

**GIRL SCOUTS OF EASTERN WASHINGTON  
& NORTHERN IDAHO  
INDEPENDENT AUDITOR'S REPORTS  
AND FINANCIAL STATEMENTS  
SEPTEMBER 30, 2010 AND 2009**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Girl Scouts of Eastern Washington & Northern Idaho  
Spokane, Washington

We have audited the accompanying statement of financial position of Girl Scouts of Eastern Washington & Northern Idaho (the Girl Scouts) as of September 30, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Girl Scouts' 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 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 Eastern Washington & Northern Idaho as of September 30, 2010 and 2009, 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.

*Moss Adams LLP*

Spokane, Washington  
February 3, 2011

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**STATEMENT OF FINANCIAL POSITION**

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**ASSETS**

	September 30,	
	<b>2010</b>	2009
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,128,958	\$ 315,989
Short-term investments	2,339	2,339
Accounts receivable	81,153	2,505
Inventory	120,414	113,239
Prepaid expenses	29,108	6,281
Estate receivable	727,430	-
Current portion of pledges receivable, net of allowance for doubtful accounts of \$-0- for 2010 and 2009	<b>740,060</b>	70,746
	<b>2,829,462</b>	511,099
<b>PLEDGES RECEIVABLE</b>	<b>176,555</b>	-
<b>INVESTMENTS</b>	<b>1,057,171</b>	993,757
<b>PROPERTY AND EQUIPMENT, net</b>	<b>3,155,564</b>	3,286,972
	<b>\$ 7,218,752</b>	<b>\$ 4,791,828</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 322,189	\$ 166,829
Membership dues payable	34,397	30,646
Cookie dough	172,773	160,982
Scholarships	41,442	45,871
Deferred revenues	979	20,000
Short term line of credit	195,250	-
	<b>767,030</b>	424,328
<b>COMMITMENTS (Note 9)</b>		
<b>NET ASSETS</b>		
Unrestricted	4,136,752	3,945,220
Temporarily restricted	1,979,298	86,608
Permanently restricted	335,672	335,672
	<b>6,451,722</b>	4,367,500
	<b>\$ 7,218,752</b>	<b>\$ 4,791,828</b>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended September 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUES</b>				
Public support:				
Grants and contributions, operating	\$ 163,783	\$ 1,958,343	\$ -	\$ 2,122,126
In-kind donations	759,729	-	-	759,729
United Way allocation:				
Spokane County	68,549	-	-	68,549
Other counties	51,817	-	-	51,817
Total public support	<u>1,043,878</u>	<u>1,958,343</u>	<u>-</u>	<u>3,002,221</u>
Revenue:				
Cookie sales, net of costs of \$955,993	1,297,162	-	-	1,297,162
Nut sales, net of costs of \$77,953	39,495	-	-	39,495
QSP fundraiser, net of costs of \$23,852	8,154	-	-	8,154
Training and program	230,765	-	-	230,765
Retail sales, net of costs of \$154,077	63,594	-	-	63,594
Special fundraising events, net of costs of \$15,107	31,269	-	-	31,269
Investment income and unrealized gains	42,902	25,588	-	68,490
Rental income	16,794	-	-	16,794
Gain on sale of equipment	1,500	-	-	1,500
Miscellaneous income	22,448	-	-	22,448
Total revenue	<u>1,754,083</u>	<u>25,588</u>	<u>-</u>	<u>1,779,671</u>
Total public support and revenue	<u>2,797,961</u>	<u>1,983,931</u>	<u>-</u>	<u>4,781,892</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Satisfaction of time and use restrictions	91,241	(91,241)	-	-
<b>EXPENSES</b>				
Total program services	<u>1,829,727</u>	<u>-</u>	<u>-</u>	<u>1,829,727</u>
Supporting services:				
Management and general	232,687	-	-	232,687
Fundraising	635,256	-	-	635,256
Total supporting services	<u>867,943</u>	<u>-</u>	<u>-</u>	<u>867,943</u>
Total expenses	<u>2,697,670</u>	<u>-</u>	<u>-</u>	<u>2,697,670</u>
CHANGE IN NET ASSETS	191,532	1,892,690	-	2,084,222
NET ASSETS, beginning of year	<u>3,945,220</u>	<u>86,608</u>	<u>335,672</u>	<u>4,367,500</u>
NET ASSETS, end of year	<u>\$ 4,136,752</u>	<u>\$ 1,979,298</u>	<u>\$ 335,672</u>	<u>\$ 6,451,722</u>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year Ended September 30, 2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUES</b>				
Public support:				
Grants and contributions, operating	\$ 76,453	\$ -	\$ -	\$ 76,453
In-kind donations	49,159	-	-	49,159
United Way allocation:				
Spokane County	69,011	-	-	69,011
Other counties	79,770	-	-	79,770
Total public support	274,393	-	-	274,393
Revenue:				
Cookie sales, net of costs of \$869,401	1,200,082	-	-	1,200,082
Nut sales, net of costs of \$92,058	45,792	-	-	45,792
QSP fundraiser, net of costs of \$29,858	9,954	-	-	9,954
Training and program	210,711	-	-	210,711
Retail sales, net of costs of \$159,263	65,180	-	-	65,180
Special fundraising events, net of costs of \$14,995	28,082	-	-	28,082
Investment income and unrealized gains	24,285	73,828	-	98,113
Rental income	16,357	-	-	16,357
Miscellaneous income	9,476	-	-	9,476
Total revenue	1,609,919	73,828	-	1,683,747
Total public support and revenue	1,884,312	73,828	-	1,958,140
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Satisfaction of time and use restrictions	19,650	(19,650)	-	-
<b>EXPENSES</b>				
Total program services	1,918,949	-	-	1,918,949
Supporting services:				
Management and general	287,821	-	-	287,821
Fundraising	214,448	-	-	214,448
Total supporting services	502,269	-	-	502,269
Total expenses	2,421,218	-	-	2,421,218
CHANGE IN NET ASSETS	(517,256)	54,178	-	(463,078)
NET ASSETS, beginning of year	4,462,476	32,430	335,672	4,830,578
NET ASSETS, end of year	\$ 3,945,220	\$ 86,608	\$ 335,672	\$ 4,367,500

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**STATEMENT OF FUNCTIONAL EXPENSES**

	Year Ended September 30, 2010			
	Program Services	Supporting Services		Total
		Management and General	Fund-raising	
<b>EXPENSES FROM OPERATIONS</b>				
Salaries:				
Office staff	\$ 892,013	\$ 123,648	\$ 201,090	\$ 1,216,751
Camp staff	39,858	-	-	39,858
Employees' health, life, and retirement plan	158,731	14,637	26,444	199,812
Payroll taxes and workers' compensation	92,928	11,133	19,328	123,389
Total salaries and related expenses	1,183,530	149,418	246,862	1,579,810
Professional fees	65,795	20,061	34,418	120,274
Supplies	94,772	1,804	10,452	107,028
Telephone	44,752	-	6,410	51,162
Postage	13,095	276	3,193	16,564
Occupancy	102,515	8,989	5,041	116,545
Rental and maintenance of equipment	23,911	20	2,876	26,807
Printing and publication	17,345	2,159	2,809	22,313
Travel	54,724	12,124	18,003	84,851
Staff, board, and volunteer training and conferences	3,985	10,400	539	14,924
Financial assistance	69,040	-	-	69,040
Interest	6,757	105	-	6,862
Insurance	33,597	1,274	942	35,813
Miscellaneous	16,550	14	1,906	18,470
<b>EXPENSES FROM CAPITAL RELATED</b>				
<b>ACTIVITIES</b>				
In-kind donations	3,904	3,113	7,350	14,367
Media and capital campaigns	-	-	277,500	277,500
Total expenses before depreciation and amortization	1,734,272	209,757	618,301	2,562,330
Depreciation expense	95,455	22,930	16,955	135,340
<b>TOTAL EXPENSES INCLUDING DEPRECIATION AND AMORTIZATION</b>	<b>\$ 1,829,727</b>	<b>\$ 232,687</b>	<b>\$ 635,256</b>	<b>\$ 2,697,670</b>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**STATEMENT OF FUNCTIONAL EXPENSES**

	Year Ended September 30, 2009			
	Program Services	Supporting Services		Total
		Management and General	Fund-raising	
<b>EXPENSES FROM OPERATIONS</b>				
Salaries:				
Office staff	\$ 993,174	\$ 142,817	\$ 138,371	\$ 1,274,362
Camp staff	37,733	-	-	37,733
Employees' health, life, and retirement plan	138,100	20,285	14,391	172,776
Payroll taxes and workers' compensation	97,844	9,609	10,610	118,063
Total salaries and related expenses	1,266,851	172,711	163,372	1,602,934
Professional fees	46,289	26,351	5,540	78,180
Supplies	87,731	1,563	2,246	91,540
Telephone	38,383	5,702	3,791	47,876
Postage	14,336	416	2,404	17,156
Occupancy	102,977	6,850	4,555	114,382
Rental and maintenance of equipment	23,013	3,838	2,552	29,403
Printing and publication	19,933	22	523	20,478
Travel	44,758	13,705	3,421	61,884
Staff, board, and volunteer training and conferences	2,214	11,354	29	13,597
Financial assistance	50,661	-	-	50,661
Interest	596	982	-	1,578
Insurance	35,772	7,496	4,984	48,252
Miscellaneous	52,376	297	1,711	54,384
<b>EXPENSES FROM CAPITAL RELATED ACTIVITIES</b>				
In-kind donations	18,723	11,964	2,984	33,671
Total expenses before depreciation and amortization	1,804,613	263,251	198,112	2,265,976
Depreciation expense	114,336	24,570	16,336	155,242
<b>TOTAL EXPENSES INCLUDING DEPRECIATION AND AMORTIZATION</b>	<b>\$ 1,918,949</b>	<b>\$ 287,821</b>	<b>\$ 214,448</b>	<b>\$ 2,421,218</b>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**STATEMENT OF CASH FLOWS**

	Year Ended September 30,	
	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,084,222	\$ (463,078)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	135,340	155,242
Gain on sale of equipment	(1,500)	-
In-kind receivable of land	(727,430)	-
Unrealized gain on investments	(54,715)	(71,877)
Change in assets and liabilities:		
Accounts receivable	(78,648)	11,298
Pledges receivable	(845,869)	28,060
Inventory	(7,175)	(8,338)
Prepaid expenses	(22,827)	5,145
Accounts payable and accrued expenses	155,360	48,969
Membership dues payable	3,751	6,741
Cookie dough and scholarships	7,362	12,965
Deferred revenues	(19,021)	12,396
Net cash provided (used) by operating activities	<u>628,850</u>	<u>(262,477)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(8,699)	(546,339)
Proceeds from sale of equipment	1,500	-
Purchase of property and equipment	<u>(3,932)</u>	<u>(12,108)</u>
Net cash used by investing activities	<u>(11,131)</u>	<u>(558,447)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term line of credit	<u>195,250</u>	<u>-</u>
Net cash provided by financing activities	<u>195,250</u>	<u>-</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>812,969</b>	<b>(820,924)</b>
Cash and cash equivalents, beginning of year	<u>315,989</u>	<u>1,136,913</u>
Cash and cash equivalents, end of year	<u>\$ 1,128,958</u>	<u>\$ 315,989</u>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**STATEMENT OF FUNCTIONAL EXPENSES**

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	Year Ended September 30,	
	<u>2010</u>	<u>2009</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for interest	<u>\$ 6,862</u>	<u>\$ 1,578</u>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 - Organization and Summary of Significant Accounting Policies**

***Organization:***

Girl Scouts of Eastern Washington & Northern Idaho (the Girl Scouts) is a nonprofit Washington organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Girl Scouts oversee Girl Scout troops in eastern Washington and northern Idaho. The Girl Scouts provide the following program services for members: camping, membership development, and program and adult education. The primary purpose of the Girl Scouts is to offer girls residing within its jurisdiction an opportunity to participate in the Girl Scout program, which is to inspire girls with the highest ideals of character, conduct, patriotism, and service that they may become happy and resourceful citizens and, to that end, to develop, manage, and maintain Girl Scouting throughout the area of its jurisdiction. The Girl Scouts are chartered by Girl Scouts of the United States of America (National).

**Note 2 - Summary of Significant Accounting Policies**

***Basis of presentation:***

Financial statement presentation follows the requirements of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities - Presentation of Financial Statements*. Under ASC 958-205, the Girl Scouts are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

***Cash and cash equivalents:***

For purposes of reporting the statement of cash flows, the Girl Scouts consider all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with original maturities of three months or less, to be cash equivalents.

***Short-term investments:***

Short-term investments consist of certificates of deposit that mature within one year.

***Estate receivable:***

The estate receivable consists of a bequest of land and a building located in Umatilla County, Oregon, for a Girl Scouts camp. The deed was recorded in October 2010 at which time title to the land and building was received.

***Pledges receivable:***

Revenue and the related receivables are recorded when an unconditional promise to give is received, less an estimate for doubtful receivables. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free rates applicable to the years in which the promises are due to be received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not recorded as revenue until the conditions are substantially met.

***Inventory:***

Inventory, consisting principally of Girl Scout supplies including uniforms, badges, and handbooks, is carried at the lower of cost (first-in, first-out) or market.

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Revenue recognition:***

**Support:** Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions subject to donor-imposed restrictions for use in a future period or for a specific purpose are either reported as temporarily or permanently restricted, depending on the nature of the donor's restriction. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

**Donated services:** A substantial number of volunteers have donated significant amounts of time to the Girl Scouts' program and fund-raising activities. No amounts have been recognized in the accompanying statement of activities and changes in net assets because the criteria for recognition of such volunteer efforts has not been met.

**Donated goods:** Donated goods are recorded as contributions in the accompanying financial statements at their estimated fair values when received.

**Products and services:** Revenue from the sale of merchandise and service fees is recognized when merchandise is sold or services are provided.

**Deferred revenue:** Fees received in advance of camps held are recorded as deferred revenue. Grant monies, which are received in advance of service, are recorded as deferred revenue until expenses are recognized for the grant at which time the revenue is recognized.

***Investments:***

Investment securities (see Note 10) are stated at fair value. Fair values are based on quoted market prices.

***Property and equipment:***

Property and equipment are stated at cost. The Girl Scouts capitalizes expenditures for items over \$500 with a life of one year or greater. Depreciation is calculated using the straight-line method. The depreciation methods are designed to amortize the cost of the assets over estimated useful lives ranging from 3 to 40 years. Depreciation expense for the years ended September 30, 2010 and 2009, was \$135,340 and \$155,242, respectively.

***Valuation of long-lived assets:***

The Girl Scouts, using its best estimates based on reasonable and supportable assumptions and projections, reviews assets for impairment whenever events or changes in circumstances have indicated the carrying amount of its assets might not be recoverable. Impaired assets are reported at the lower of cost or fair value. At September 30, 2010 and 2009, no assets had been written down.

***Temporarily and permanently restricted net assets:***

Temporarily restricted net assets are those whose use by the Girl Scouts has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity, the income from which is expendable.

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Donor-restricted gifts:***

Donor-restricted gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Gifts of long-lived assets such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

To the extent that donor restrictions are met within the same reporting period the contributions are received, the gifts are reported as unrestricted support during that period.

***Board-designated operating reserve:***

Approximately \$734,000 and \$691,000 for the years ended September 30, 2010 and 2009, respectively, of unrestricted net assets included in cash and cash equivalents and investments in the statement of financial position is reserved for the payment of unusual or unexpected costs. Such net assets are unrestricted and require Board approval before they can be disbursed.

***Functional expenses:***

Costs are charged to program services, management and general, and fund-raising functions based on direct expenditures incurred. Expenses not directly chargeable to these functional categories are allocated based on full-time equivalency.

***Concentrations of credit risk:***

Financial instruments that potentially expose the Girl Scouts to credit risk include cash and cash equivalents. The Girl Scouts maintain cash and cash equivalents with major financial institutions. At times, the amounts on deposit may exceed federally insured limits.

***Accounting 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Financial Accounting Standards Board codification:***

On July 1, 2009, the FASB ASC became the single authoritative source for nongovernmental accounting principles generally accepted in the United States of America (GAAP). The ASC supersedes all previous authoritative GAAP applicable to the Girl Scouts and is effective for interim and annual periods ended after September 15, 2009.

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Income taxes:***

The Girl Scouts is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) except to the extent of unrelated business taxable income as defined under IRC sections 511 through 515. The Girl Scouts adopted the provisions of FASB ASC 740-10, *Income Taxes*, relating to accounting for uncertain tax positions on October 1, 2009, which had no financial statement impact to the Girl Scouts. The Girl Scouts recognizes interest and penalties related to income tax matters in administrative expense. No interest and penalties have been accrued upon adoption or for the year ended September 30, 2010. The Girl Scouts files an exempt organization return in the U.S. federal jurisdiction and with the Washington charities division. The Girl Scouts is no longer subject to income tax examinations by taxing authorities for years before 2006 for its federal and state filings.

***Subsequent events:***

Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Girl Scouts recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Girl Scouts' financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before the financial statements are issued. Subsequent events are disclosed in Note 14.

The Girl Scouts has evaluated subsequent events through February 3, 2011, which is the date the financial statements were issued.

**Note 3 - Pledges Receivable**

Pledges receivable at September 30 consisted of the following:

	<u>2010</u>	<u>2009</u>
Gross pledges receivable	\$ 916,615	\$ 70,746
Less current portion	<u>740,060</u>	<u>70,746</u>
 LONG-TERM PORTION	 <u>\$ 176,555</u>	 <u>\$ -</u>

Pledges are discounted at 4% and are expected to be realized in the following periods:

In one year or less	\$ 780,502
Between one year and five years	138,050
More than five years	3,000
Less present value discounts	<u>(4,937)</u>
	<u>\$ 916,615</u>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 4 - Property and Equipment**

Property and equipment consisted of the following at September 30:

	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 678,767	\$ 678,767
Buildings and improvements	3,456,842	3,456,842
Equipment	701,838	700,886
Vehicles	<u>76,501</u>	<u>76,501</u>
	<b>4,913,948</b>	4,912,996
Less accumulated depreciation and amortization	<u>1,758,384</u>	<u>1,626,024</u>
	<b><u>\$ 3,155,564</u></b>	<b><u>\$ 3,286,972</u></b>

**Note 5 - Cookie Dough**

The Girl Scouts have an incentive program for cookie sales. Girl Scouts selling cookies are rewarded with cookie dough based on the number of cookies sold. Cookie dough may be used for camping fees, badges, uniforms, or any other Girl Scouting activity or supplies for two subsequent years. Unused cookie dough as of September 30, 2010 and 2009, totaled \$172,773 and \$160,982, respectively, and is shown as a liability on the statement of financial position.

**Note 6 - Lines of Credit**

At September 30, 2010, the Girl Scouts had two revolving line of credits. One agreement was with Sterling Savings Bank that provides for borrowings up to \$250,000 through December 2011. Borrowings are subject to interest at the bank's prime rate (4.5% at September 30, 2010). The line had no outstanding balance at September 30, 2010 or 2009, and is secured by inventory accounts and equipment. The second agreement was with Washington Trust Bank that provides for borrowing up to \$250,000 through March 2011. Borrowings are subject to interest at the bank's prime rate plus 0.5% with a floor of 4.5% (4.5% on September 30, 2010). The line is secured by a bank account. The line had an outstanding balance of \$195,250 and \$-0- at September 30, 2010 and 2009, respectfully.

**Note 7 - Inland Northwest Community Foundation**

Inland Northwest Community Foundation (the Foundation), an unaffiliated organization, holds certain assets for investment in an endowment fund that is designated for the benefit of the Girl Scouts. The total market value of the fund was \$89,240 and \$86,715 as of September 30, 2010 and 2009, respectively. The majority of this balance represents assets that were transferred by the Girl Scouts to the Foundation and related earnings thereon. At the time the funds were transferred, the Foundation was granted variance power to designate an alternative beneficiary. The Girl Scouts do not have legal ownership or direct access to the fund and management considers the fund to be immaterial to its financial statements. Accordingly, the Girl Scouts' beneficial interest in the fund is not reflected as an asset in its financial statements.

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 7 - Inland Northwest Community Foundation (Continued)**

The Girl Scouts normally receive an annual distribution of investment earnings from the Foundation. This income is classified as unrestricted contribution income when it is received.

**Note 8 - Employee Benefit Plan**

The Girl Scouts participate in the National Girl Scout Council Retirement Plan (the Plan), a noncontributory defined benefit pension sponsored by Girl Scouts of the USA which covers substantially all the employees of various Girl Scout councils. Benefits are based on years of service and salary level. The Girl Scouts pension expense and contributions to this Plan for fiscal years 2010 and 2009 was \$75,643 and \$31,546, respectively. The National Board of the Girl Scouts of the USA voted to freeze future benefits under the Plan effective July 31, 2010. Due to the nature of the Plan, it is not practicable to determine the extent to which the assets of the Plan cover the actuarially computed value of vested benefits for the Girl Scouts as a standalone operation. In addition, because the Plan is considered a multiemployer Plan, it is only subject to certain minimum reporting requirements of FASB Accounting Standards Code Section 715-80. Due to unfavorable market conditions, as of January 1, 2010, the actuarial present value of accumulated Plan benefits exceeded net Plan assets available for Plan benefits.

The Girl Scouts also offer a tax-deferred annuity program to all employees. Employee contributions depend upon the investment chosen. There are no employer contributions to this Plan for the years ended September 30, 2010 or 2009.

**Note 9 - Leasing Activities**

The Girl Scouts lease equipment under operating lease arrangements terminating in 2012 and 2013. Related expense for the years ended September 30, 2010 and 2009, was \$116,545 and \$114,381, respectively. Future lease commitments are as follows:

Years Ending September 30,	
2011	\$ 19,726
2012	19,726
2013	<u>9,513</u>
	<u>\$ 48,965</u>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 10 - Investments**

Investments at September 30 are as follows:

	<u>2010</u>	<u>2009</u>
Fixed income funds	\$ 263,892	\$ 256,314
Equity funds	793,279	737,443
Other	<u>2,339</u>	<u>2,339</u>
	<u>\$ 1,059,510</u>	<u>\$ 996,096</u>

For the years ended September 30 the Girl Scouts' total return on investments includes:

	<u>2010</u>	<u>2009</u>
Net unrealized and realized gains on investments	\$ 54,715	\$ 71,877
Interest income and dividends	<u>13,775</u>	<u>26,236</u>
Total return on investments	<u>\$ 68,490</u>	<u>\$ 98,113</u>
Amounts withdrawn under spending policy	<u>\$ 15,806</u>	<u>\$ 19,650</u>

**Note 11 - Endowments**

The Girl Scouts' endowment consists of four individual funds established for a variety of purposes. Its endowment consists of donor-restricted endowment funds. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Girl Scouts' interpretation of the law under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) is that permanently restricted net assets are recorded at the historical dollar value. As a result of this interpretation, the Girl Scouts defines historical dollar value as (a) the fair market value of the endowment fund at the time of creation, (b) the fair market value at the date of contribution of any subsequent gifts made to the endowment fund, and (c) any additions of the endowment fund appreciation to historic dollar value the donor directs the Board of Directors to make upon creation of the endowment fund. The Girl Scouts classifies the historical dollar value as permanently restricted net assets. Any remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets, unless specified as unrestricted by the donor.

Under the Girl Scouts' endowment spending policy, endowment income for donor specified purposes is based upon 6% of a three-year rolling average of the fund's total market value. The spending rate is evaluated on an annual basis and is adjusted if necessary in order to maintain the individual fund at historical dollar value.

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 11 - Endowments (Continued)**

Endowment net asset composition by type of fund is summarized as follows:

	<u>As of September 30, 2010</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 63,960</u>	<u>\$ 335,672</u>	<u>\$ 399,632</u>

	<u>As of September 30, 2009</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Donor-restricted endowment funds	<u>\$ -</u>	<u>\$ 54,178</u>	<u>\$ 335,672</u>	<u>\$ 389,850</u>

Changes in endowment net assets are summarized as follows:

	<u>For the Year Ended September 30, 2010</u>			<u>Total</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Net assets, beginning of year	<u>\$ -</u>	<u>\$ 54,178</u>	<u>\$ 335,672</u>	<u>\$ 389,850</u>
Investment return:				
Investment income	-	962	-	962
Net gain (realized and unrealized)	-	24,626	-	24,626
	-	25,588	-	25,588
Released from restriction	-	(15,806)	-	(15,806)
NET ASSETS, end of year	<u>\$ -</u>	<u>\$ 63,960</u>	<u>\$ 335,672</u>	<u>\$ 399,632</u>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 11 - Endowments (Continued)**

	For the Year Ended September 30, 2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ -	\$ -	\$ 335,672	\$ 335,672
Investment return:				
Investment income	-	3,978	-	3,978
Net gain (realized and unrealized)	-	69,850	-	69,850
	-	73,828	-	73,828
Released from restriction	-	(19,650)	-	(19,650)
NET ASSETS, end of year	\$ -	\$ 54,178	\$ 335,672	\$ 389,850

As of September 30, 2010 and 2009, none of endowment funds had estimated fair values that were less than their permanently restricted amount or historic dollar value.

***Investment objectives:***

The purpose of the investment portfolio is to support Girl Scouts programs and its mission over the long-term. Accordingly, the primary investment objectives of the Girl Scouts are to preserve the real purchasing power of the principal, and provide a stable source of perpetual financial support to the Girl Scouts' beneficiaries in accordance with the Girl Scouts' spending policy.

In order to preserve the purchasing power of both principal and of withdrawals made available for spending, the long-term annualized total rate of return objective for the Girl Scouts' investment portfolio (portfolio) is inflation plus 6% (a minimum rate of return equal to the rate of inflation is required to preserve the real purchasing power of the portfolio, plus 5% to provide for transfer to program support). To satisfy its long-term rate of return objective, the Girl Scouts relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and from current yield (interest and dividends). Asset allocation guidelines and the manager structure should ensure adequate diversification in order to reduce the volatility of investment returns.

***Target asset allocation:***

To achieve its investment objectives, the portfolio shall be allocated among a number of asset classes. These asset classes may include: domestic equity, domestic fixed income, international equity, and international fixed income. Investments of real estate and private capital may only be purchased with specific permission from the Board of Directors. The purpose of allocating among asset classes is to ensure the proper level of diversification within the portfolio.

The general policy shall be to diversify investments among both equity and fixed income securities to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 11 - Endowments (Continued)**

***Spending:***

It is the Girl Scouts' policy to distribute annually 6% of a trailing three-year average of the endowment fund's total asset value, with the understanding this spending rate plus inflation will not normally exceed total return from investment. However, it is understood this total return basis for calculating spending is sanctioned by the Uniform Prudent Management of Institutional Funds Act (UPMIFA), under which guidelines the Girl Scouts is permitted to spend an amount in excess of the current yield (interest and dividends earned), including realized or unrealized appreciation.

**Note 12 - Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

	<u>2010</u>	<u>2009</u>
Camp property in Oregon	\$ 25,000	\$ 25,000
Technology equipment	6,545	6,545
Other	885	885
Camp Four Echoes	33,066	27,087
Lindy Cater	5,250	3,740
Wilbur Girls	25,644	23,351
Building Campaign	1,706,735	-
Program Campaign	176,173	-
	<u>\$ 1,979,298</u>	<u>\$ 86,608</u>

Temporarily restricted net assets were released from donor restrictions related to Camp Four Echoes and the building campaign totaling \$91,241 and \$19,650 for September 30, 2010 and 2009, respectively.

Earnings from permanently restricted net assets are available for the following purposes at September 30:

	<u>2010</u>	<u>2009</u>
Camp Four Echoes	\$ 300,000	\$ 300,000
Lindy Cater Fund Girl Program, Program Center	20,413	20,413
Wilbur, Washington, area Girl Scouting	13,259	13,259
Moscow, Idaho, area Girl Scouting	2,000	2,000
	<u>\$ 335,672</u>	<u>\$ 335,672</u>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 13 - Fair Value of Financial Instruments**

The Girl Scouts has determined the fair value of certain assets and liabilities in accordance with the provisions of FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which provides a framework for measuring fair value under accounting principles generally accepted in the United States of America.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC 820-10 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs are developed based on market data obtained from sources independent of the Girl Scouts. Unobservable inputs reflect the Girl Scouts' own assumptions about market inputs based on its own data.

ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels:

- **Level 1** Quoted prices in active markets for identical assets or liabilities the Girl Scouts has the ability to access at the measurement date.
- **Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- **Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

	<b>Investment Assets at Fair Value as of September 30, 2010</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable securities	<u>\$ 1,057,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,057,171</u>
Certificate of deposits	<u>\$ -</u>	<u>\$ 2,339</u>	<u>\$ -</u>	<u>\$ 2,339</u>

	<b>Investment Assets at Fair Value as of September 30, 2009</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable securities	<u>\$ 993,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 993,757</u>
Certificate of deposits	<u>\$ -</u>	<u>\$ 2,339</u>	<u>\$ -</u>	<u>\$ 2,339</u>

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 13 - Fair Value of Financial Instruments (Continued)**

The following methods and assumptions were used to estimate the value of each class of financial instrument:

***Cash and cash equivalents:***

Due to the highly liquid nature, carrying value approximates fair value.

***Marketable securities:***

The fair value for marketable securities is determined by quoted market prices.

**Note 14 - Subsequent Events**

Subsequent to year end, the Girl Scouts entered into a design and engineering contract for approximately \$159,000 and to date the related construction contracts for approximately \$363,000 related to the lodge replacement at Camp Four Echoes.

In addition, the Girl Scouts received an additional pledge related to the lodge for approximately \$1 million.

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Directors  
Girl Scouts of Eastern Washington & Northern Idaho  
Spokane, Washington

Our report on our audits of the basic financial statement of Girl Scouts of Eastern Washington & Northern Idaho appear on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information related to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Moss Adams LLP*

Spokane, Washington  
February 3, 2011

**GIRL SCOUTS OF EASTERN WASHINGTON & NORTHERN IDAHO  
ANALYSIS OF INCOME FROM COOKIE SALE CAMPAIGN**

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	September 30,	
	<u>2010</u>	<u>2009</u>
Cookie sale receipts	\$ 2,234,506	\$ 2,073,610
Less retention by troops and service units	<u>281,434</u>	<u>259,259</u>
Total receipts to Council	<b>1,953,072</b>	1,814,351
Cost of cookies	<u>493,354</u>	<u>452,727</u>
Gross profit	<u>1,459,718</u>	<u>1,361,624</u>
Expense of sale		
Idaho sales tax	20,438	19,546
Miscellaneous and uncollectible	<u>1,249</u>	<u>1,838</u>
	<u>21,687</u>	<u>21,384</u>
Net income before cookie dough	<b>1,438,031</b>	1,340,240
Cookie dough and cookie sale awards provided, net	<u>140,869</u>	<u>140,158</u>
NET INCOME FROM COOKIE SALES	<u>\$ 1,297,162</u>	<u>\$ 1,200,082</u>