

**GIRL SCOUTS OF LOUISIANA –
PINES TO THE GULF, INC.**

FINANCIAL REPORT

SEPTEMBER 30, 2018

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 and 2
FINANCIAL STATEMENTS	
Statements of financial position	3
Statements of activities	4 and 5
Statements of functional expenses	6 and 7
Statements of cash flows	8
Notes to financial statements	9 - 19
SUPPLEMENTARY INFORMATION	
Schedule of compensation, benefits and other payments to agency head	21
Schedules of cookie revenue and expense	22
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	23 and 24
Schedule of findings and responses	25 and 26
Schedule of prior findings	27

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Girl Scouts of Louisiana – Pines to the Gulf, Inc.
Lafayette, Louisiana

We have audited the accompanying financial statements of Girl Scouts of Louisiana – Pines to the Gulf, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 auditors' 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 financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Louisiana – Pines to the Gulf, Inc. as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of cookie revenue and expense and the schedule of compensation, benefits and other payments to agency head are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 17, 2019, on our consideration of Girl Scouts of Louisiana – Pines to the Gulf, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Girl Scouts of Louisiana – Pines to the Gulf, Inc.’s internal control over financial reporting and compliance.



Lafayette, Louisiana
January 17, 2019

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENTS OF FINANCIAL POSITION

As of September 30, 2018 and 2017

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$1,323,386	\$1,316,410
Other receivables, net	22,243	20,800
Inventory	128,435	169,819
Prepaid expenses	<u>24,540</u>	<u>16,921</u>
Total current assets	<u>\$1,498,604</u>	<u>\$1,523,950</u>
INVESTMENTS, at market value	<u>\$1,771,408</u>	<u>\$2,150,207</u>
PROPERTY, PLANT AND EQUIPMENT, net	<u>\$1,089,765</u>	<u>\$ 992,225</u>
RESTRICTED ASSETS		
Cash and cash equivalents	\$ 9,859	\$ 9,843
Investments, at market value	<u>41,310</u>	<u>36,481</u>
Total restricted assets	<u>\$ 51,169</u>	<u>\$ 46,324</u>
Total assets	<u>\$4,410,946</u>	<u>\$4,712,706</u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Notes payable – current	\$ 135,333	\$ 151,163
Accounts payable	51,351	14,880
Deferred support	2,535	990
Accrued expenses	<u>100,941</u>	<u>150,379</u>
Total current liabilities	<u>\$ 290,160</u>	<u>\$ 317,412</u>
OTHER LIABILITIES		
Custodial funds	<u>\$ 62,559</u>	<u>\$ 56,788</u>
Total liabilities	<u>\$ 352,719</u>	<u>\$ 374,200</u>
NET ASSETS		
Temporarily restricted	\$ 69,153	\$ 70,094
Unrestricted	<u>3,989,074</u>	<u>4,268,412</u>
Total net assets	<u>\$4,058,227</u>	<u>\$4,338,506</u>
Total liabilities and net assets	<u>\$4,410,946</u>	<u>\$4,712,706</u>

See Notes to Financial Statements.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENT OF ACTIVITIES
For the Year Ending September 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Public support –			
Annual giving	\$ 13,378	\$ 1,135	\$ 14,513
Grants and donations	48,722	14,040	62,762
United Way allocations	<u>43,505</u>	<u>27,600</u>	<u>71,105</u>
Total public support	<u>\$ 105,605</u>	<u>\$ 42,775</u>	<u>\$ 148,380</u>
 Program revenue –			
Cookie sales:			
Gross revenue	\$ 3,393,070		
Direct costs	<u>1,082,460</u>	\$ 2,310,610	\$ -
Fall product sales:			
Gross revenue	\$ 106,714		
Direct costs	<u>49,428</u>	57,286	-
Sales of supplies:			
Gross revenue	\$ 176,539		
Direct costs	<u>87,569</u>	88,970	-
Program service fees:			
Day camp and other program fees	<u>28,171</u>	-	<u>28,171</u>
Total program revenues	<u>\$ 2,485,037</u>	<u>\$ -</u>	<u>\$ 2,485,037</u>
 Other revenue (expenses), gains and (losses):			
Gain on disposal of fixed assets	\$ -	\$ -	\$ -
Net investment income	136,362	4,836	141,198
Other miscellaneous revenue (expenses)	<u>49,703</u>	<u>(770)</u>	<u>48,933</u>
Total other revenue	<u>\$ 186,065</u>	<u>\$ 4,066</u>	<u>\$ 190,131</u>
 Net assets released from restrictions	<u>\$ 47,782</u>	<u>\$ (47,782)</u>	<u>\$ -</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	<u>\$ 2,824,489</u>	<u>\$ (941)</u>	<u>\$ 2,823,548</u>
 EXPENSES:			
Program services	\$ 2,503,557	\$ -	\$ 2,503,557
Supporting services –			
Management and general	417,342	-	417,342
Fundraising	<u>182,928</u>	<u>-</u>	<u>182,928</u>
Total expenses	<u>\$ 3,103,827</u>	<u>\$ -</u>	<u>\$ 3,103,827</u>
 Change in net assets	\$ (279,338)	\$ (941)	\$ (280,279)
 Net assets at beginning of year	<u>4,268,412</u>	<u>70,094</u>	<u>4,338,506</u>
 Net assets at end of year	<u>\$ 3,989,074</u>	<u>\$ 69,153</u>	<u>\$ 4,058,227</u>
See Notes to Financial Statements.			

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENT OF ACTIVITIES
For the Year Ending September 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Public support –			
Annual giving	\$ 52,738	\$ 800	\$ 53,538
Grants and donations	37,233	15,980	53,213
United Way allocations	<u>65,488</u>	<u>6,250</u>	<u>71,738</u>
Total public support	<u>\$ 155,459</u>	<u>\$ 23,030</u>	<u>\$ 178,489</u>
 Program revenue –			
Cookie sales:			
Gross revenue	\$ 3,456,537		
Direct costs	<u>1,096,659</u>	\$ 2,359,878	\$ 2,359,878
Fall product sales:			
Gross revenue	\$ 105,212		
Direct costs	<u>49,702</u>	55,510	55,510
Sales of supplies:			
Gross revenue	\$ 196,613		
Direct costs	<u>116,928</u>	79,685	79,685
Program service fees:			
Day camp and other program fees	<u>66,272</u>	-	<u>66,272</u>
Total program revenues	<u>\$ 2,561,345</u>	<u>\$ -</u>	<u>\$ 2,561,345</u>
 Other revenue (expenses), gains and (losses):			
Gain on disposal of fixed assets	\$ 63,506	\$ -	\$ 63,506
Net investment income	115,812	4,916	120,728
Other miscellaneous revenue (expenses)	<u>18,055</u>	<u>-</u>	<u>18,055</u>
Total other revenue	<u>\$ 197,373</u>	<u>\$ 4,916</u>	<u>\$ 202,289</u>
 Net assets released from restrictions	<u>\$ 9,620</u>	<u>\$ (9,620)</u>	<u>\$ -</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	<u>\$ 2,930,047</u>	<u>\$ 12,076</u>	<u>\$ 2,942,123</u>
 EXPENSES:			
Program services	\$ 2,486,749	\$ -	\$ 2,486,749
Supporting services –			
Management and general	397,594	-	397,594
Fundraising	<u>199,971</u>	<u>-</u>	<u>199,971</u>
Total expenses	<u>\$ 3,084,314</u>	<u>\$ -</u>	<u>\$ 3,084,314</u>
 Change in net assets	\$ (154,267)	\$ 12,076	\$ (142,191)
 Net assets at beginning of year	<u>4,422,679</u>	<u>58,018</u>	<u>4,480,697</u>
 Net assets at end of year	<u>\$ 4,268,412</u>	<u>\$ 70,094</u>	<u>\$ 4,338,506</u>
See Notes to Financial Statements.			

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ending September 30, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$1,117,802	\$ 255,840	\$ 106,270	\$1,479,912
Staff health and retirement benefits	235,861	53,983	22,423	312,267
Payroll taxes	<u>86,004</u>	<u>19,684</u>	<u>8,176</u>	<u>113,864</u>
Total salaries and benefits	<u>\$1,439,667</u>	<u>\$ 329,507</u>	<u>\$ 136,869</u>	<u>\$1,906,043</u>
Office expense	\$ 41,116	\$ 12,316	\$ 4,589	\$ 58,021
Bad debts	-	64,145	-	64,145
Professional fees	9,686	28,546	-	38,232
Telephone	1,139	97,434	-	98,573
Janitorial	-	6,035	-	6,035
Postage	7,164	4,651	-	11,815
Utilities	36,361	197	-	36,558
Incentives	183,558	-	-	183,558
Insurance	5,403	63,345	-	68,748
Interest expense	6,567	4	-	6,571
Printing	16,767	368	-	17,135
Travel	63,334	7,371	231	70,936
Repairs and maintenance	94,058	13,554	-	107,612
Rental fees	28,993	54,194	-	83,187
Small equipment rentals and purchases	16,247	31,840	-	48,087
Dues and subscriptions	-	2,610	1,649	4,259
Conferences and training	-	10,435	-	10,435
Specific assistance	82,732	-	-	82,732
Depreciation	-	93,388	-	93,388
Direct program expenses	66,843	-	-	66,843
Indirect expense allocation	383,765	(420,250)	36,485	-
Council meetings	100	255	2,073	2,428
Workers' compensation	8,558	-	-	8,558
Other	<u>11,499</u>	<u>17,397</u>	<u>1,032</u>	<u>29,928</u>
Total operating expenses	<u>\$1,063,890</u>	<u>\$ 87,835</u>	<u>\$ 46,059</u>	<u>\$1,197,784</u>
Total expenses	<u>\$2,503,557</u>	<u>\$ 417,342</u>	<u>\$ 182,928</u>	<u>\$3,103,827</u>
Percentage of expenses by function to total expenses	<u>80.7%</u>	<u>13.4%</u>	<u>5.9%</u>	<u>100.0%</u>

See Notes to Financial Statements.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ending September 30, 2017

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries	\$1,028,305	\$ 232,952	\$ 108,805	\$1,370,062
Staff health and retirement benefits	269,333	61,015	28,498	358,846
Payroll taxes	79,044	17,907	8,364	105,315
Total salaries and benefits	<u>\$1,376,682</u>	<u>\$ 311,874</u>	<u>\$ 145,667</u>	<u>\$1,834,223</u>
Office expense	\$ 21,961	\$ 16,071	\$ 3,136	\$ 41,168
Bad debts	-	35,280	-	35,280
Professional fees	10,022	32,455	-	42,477
Telephone	2,731	96,014	-	98,745
Janitorial	-	6,200	-	6,200
Postage	2,383	7,383	-	9,766
Utilities	24,966	10,199	-	35,165
Incentives	226,936	-	-	226,936
Insurance	2,450	52,473	-	54,923
Interest expense	7,271	575	-	7,846
Printing	16,721	227	-	16,948
Travel	118,174	22,638	7,777	148,589
Repairs and maintenance	108,722	23,734	-	132,456
Rental fees	895	55,528	-	56,423
Small equipment rentals and purchases	13,652	32,200	-	45,852
Dues and subscriptions	-	2,657	3,755	6,412
Conferences and training	-	13,778	-	13,778
Specific assistance	87,798	-	-	87,798
Depreciation	-	83,850	-	83,850
Direct program expenses	84,690	-	-	84,690
Indirect expense allocation	368,657	(407,665)	39,008	-
Council meetings	1,999	2,123	360	4,482
Workers' compensation	9,042	-	-	9,042
Other	997	-	268	1,265
Total operating expenses	<u>\$1,110,067</u>	<u>\$ 85,720</u>	<u>\$ 54,304</u>	<u>\$1,250,091</u>
Total expenses	<u>\$2,486,749</u>	<u>\$ 397,594</u>	<u>\$ 199,971</u>	<u>\$3,084,314</u>
Percentage of expenses by function to total expenses	<u>80.6%</u>	<u>12.9%</u>	<u>6.5%</u>	<u>100.0%</u>

See Notes to Financial Statements.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in net assets	\$ (280,279)	\$ (142,191)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation expense	93,388	83,850
Bad debt expense	64,145	35,280
Net realized and unrealized gains on investments	(74,145)	(73,503)
Gain on disposal of fixed assets	-	(63,506)
Decrease (increase) in assets –		
Other receivables	(65,588)	(36,340)
Inventory	41,384	56,150
Prepaid expenses	(7,619)	(1,987)
Increase (decrease) in liabilities –		
Accounts payable	36,471	(1,055)
Accrued expenses	(49,438)	40,462
Deferred support	1,545	(6,505)
Custodial funds	<u>5,771</u>	<u>1,829</u>
Net cash used in operating activities	<u>\$ (234,365)</u>	<u>\$ (107,516)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	\$ (190,928)	\$ (174,030)
Purchase of investments	(1,471,885)	(1,471,849)
Proceeds from the sale of fixed assets	-	93,138
Proceeds from sale of investments	<u>1,920,000</u>	<u>1,764,000</u>
Net cash provided by investing activities	<u>\$ 257,187</u>	<u>\$ 211,259</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	<u>\$ (15,830)</u>	<u>\$ (15,125)</u>
Net increase in cash and cash equivalents	\$ 6,992	\$ 88,618
Cash and cash equivalents at beginning of year	<u>1,326,253</u>	<u>1,237,635</u>
Cash and cash equivalents at end of year	<u>\$1,333,245</u>	<u>\$1,326,253</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 6,571</u>	<u>\$ 7,846</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents – current	\$1,323,386	\$1,316,410
Cash and cash equivalents – restricted	<u>9,859</u>	<u>9,843</u>
	<u>\$1,333,245</u>	<u>\$1,326,253</u>

See Notes to Financial Statements.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

Girl Scouts of Louisiana – Pines to the Gulf, Inc. (the “Council”) was created on January 1, 2008 through the merger of three existing Girl Scout Councils within Louisiana. The Council is incorporated in the State of Louisiana as a nonprofit organization as of January 1, 2008. The purpose of the Council is to build girls of courage, confidence and character who make the world a better place.

Basis of presentation:

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

The Council reports information regarding its financial position and activities according to three classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Council, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Council's unspent contributions are reported in this class if the donor limited their use, as are promised contributions that are not yet due.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets.

Permanently restricted net assets are resources whose use is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion, if any, of the Council's donor-restricted endowment funds that the Council is committed to maintaining in perpetuity are classified in this net asset class.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

Cash and cash equivalents:

For purposes of the statements of cash flows, the Council considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Receivables:

Other receivables consist primarily of amounts due from troops for cookie sales and other miscellaneous items. An allowance for uncollectible accounts is estimated based on management experience of potential bad debts. At September 30, 2018 and 2017 and allowance of \$45,585 and \$30,000 was recognized in the financial statements respectively. Uncollected receivables are charged off against the allowance when no longer deemed collectible.

Investments:

Investments are valued at market. Interest, dividends, and realized and unrealized gains and losses are recognized within the statements of activities as investment income.

Inventories:

Inventories are valued at the lower of cost (as determined by use of average cost method) or market. Market is considered as the lower of either estimated replacement cost or estimated net realizable value.

Property, plant, and equipment:

Property, plant, and equipment are stated at cost. Additions of new equipment, major renewals and replacements of existing equipment are capitalized. Repairs and minor replacements that do not materially increase values or extend useful lives are expensed. Cost and accumulated depreciation are removed from the accounts when assets are sold or retired, and the resulting gains or losses are included in income.

Depreciation of property and equipment is computed using the straight-line method based upon the expected useful lives of the various classes of assets as follows:

	<u>Years</u>
Buildings and improvements	5 – 40
Office equipment	5 – 18
Camp equipment	5 – 10

Revenue recognition:

All grants are recorded as revenue when the grant is earned. Donations are recorded at fair value at the date of donation and, if restricted by donor, are reflected as temporarily restricted net assets until those restrictions are satisfied. Program revenues including sales of cookies, supplies and other items as well as program fees are recognized when earned.

NOTES TO FINANCIAL STATEMENTS

Pension plan:

A non-contributory pension plan exists for all Council employees who satisfy the plan's age and service requirements. The plan is administered by a trustee and the pension plan contributions are invested. The Council's policy is to expense amounts contributed to the plan in the year of contribution. As of July 31, 2010, the plan was frozen with no new benefits to employees accruing beyond that date.

Employee benefit plan:

On January 1, 2008, the Council adopted the 401(k) plan that had been established by the Bayou Council effective January 1, 2001. The plan is to provide retirement benefits for employees. Any full-time employee over the age of 21, who has been employed by the Council for one year and has completed 1,000 hours of service, is eligible to participate. Participants may contribute to the plan by deferring up to 15% of their gross salary, within certain IRS imposed limitations for maximum contributions in a given year. The Council will match 50% of the participants' contribution up to 6% of the employee's compensation. The amount included in expense for the fiscal years ended September 30, 2018 and 2017 were \$14,300 and \$9,091, respectively.

Income taxes:

The Council is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Nonprofit organizations are not taxable under the laws of the State of Louisiana. The Council's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS generally for three years after they are filed.

Functional expenses:

Expenses are allocated on a functional basis among three categories: program services, management and general, and fundraising. Some expenses are allocated directly to the program service benefited. All other expenses are allocated in relation to salaries attributable for the program service or support service to total salaries for the Council.

Recent accounting pronouncements:

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, "*Not-for-profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*". This ASU significantly amends the standards for presentation and accompanying disclosures of the financial statements of nonprofit organizations. This ASU simplifies and improves the manner in which a nonprofit entity classifies its net assets, as well as the information that it presents in financial statements and notes concerning liquidity, financial performance and cash flows. The ASU is effective for fiscal years beginning after December 15, 2017. The adoption of this ASU is expected to change the presentation of the financial statements and disclosures.

NOTES TO FINANCIAL STATEMENTS

Reclassifications:

Certain reclassifications have been made within the 2017 financial statements in order to be consistent with the 2018 presentation. These reclassifications had no effect on total net assets or the change in net assets during 2017 as previously stated.

Note 2. Investments

Investments as of September 30, 2018 and 2017 consisted of the following:

	2018	2017
Mutual funds	\$ 769,623	\$ 661,898
Exchange traded funds	51,578	46,175
Certificates of deposit	950,207	1,442,134
Investments – unrestricted	\$1,771,408	\$2,150,207
Mutual funds – restricted	41,310	36,481
 Total investments	 \$1,812,718	 \$2,186,688

Total investment return during the years ending September 30, 2018 and 2017 amounted to a net gain of \$141,198 and \$120,728, respectively. These amounts were comprised of \$26,155 and \$47,225 in interest and dividends in 2018 and 2017, respectively, and net gains both realized and unrealized in the fair value of investments of \$115,043 in 2018 and \$73,503 in 2017. The carrying amount of investments pledged as collateral against notes payable amounted to \$816,213.

Note 3. Inventory

Inventory as of September 30, 2018 and 2017 consisted of the following:

	2018	2017
Badges, patches, pins, booklets, and uniforms	\$ 128,435	\$ 169,819

NOTES TO FINANCIAL STATEMENTS

Note 4. Property, Plant, and Equipment

Property, plant, and equipment as of September 30, 2018 and 2017 consisted of the following:

	2018	2017
Land and improvements	\$ 164,728	\$ 132,329
Buildings and improvements	1,767,395	1,626,379
Furniture and equipment	639,932	595,194
Camp sewer treatment plant	320,918	320,918
Construction in progress	-	27,225
	\$ 2,892,973	\$ 2,702,045
Less: accumulated depreciation	(1,803,208)	(1,709,820)
	\$ 1,089,765	\$ 992,225

Note 5. Pension Expense

The council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA voted to freeze the plan to new entrants and to freeze future benefit accruals for all current participants under the Plan effective July 31, 2010. The plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the plan prior to the Plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels.

Although net Plan assets grew during the year, net Plan assets available for Plan benefits continue to be less than the actuarial present value of accumulated Plan benefits as of January 1, 2018. Based on the April 18, 2014 conditional approval by the Internal Revenue Service (IRS), all existing amortization bases in the Plan's funding standard account as of January 1, 2013 were combined into one base and the resulting amortization period for that single base was extended to 10 years. Approval applies as long as at a minimum, beginning with the January 1, 2013 calendar year, \$30,000,000 is remitted. The \$30,000,000 calendar year minimum applies for each succeeding calendar year until the Plan is fully funded based upon the requirements of the Pension Protection Act of 2006 (PPA). In addition, on April 8, 2014, President Obama signed H.R. 4275 into law, a relief package unanimously passed by Congress that gives NGSCR the flexibility to adopt the Pension Protection Act (PPA) funding requirements immediately or not at all. NGSCR has elected to adopt this relief and not be subject to PPA. Aggregate annual contributions made in fiscal years 2017 and 2018 were \$33.1 million and \$32.4 million, respectively. The aggregate annual contributions decreased from 2017 to 2018 due to both the reduction in the Plan's total annual contributions from \$34.3 million to \$32.5 million effective May 1, 2017 and the spin-off of Girl Scouts of Louisiana East effective May 1, 2018. Aggregate contributions to be made in fiscal 2019 are expected to be \$32.2 million

The Council's contributions made in fiscal years 2018 and 2017 are \$205,824 and \$207,154, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 6. Concentration of Credit Risk and Revenue Concentration

Substantially, all of the Council's public support is derived from donations in northern and southwestern Louisiana. Allocations from local United Way agencies provided approximately 48% and 40% of public support during the years ending September 30, 2018 and 2017, respectively.

The Council's major program event is its annual cookie sale. This event accounted for approximately 82% and 80% of total public support and revenue during the years ending September 30, 2018 and 2017, respectively.

Throughout the year, the Council had deposits and investments in excess of insurance coverages by the FDIC and SIPC. However, the Council does not anticipate any losses related to these uninsured amounts.

Note 7. Operating Lease

The Council entered into a lease for office space in Lake Charles in June 2016. This lease had a lease term of 12 months beginning June 1, 2016 and ending May 31, 2017. Monthly rental payments are to be prorated to \$600 for the month of June 2016 and thereafter \$1,220 per month. As of June 1, 2017 the rental agreement is based on a month to month basis. Total rental expense associated with these leases contained in the financial statements was \$13,900 and \$12,200 in 2018 and 2017, respectively.

The Council entered into a three year lease for office space in Alexandria in August 2016. Terms of this lease called for monthly payments of \$250 per month through August 30, 2019. Rent is payable in advance on the first day of each month during the term of the lease. Rental expense associated with this lease was \$3,000 in 2018 and 2017.

The Council entered into a one year lease for office space in Monroe in August 2015. Terms of this lease called for monthly payments of \$992 per month through July 31, 2016. Rent is payable on the first day of each month during the term of the lease. As of September 1, 2016 the rental agreement is based on a month to month basis. Total rental expense associated with this lease contained in the financial statements is \$11,904 in 2018 and 2017, respectively.

Future minimum rental payments associated with these leases are as follows:

2019	\$ 3,000
------	----------

Note 8. Note Payable

Note payable to the bank as of September 30 consisted of the following:

	2018	2017
Note payable to the bank, due on demand or in monthly payments, including principal and interest of \$1,866, remaining principal and interest due at maturity. Maturing on October 10, 2025, interest rate of 4.5% secured by assignment of brokerage investment account with a carrying value of \$816,213 and \$725,967 at 2018 and 2017, respectively.	<u>\$ 135,333</u>	<u>\$ 151,163</u>

NOTES TO FINANCIAL STATEMENTS

The entire balance of this note was classified as current due to the due on demand clause within the note. Maturities of this note for each of the next five years, if the bank does not exercise the due on demand clause, are expected to be as follows:

2019	\$ 16,652
2020	17,417
2021	18,217
2022	19,053
2023 and thereafter	<u>63,994</u>
	<u>\$ 135,333</u>

Note 9. Net Assets

Net assets consisted of the following as of September 30:

	<u>2018</u>	<u>2017</u>
Temporarily restricted:		
Donor restricted	<u>\$ 69,153</u>	<u>\$ 70,094</u>
Unrestricted:		
Property, plant, and equipment	\$ 1,089,765	\$ 992,225
Designated – Elsie Webb	805,529	810,893
Designated – Camp Improvements	185,972	330,403
Undesignated	<u>1,907,808</u>	<u>2,134,891</u>
	<u>\$3,989,074</u>	<u>\$4,268,412</u>

Net assets released from restrictions during the years ending September 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Time and purpose restrictions satisfied	<u>\$ 47,782</u>	<u>\$ 15,870</u>

Note 10. Disclosures About Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Investment Securities

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

NOTES TO FINANCIAL STATEMENTS

In accordance with ASC 820, the Council groups assets and financial liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes securities that are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. For example, municipal securities valuations are based on markets that are currently offering similar financial products. Valuations are obtained from third party pricing services for identical or comparable assets or liabilities.

Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

Below is a table that presents information about certain assets and liabilities measured at fair value on a recurring basis:

		Fair Value Measurements at Reporting Date Using:		
		Quoted Prices in Active Markets for Identical Assets Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Fair Value</u>				
<u>As of September 30, 2018</u>				
Unrestricted:				
Certificates of deposit	\$ 950,207	\$ -	\$ -	\$ 950,207
Mutual funds	769,623	769,623	-	-
Exchange traded funds	<u>51,578</u>	<u>51,578</u>	-	-
	\$1,771,408	\$ 821,201	\$ -	\$ 950,207
Restricted:				
Mutual funds	<u>41,310</u>	<u>41,310</u>	-	-
Total	<u>\$1,812,718</u>	<u>\$ 862,511</u>	<u>\$ -</u>	<u>\$ 950,207</u>
<u>As of September 30, 2017</u>				
Unrestricted:				
Certificates of deposit	\$1,442,134	\$ -	\$ -	\$ 1,442,134
Mutual funds	661,898	661,898	-	-
Exchange traded funds	<u>46,175</u>	<u>46,175</u>	-	-
	\$2,150,207	\$ 708,073	\$ -	\$ 1,442,134
Restricted:				
Mutual funds	<u>36,481</u>	<u>36,481</u>	-	-
Total	<u>\$2,186,688</u>	<u>\$ 744,554</u>	<u>\$ -</u>	<u>\$ 1,442,134</u>

NOTES TO FINANCIAL STATEMENTS

Changes in investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) were as follows:

	Fair Value Measurements Using Significant Unobservable Inputs Level (3)	
	2018	2017
Beginning balance	\$ 1,442,134	\$ 1,765,557
Purchases	1,426,000	1,440,000
Redemptions	(1,920,000)	(1,764,000)
Gains and (losses)	2,073	577
Ending balance	\$ 950,207	\$ 1,442,134

Note 11. Governmental Funding

The Council received during the years ending September 30, 2018 and 2017 local governmental funding for various initiatives and programs amounted to \$7,500 and \$10,920, respectively.

Note 12. Endowments and Net Asset Classifications

The Council's endowments consist of one individual fund established for the purpose of providing future income for the Council. The endowment is a donor-restricted endowment fund whereby the stipulation of the gift requires that the balance reach a total of \$1,000,000 before any amounts can be used by the Council. As required by GAAP, net assets associated with this endowment fund is classified and reported based on the existence of the donor-imposed restrictions and is considered to be temporarily restricted.

Interpretation of Relevant Law

In June 2010, Act 168 of the regular session of the Louisiana Legislature was signed into law by the Governor. This act adopted the provisions of the Uniform Prudent Management of Institution Funds Act and is effective as of July 1, 2010. Consistent with this law, the Board of Directors adopted a policy stating its intention to make all reasonable efforts to the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment fund absent explicit donor stipulations to the contrary. Currently, the Council classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction (if any) 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 appropriated for expenditure by the Council in a manner consistent with the Council and Board's policies and procedures.

NOTES TO FINANCIAL STATEMENTS

The following is the endowment net asset composition by type of fund as of September 30, 2018 and 2017:

	<u>September 30, 2018</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Donor – restricted endowment funds	\$ -	\$ 51,169	\$ -	<u>\$51,169</u>

	<u>September 30, 2017</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Donor – restricted endowment funds	\$ -	\$ 46,325	\$ -	<u>\$46,325</u>

The following is the recap of changes in endowment balances as of September 30, 2018 and 2017.

	<u>September 30, 2018</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, beginning of year	\$ -	\$ 46,325	\$ -	\$46,325
Investment return:				
Net appreciation (realized and unrealized)	-	4,844	-	4,844
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 51,169</u>	<u>\$ -</u>	<u>\$51,169</u>

	<u>September 30, 2017</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment net assets, beginning of year	\$ -	\$ 41,409	\$ -	\$41,409
Investment return:				
Net appreciation (realized and unrealized)	-	4,916	-	4,916
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 46,325</u>	<u>\$ -</u>	<u>\$46,325</u>

Funds With Deficiencies

If the fair value of assets associated with individual donor-restricted endowment funds fall below the level that the donor requires the Council to retain as a fund of perpetual duration, it is reported as an offset against temporarily restricted net assets. As of September 30, 2018 and 2017, no deficiencies existed.

NOTES TO FINANCIAL STATEMENTS

Return Objectives and Risk Parameters

The Council 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. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that attain a favorable return, with emphasis on preservation of capital and long-term growth, without jeopardizing liquidity needs.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Council 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).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Council and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Council
- 7) The investment policies of the Council

Note 13. Subsequent Events

The Council evaluated the need for disclosures and/or adjustments resulting from subsequent events through January 17, 2019, the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments under general accounting standards.

SUPPLEMENTARY INFORMATION

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
Year Ended September 30, 2018

Agency Head: Rachel Broussard

There were no compensation, benefits and other payments paid in fiscal year ended September 30, 2018 from public funds.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

SCHEDULES OF COOKIE REVENUE AND EXPENSE

Years Ended September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cookie sales revenue	\$ 3,825,477	\$ 3,894,864
Allocations to troops	<u>(432,407)</u>	<u>(438,327)</u>
Cookie revenue net of troop allocations	\$ 3,393,070	\$ 3,456,537
Cost of cookie sales	<u>(1,082,460)</u>	<u>(1,096,659)</u>
Gross profit	<u>\$ 2,310,610</u>	<u>\$ 2,359,878</u>
Sales price per standard box	<u>\$ 4.00</u>	<u>\$ 4.00</u>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Girl Scouts of Louisiana – Pines to the Gulf, Inc.
Lafayette, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Girl Scouts of Louisiana – Pines to the Gulf, Inc. (a non-profit organization), which comprise the statements of financial position as of September 30, 2018 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated January 17, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency listed as 2018-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Council's Response to Finding

The Council's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Council's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Lafayette, Louisiana
January 17, 2019

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended September 30, 2018

We have audited the financial statements of Girl Scouts of Louisiana – Pines to the Gulf, Inc. as of and for the year ended September 30, 2018, and have issued our report thereon dated January 17, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of September 30, 2018 resulted in an unmodified opinion.

Section I - Summary of Auditors' Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material weaknesses Yes None Reported

Control deficiencies identified
that are not considered to be
material weaknesses

Yes None Reported

Compliance

Compliance Material to Financial Statements Yes No

Section II - Financial Statement Findings

2018-01 – Transaction miscodings related to restricted and designated funds

Condition: A significant number of transactions were miscoded to restricted or designated activities during the year which required reclassification as unrestricted or undesignated expense or revenue. The Council utilizes fund and source codes to track receipts and expenditures of restricted or designated funds, however these were not properly used.

Criteria: In order to effectively track these revenues and expenses fund and source codes should be properly used throughout the year.

Cause: Improper use of fund source and activity codes related to these expenses. Inadequate reconciliation process throughout the year.

Effect: Restricted balances within the accounting records are not accurate.

Recommendation: The Council should educate employees when funds are considered restricted or designated and the proper way to code the transaction for entry into the system. The Council should also implement a means of monitoring the activity of these funds as part of the monthly close process and reconcile the restricted or designated net asset balance to support.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

SCHEDULE OF FINDINGS AND RESPONSES - Continued

For the Year Ended September 30, 2018

Section II - Financial Statement Findings – (continued)

Response: The finance department will continue to educate staff about restricted funds and how those funds should be coded. Reconciliation of restricted funds will be performed monthly and cross checked with the appropriate department heads to ensure accuracy.

Section III – Management Letter

None in the current year.

GIRL SCOUTS OF LOUISIANA – PINES TO THE GULF, INC.

SCHEDULE OF PRIOR FINDINGS
For the Year Ended September 30, 2017

Section I. Internal Control and Compliance Material to the Financial Statements

2017-01 – Transaction miscodings related to restricted and designated funds

Recommendation: The Council should educate employees when funds are considered restricted or designated and the proper way to code the transaction for entry into the system. The Council should also implement a means of monitoring the activity of these funds as part of the monthly close process and reconcile the restricted or designated net asset balance to support. See current year finding at 2018-01.

Current Status: A significant number of transactions were miscoded to restricted or designated activities during the year which required reclassification as unrestricted or undesignated expense or revenue. The Council utilizes fund and source codes to track receipts and expenditures of restricted or designated funds, however these were not properly used. See current year finding at 2018-01.

Section II. Internal Control and Compliance Material to Federal Awards

None.

Section III. Management Letter

None.