,995)	\$ 2,164,732
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of equipment	(3,750)	(3,270)
Depreciation	299,027	329,204
Realized and unrealized losses (gains) on investments	1,187,353	(721,126)
Loss (gain) on disposal of fixed assets	265	(150,102)
Contributions restricted for capital campaign	(301,486)	-
Changes in operating assets and liabilities:		
Unconditional promises to give	222,604	(884,521)
Accounts receivable	33,576	(28,020)
Inventory	(38,393)	38,092
Prepaid expenses	21,475	(26,976)
Accounts payable	(85,661)	45,691
Accrued liabilities	(7,599)	(8,757)
Deferred income	15,627	(90,806)
Custodian funds	3,049	(2,130)
Net cash provided by operating activities	<u>69,092</u>	<u>662,011</u>
Cash flows from investing activities:		
Proceeds from sale of investments	3,022,111	1,140,956
Purchases of investments	(3,130,814)	(1,205,524)
Proceeds from disposal of land, buildings and equipment	-	154,502
Purchases of land, buildings and equipment	(205,759)	(357,315)
Net cash used in investing activities	<u>(314,462)</u>	<u>(267,381)</u>
Cash flows from financing activities:		
Contributions restricted for capital campaign	301,486	-
Payments on note payable	-	(9,805)
Net cash provided by (used in) financing activities	<u>301,486</u>	<u>(9,805)</u>
Net increase in cash and cash equivalents	56,116	384,825
Cash and cash equivalents, beginning of year	4,054,524	3,669,699
Cash and cash equivalents, end of year	<u>\$ 4,110,640</u>	<u>\$ 4,054,524</u>
Supplemental disclosure of cash flow information:		
Contribution of equipment	<u>\$ 3,750</u>	<u>\$ 3,270</u>

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2008 and 2007

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, 2008 and 2007

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.

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.

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 Organization.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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>2008</u>	<u>2007</u>
United Way allocations	\$ 117,266	\$ 247,673
Capital Campaign	932,650	1,013,149
Other	<u>69,235</u>	<u>58,395</u>
	1,119,151	1,319,217
Less allowance for uncollectible amounts	-	-
Less discount to net present value	<u>(87,950)</u>	<u>(65,412)</u>
Net unconditional promises to give	<u>\$ 1,031,201</u>	<u>\$ 1,253,805</u>

The discount rate used to determine the present value of pledge contributions receivable was 1.57% and 3.94% at September 30, 2008 and 2007, respectively.

Receivable in less than one year	\$ 480,151	\$ 519,217
Receivable in one to five years, net	<u>551,050</u>	<u>734,588</u>
	<u>\$ 1,031,201</u>	<u>\$ 1,253,805</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 SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2008 and 2007

NOTE 3 – INVESTMENTS

Investments consist of the following at September 30:

	<u>2008</u>		<u>2007</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Common stocks and stock mutual funds	\$ 3,408,851	\$ 3,255,747	\$ 3,488,625	\$ 4,575,431
Corporate bonds and bond mutual funds	1,513,414	1,385,293	1,409,241	1,396,051
Short-term investments	576,808	577,604	370,582	370,582
Other	<u>33,249</u>	<u>44,770</u>	<u>-</u>	<u>-</u>
	<u>\$ 5,532,322</u>	<u>\$ 5,263,414</u>	<u>\$ 5,268,448</u>	<u>\$ 6,342,064</u>

During 2008 and 2007, interest and dividends earned from investments totaled \$212,535 and \$227,223, respectively. Net (depreciation)/appreciation on investments amounted to \$(1,187,353) and \$721,126 for the years ended September 30, 2008 and 2007, respectively.

Subsequent to September 30, 2008 and through December 8, 2008, the investment market experienced a significant decline in value, which materially affected the value of the investments held by the Organization.

NOTE 4 – LAND, BUILDINGS AND EQUIPMENT

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

	<u>2008</u>	<u>2007</u>	<u>Estimated Useful Lives</u>
Land	\$ 1,079,504	\$ 1,079,504	
Campsite facilities	6,263,471	6,213,413	5 to 15 years
Office buildings	2,009,727	2,009,727	40 years
Equipment	1,712,147	1,663,272	3 to 12 years
Land improvements	<u>763,860</u>	<u>763,860</u>	5 to 15 years
Subtotal	11,828,709	11,729,776	
Less accumulated depreciation	<u>(6,094,901)</u>	<u>(5,906,185)</u>	
Total	<u>\$ 5,733,808</u>	<u>\$ 5,823,591</u>	

Depreciation expense amounted to \$299,027 and \$329,204 for the years ended September 30, 2008 and 2007, respectively.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2008 and 2007

NOTE 5 – LEASE COMMITMENT

During fiscal 2005, 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, 2008, future minimum annual lease payments under noncancelable lease obligations are as follows:

Year ending September 30,	
2009	\$ 27,576
2010	13,788
Thereafter	<u>-</u>
	<u>\$ 41,364</u>

Rent expense under this lease arrangement totaled \$76,131 and \$70,295 for the years ended September 30, 2008 and 2007, respectively.

NOTE 6 – RESTRICTIONS ON NET ASSETS

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

	<u>2008</u>	<u>2007</u>
Unconditional promises to give due in future periods	\$ 186,501	\$ 306,067
Contributions receivable for capital campaign	844,700	947,738
Contributions received for capital campaign	301,486	-
Funds restricted by purpose and/or time	<u>8,896</u>	<u>8,896</u>
	<u>\$ 1,341,583</u>	<u>\$ 1,262,701</u>

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

	<u>2008</u>	<u>2007</u>
Sue Peters endowment	\$ 10,664	\$ 10,353
Fran Barge endowment	7,154	6,946
Dorothy May Campership fund	55,978	65,183
Judy Smith Promise Circle	<u>36,318</u>	<u>35,260</u>
	<u>\$ 110,114</u>	<u>\$ 117,742</u>

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2008 and 2007

NOTE 6 – RESTRICTIONS ON NET ASSETS (Continued)

During 2007, management determined that amounts previously considered permanently restricted for the general and service center endowments were not donor designated contributions. These amounts were determined to represent Board designated net assets for these purposes. As a result, a transfer of net assets in the amount of \$1,041,653 is shown on the statement of activities for the year ended September 30, 2007 to properly classify net assets.

NOTE 7 – RETIREMENT PLAN

The Organization 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 Organization pension expense and contributed to the plan for the years ended September 30, 2008 and 2007 were \$54,184 and \$51,168, respectively.

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. Cash and cash equivalent balances are maintained in excess of Federal Deposit Insurance Corporation insured amounts.

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.