

**GIRL SCOUTS OF
MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL
OF CUMBERLAND VALLEY)**

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

September 30, 2007 and 2006

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of Middle Tennessee, Inc.
(Formerly Girl Scout Council of Cumberland Valley)
Nashville, Tennessee

We have audited the accompanying statements of financial position of Girl Scouts of Middle Tennessee, Inc. (Formerly Girl Scout Council of Cumberland Valley) as of September 30, 2007 and 2006, 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. (Formerly Girl Scout Council of Cumberland Valley) as of September 30, 2007 and 2006, 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, 2007

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)
STATEMENTS OF FINANCIAL POSITION
September 30, 2007 and 2006

UNRESTRICTED

	Camping, Operating and Special Project Reserves	Land, Buildings & Equipment	Total Unrestricted	Temporarily Restricted	Permanently Restricted Endowment	2007 Total	2006 Total
ASSETS							
Current assets:							
Cash and cash equivalents (Note 1)	\$ 4,054,524	\$ -	\$ 4,054,524	\$ -	\$ -	\$ 4,054,524	\$ 3,669,699
Unconditional promises to give - United Way and other (Note 1, 2, 6)	-	-	-	306,067	-	306,067	288,200
Unconditional promises to give - Capital Campaign (Note 1, 2, 6)	-	-	-	213,150	-	213,150	74,704
Accounts receivable	60,424	-	60,424	-	-	60,424	32,404
Inventory (Note 1)	85,972	-	85,972	-	-	85,972	124,064
Prepaid expenses	88,831	-	88,831	-	-	88,831	61,855
Total current assets	4,289,751	-	4,289,751	519,217	-	4,808,968	4,250,926
Land, buildings and equipment (net of accumulated depreciation of \$5,906,185 and \$5,918,985) (Note 1, 4)	-	5,823,591	5,823,591	-	-	5,823,591	5,796,610
Other non-current assets:							
Unconditional promises to give - Capital Campaign (Note 1, 2, 6)	-	-	-	734,588	-	734,588	6,380
Long-term investments (Note 1, 3)	6,215,426	-	6,215,426	8,896	117,742	6,342,064	5,556,370
Total assets	\$ 10,505,177	\$ 5,823,591	\$ 16,328,768	\$ 1,262,701	\$ 117,742	\$ 17,709,211	\$ 15,610,286
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable	\$ 120,570	\$ -	\$ 120,570	\$ -	\$ -	\$ 120,570	\$ 74,879
Accrued liabilities	122,387	-	122,387	-	-	122,387	131,144
Deferred income	84,289	-	84,289	-	-	84,289	175,095
Note payable	-	-	-	-	-	-	9,805
Total current liabilities	327,246	-	327,246	-	-	327,246	390,923
Custodian funds	26,938	-	26,938	-	-	26,938	29,068
Total liabilities	354,184	-	354,184	-	-	354,184	419,991
Net assets (Note 1, 6):							
Unrestricted:							
Designated for camp improvements	-	154,502	154,502	-	-	154,502	116,437
Designated - general	1,041,653	-	1,041,653	-	-	1,041,653	-
Other unrestricted	9,109,340	5,669,089	14,778,429	-	-	14,778,429	13,508,264
Total unrestricted	10,150,993	5,823,591	15,974,584	-	-	15,974,584	13,624,701
Temporarily restricted	-	-	-	1,262,701	-	1,262,701	414,724
Permanently restricted	-	-	-	-	117,742	117,742	1,150,870
Total net assets	10,150,993	5,823,591	15,974,584	1,262,701	117,742	17,355,027	15,190,295
Total liabilities and net assets	\$ 10,505,177	\$ 5,823,591	\$ 16,328,768	\$ 1,262,701	\$ 117,742	\$ 17,709,211	\$ 15,610,286

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)
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 Award Luncheon, 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
Investment income (Note 3)	218,698	-	8,525	227,223	286,934
Net gain on investments (Note 3)	721,126	-	-	721,126	230,527
Net gain on disposal of assets	150,102	-	-	150,102	186,833
Other income, net	117,811	-	-	117,811	66,759
Total revenue	4,838,237	14,943	8,525	4,861,705	4,247,249
Net assets released from restrictions:					
Satisfaction of program and time restrictions	452,124	(452,124)	-	-	-
Total revenues, gains and other support	6,155,493	847,977	8,525	7,011,995	5,547,585
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	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.
(FORMERLY 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	\$ 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 9)	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	\$ 13,624,701	\$ 414,724	\$ 1,150,870	\$15,190,295	\$14,456,753

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2007

	SUPPORTING SERVICES				Total
	Program Services	Management & 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.
(FORMERLY 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 SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)
STATEMENTS OF CASH FLOWS
For the years ended September 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,164,732	\$ 733,542
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contribution of equipment	(3,270)	(27,245)
Depreciation	329,204	337,332
Realized and unrealized gains on investments	(721,126)	(230,527)
Gain on disposal of fixed assets	(150,102)	(186,833)
Changes in operating assets and liabilities:		
Unconditional promises to give	(884,521)	137,147
Accounts receivable	(28,020)	69,424
Inventory	38,092	(12,168)
Prepaid expenses	(26,976)	33,113
Accounts payable	45,691	23,471
Accrued liabilities	(8,757)	30,114
Deferred income	(90,806)	128,563
Custodian funds	(2,130)	(2,264)
Net cash provided by operating activities	<u>662,011</u>	<u>1,033,669</u>
Cash flows from investing activities:		
Proceeds from sale of investments	1,140,956	2,676,666
Purchases of investments	(1,205,524)	(2,820,998)
Proceeds from disposal of land, buildings and equipment	154,502	231,512
Purchases of land, buildings and equipment	(357,315)	(104,924)
Net cash used in investing activities	<u>(267,381)</u>	<u>(17,744)</u>
Cash flows from financing activities:		
Payments on note payable	(9,805)	(9,806)
Net cash used in financing activities	<u>(9,805)</u>	<u>(9,806)</u>
Net increase in cash and cash equivalents	384,825	1,006,119
Cash and cash equivalents, beginning of year	<u>3,669,699</u>	<u>2,663,580</u>
Cash and cash equivalents, end of year	<u>\$ 4,054,524</u>	<u>\$ 3,669,699</u>
Supplemental disclosure of cash flow information:		
Contribution of equipment	<u>\$ 3,270</u>	<u>\$ 27,245</u>

See accompanying notes.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)
NOTES TO FINANCIAL STATEMENTS
September 30, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Girl Scouts of Middle Tennessee, Inc. (Formerly Girl Scout Council of Cumberland Valley) (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.

Legal Entity

The Board of Directors voted to change the name of the Organization from Girl Scout Council of Cumberland Valley to Girl Scouts of Middle Tennessee, Inc. during fiscal 2007.

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.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2007 and 2006

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation (Continued)

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.

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>2007</u>	<u>2006</u>
United Way allocations	\$ 247,673	\$ 270,190
Capital Campaign	1,013,149	102,282
Other	<u>58,395</u>	<u>18,010</u>
	1,319,217	390,482
Less allowance for uncollectible amounts	-	(21,198)
Less discount to net present value	<u>(65,412)</u>	<u>-</u>
Net unconditional promises to give	<u>\$1,253,805</u>	<u>\$ 369,284</u>
Receivable in less than one year, net	\$ 519,217	\$ 362,904
Receivable in one to five years, net	<u>734,588</u>	<u>6,380</u>
	<u>\$1,253,805</u>	<u>\$ 369,284</u>

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2007 and 2006

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 consist of the following at September 30:

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Corporate bonds and bond mutual funds	\$ 1,409,241	\$ 1,396,051	\$ 1,364,325	\$ 1,350,449
Short-term investments	370,582	370,582	404,619	404,619
Common stocks and stock mutual funds	<u>3,488,625</u>	<u>4,575,431</u>	<u>3,182,167</u>	<u>3,801,302</u>
	<u>\$ 5,268,448</u>	<u>\$ 6,342,064</u>	<u>\$ 4,951,111</u>	<u>\$ 5,556,370</u>

During 2007 and 2006, interest and dividends earned from investments totaled \$227,223 and \$286,934, respectively. Net appreciation on investments amounted to \$721,126 and \$230,527 for the years ended September 30, 2007 and 2006, respectively.

NOTE 4 – LAND, BUILDINGS AND EQUIPMENT

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

	<u>2007</u>	<u>2006</u>	<u>Estimated Useful Lives</u>
Land	\$ 1,079,504	\$ 1,079,504	
Campsite facilities	6,213,413	6,224,295	5 to 15 years
Office buildings	2,009,727	1,970,497	40 years
Equipment	1,663,272	1,677,439	3 to 12 years
Land improvements	<u>763,860</u>	<u>763,860</u>	5 to 15 years
Subtotal	11,729,776	11,715,595	
Less accumulated depreciation	<u>(5,906,185)</u>	<u>(5,918,985)</u>	
Total	<u>\$ 5,823,591</u>	<u>\$ 5,796,610</u>	

Depreciation expense amounted to \$329,204 and \$337,332 for the years ended September 30, 2007 and 2006, respectively.

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2007 and 2006

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, 2007, future minimum annual lease payments under noncancelable lease obligations are as follows:

<u>Year ending</u> <u>September 30,</u>	
2008	\$ 27,576
2009	27,576
2010	13,788
2011	-
2012	<u>-</u>
	<u>\$ 68,940</u>

Rent expense under this lease arrangement totaled \$27,576 for the years ended September 30, 2007 and 2006.

NOTE 6 – RESTRICTIONS ON NET ASSETS

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

	<u>2007</u>	<u>2006</u>
Unconditional promises to give due in future periods	\$ 306,067	\$ 369,284
Contributions receivable for capital campaign	947,738	-
Funds restricted by purpose and/or time	<u>8,896</u>	<u>45,440</u>
	<u>\$1,262,701</u>	<u>\$ 414,724</u>

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

	<u>2007</u>	<u>2006</u>
General endowment	\$ -	\$ 637,042
Service center endowment	-	404,611
Sue Peters endowment	10,353	10,052

GIRL SCOUTS OF MIDDLE TENNESSEE, INC.
(FORMERLY GIRL SCOUT COUNCIL OF CUMBERLAND VALLEY)
NOTES TO FINANCIAL STATEMENTS (Continued)
September 30, 2007 and 2006

NOTE 6 – RESTRICTIONS ON NET ASSETS (Continued)

Fran Barge endowment	6,946	6,744
Dorothy May Campership fund	65,183	58,188
Judy Smith Promise Circle	<u>35,260</u>	<u>34,233</u>
	<u>\$ 117,742</u>	<u>\$1,150,870</u>

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, 2007 and 2006 were \$51,168 and \$43,174, 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.