

GIRL SCOUTS
OF NORTHERN ILLINOIS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

For the Year Ended
September 30, 2010



Certified Public Accountants & Advisors

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998 Corporate Boulevard • Aurora, IL 60502

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Girl Scouts of Northern Illinois
Elgin, Illinois

We have audited the accompanying statement of financial position of Girl Scouts of Northern Illinois (the Council) as of September 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Northern Illinois as of September 30, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Aurora, Illinois
January 21, 2011

Sikich LLP

FINANCIAL STATEMENTS

GIRL SCOUTS OF NORTHERN ILLINOIS

STATEMENT OF FINANCIAL POSITION

September 30, 2010

	Unrestricted			Temporarily Restricted Donor Restricted	Permanently Restricted Endowment	Total	
	Undesignated	Board Designated	Land, Buildings, and Equipment				Total Unrestricted
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 757,263	\$ 76,259	\$ 54,679	\$ 888,201	\$ 44,356	\$ 210,044	\$ 1,142,601
Accounts receivable, net	79,102	-	-	79,102	98,326	-	177,428
Pledges receivable (current)	20,425	-	-	20,425	1,000	10,000	31,425
Inventories	374,012	-	-	374,012	-	-	374,012
Prepaid expenses and deposits	221,487	-	-	221,487	-	-	221,487
Investments	-	1,114,977	896,280	2,011,257	-	126,882	2,138,139
Due (to) from other funds	(113,617)	-	109,620	(3,997)	15,057	(11,060)	-
Total current assets	1,338,672	1,191,236	1,060,579	3,590,487	158,739	335,866	4,085,092
NONCURRENT ASSETS							
Pledges receivable (net)	43,557	-	-	43,557	4,000	18,996	66,553
Beneficial interests in trusts	-	-	-	-	179,732	381,337	561,069
Land, buildings, and equipment, net	-	-	6,704,842	6,704,842	-	-	6,704,842
Total noncurrent assets	43,557	-	6,704,842	6,748,399	183,732	400,333	7,332,464
TOTAL ASSETS	\$ 1,382,229	\$ 1,191,236	\$ 7,765,421	\$ 10,338,886	\$ 342,471	\$ 736,199	\$ 11,417,556

	Unrestricted			Temporarily	Permanently	Total
	Undesignated	Board Designated	Land, Buildings, and Equipment	Restricted Donor Restricted	Restricted Endowment	
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 158,576	\$ -	\$ -	\$ 158,576	\$ -	\$ 158,576
Accrued wages	92,580	-	-	92,580	-	92,580
Accrued vacation	116,162	-	-	116,162	-	116,162
Other accrued liabilities	93,734	-	-	93,734	-	93,734
Line of credit	260,000	-	-	260,000	-	260,000
Current portion of notes payable	639,384	-	-	639,384	-	639,384
Total current liabilities	1,360,436	-	-	1,360,436	-	1,360,436
LONG-TERM LIABILITIES						
Notes payable	164,808	-	-	164,808	-	164,808
TOTAL LIABILITIES	1,525,244	-	-	1,525,244	-	1,525,244
NET ASSETS						
Unrestricted	(143,015)	1,191,236	7,765,421	8,813,642	-	8,813,642
Temporarily restricted	-	-	-	-	342,471	342,471
Permanently restricted	-	-	-	-	-	736,199
Total net assets	(143,015)	1,191,236	7,765,421	8,813,642	342,471	9,892,312
TOTAL LIABILITIES AND NET ASSETS	\$ 1,382,229	\$ 1,191,236	\$ 7,765,421	\$ 10,338,886	\$ 342,471	\$ 11,417,556

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTHERN ILLINOIS

STATEMENT OF ACTIVITIES

For the Year ended September 30, 2010

	Unrestricted			Temporarily	Permanently	Total
	Undesignated	Board Designated	Land, Buildings, and Equipment	Restricted Donor Restricted	Restricted Endowment	
PUBLIC SUPPORT						
Grants	\$ 197,373	\$ -	\$ -	\$ 123,828	\$ -	\$ 321,201
Contributions	113,124	-	-	-	10,331	123,455
In-kind contributions	45,584	-	-	-	-	45,584
Total public support	356,081	-	-	123,828	10,331	490,240
REVENUE						
Product sales						
Cookie sales	5,896,384	-	-	-	-	5,896,384
Less cost of sales	(1,500,028)	-	-	-	-	(1,500,028)
Less troop proceeds	(981,603)	-	-	-	-	(981,603)
Net cookie sales	3,414,753	-	-	-	-	3,414,753
Fall product sales	774,087	-	-	-	-	774,087
Less cost of sales	(349,128)	-	-	-	-	(349,128)
Less troop proceeds	(138,246)	-	-	-	-	(138,246)
Net fall product sales	286,713	-	-	-	-	286,713
Merchandise sales	686,963	-	-	-	-	686,963
Less cost of sales	(439,308)	-	-	-	-	(439,308)
Net merchandise sales	247,655	-	-	-	-	247,655
Other special events	83,836	-	-	-	-	83,836
Program services fees	197,595	-	-	-	-	197,595
Dividends and interest	8,056	22,042	22,393	-	-	52,491
Unrealized gain on beneficial interests in trusts	-	-	-	18,010	14,751	32,761
Unrealized gain on investments	10,436	84,966	51,388	-	-	146,790
Realized gain (loss) on sale of investments	(566)	-	1,938	-	-	1,372
Other income	97,406	-	1,447	-	-	98,853
Total revenue	4,345,884	107,008	77,166	18,010	14,751	4,562,819

Net assets released from restrictions							
Satisfaction of donor restrictions	\$ 199,534	\$ (19,271)	\$ (8,412)	\$ 171,851	\$ (171,851)	\$ -	\$ -
Total public support and revenue	4,901,499	87,737	68,754	5,057,990	(30,013)	25,082	5,053,059
EXPENSES							
Program services	4,135,484	-	380,813	4,516,297	-	-	4,516,297
Management and general	754,305	-	34,619	788,924	-	-	788,924
Fundraising	315,131	-	17,310	332,441	-	-	332,441
Total expenses	5,204,920	-	432,742	5,637,662	-	-	5,637,662
Interfund transfers	(159,554)	-	159,554	-	-	-	-
CHANGES IN NET ASSETS	(462,975)	87,737	(204,434)	(579,672)	(30,013)	25,082	(584,603)
NET ASSETS, BEGINNING OF PERIOD	319,960	1,103,499	7,969,855	9,393,314	372,484	711,117	10,476,915
NET ASSETS, END OF PERIOD	\$ (143,015)	\$ 1,191,236	\$ 7,765,421	\$ 8,813,642	\$ 342,471	\$ 736,199	\$ 9,892,312

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTHERN ILLINOIS

STATEMENT OF FUNCTIONAL EXPENSES

For the Year ended September 30, 2010

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
EMPLOYEE EXPENSES				
Salaries	\$ 2,212,985	\$ 385,596	\$ 195,592	\$ 2,794,173
Payroll taxes	283,020	49,314	25,014	357,348
Employee benefits	325,092	56,645	28,733	410,470
Total employee compensation	2,821,097	491,555	249,339	3,561,991
OTHER EXPENSES				
Professional service fees	196,582	51,627	-	248,209
Specific assistance to individuals	63,579	-	-	63,579
Supplies	115,522	20,129	10,210	145,861
Telephone	69,592	12,126	6,151	87,869
Postage and shipping	35,493	6,184	3,137	44,814
Occupancy	187,854	50,094	12,524	250,472
Repairs and maintenance	142,245	9,277	3,092	154,614
Equipment	76,806	13,383	6,788	96,977
Travel	140,772	7,651	4,590	153,013
Printing and publications	40,452	870	2,175	43,497
Insurance	136,300	23,749	12,047	172,096
Depreciation	380,813	34,619	17,310	432,742
Interest	15,942	1,854	741	18,537
Bad debts	-	54,965	-	54,965
Bank service charges	42,319	4,921	1,968	49,208
Training and education	27,718	3,223	1,289	32,230
Other	23,211	2,697	1,080	26,988
Total other expenses	1,695,200	297,369	83,102	2,075,671
TOTAL EXPENSES	\$ 4,516,297	\$ 788,924	\$ 332,441	\$ 5,637,662

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTHERN ILLINOIS

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (584,603)
Adjustments to reconcile change in net assets to cash from operating activities	
Depreciation	432,742
Unrealized gain on beneficial interests in trusts	(32,761)
Unrealized gain on investments	(146,790)
Realized gain on sale of investments	(1,372)
Changes in operating assets and liabilities	
(Increase) decrease in	
Accounts receivable	88,586
Pledges receivable	(97,978)
Inventories	(44,902)
Prepaid expenses and deposits	(95,927)
Increase (decrease) in	
Accounts payable	(10,581)
Accrued liabilities	(184,337)
Total adjustments	<u>(93,320)</u>
Net cash used in operating activities	<u>(677,923)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(41,000)
Proceeds from sale of investments	114,042
Purchases of land, buildings, and equipment	<u>(159,554)</u>
Net cash used in investing activities	<u>(86,512)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payment on line of credit	(65,000)
Principle payments on long-term debt	<u>(2,859)</u>
Net cash used in financing activities	<u>(67,859)</u>
NET DECREASE IN CASH	(832,294)
CASH, BEGINNING OF PERIOD	<u>1,974,895</u>
CASH, END OF PERIOD	<u><u>\$ 1,142,601</u></u>

See accompanying notes to financial statements.

GIRL SCOUTS OF NORTHERN ILLINOIS

NOTES TO FINANCIAL STATEMENTS

September 30, 2010

1. NATURE OF ACTIVITIES

Girl Scouts of Northern Illinois (the Council) is a not-for-profit organization with a mission of building girls of courage, confidence, and character, who make the world a better place. The council provides the Girl Scout leadership experience for girls ages 5-17 residing within its jurisdiction, with service centers in Elgin, Freeport, Rockford, and Sugar Grove, Illinois.

As an organization exclusively devoted to the Girl Scout movement, the Council has been issued a Girl Scout Council charter by Girl Scouts of the USA (GSUSA), granting it the right to develop, manage, and maintain Girl Scouting in a specified area of jurisdiction, which is established by the National Board of Directors of GSUSA, and to call itself a Girl Scout council. On October 1, 2009, pursuant to a plan of merger Girl Scouts - Fox Valley Council, Inc., Girl Scouts of Green Hills Council, Inc., and Girl Scouts - Rock River Valley Council Inc., merged with and into Girl Scouts - Sybaquay Council, Inc., the surviving entity. The combined organization will continue to operate under the new name Girl Scouts of Northern Illinois.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents are defined as currency on hand, demand deposits, and highly liquid investments with original maturities of three months or less.

Accounts Receivable

Accounts receivable consists of amounts owed to the organization for program service fees and grants that were awarded, but not yet paid. An allowance is provided based on historical collection experience, a review of the current status of receivables and judgment.

	<u>Amount</u>
Grants receivable	\$ 129,831
Program fees receivable	19,411
Cookie and fall product receivables	86,904
Allowance for doubtful accounts	<u>(58,718)</u>
TOTAL	<u>\$ 177,428</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Unconditional promises to give that are receivable more than one year from their initial receipt are discounted to a net present value using an estimated risk-free rate of return. The estimated risk-free rate of return used for the fiscal year ending September 30, 2010 was 3.5%.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value on the statement of financial position. The unrealized gain or loss on investments is reflected on the statement of activities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could be material in amount.

Inventories

Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method and consist of supplies purchased for resale from GSUSA.

Land, Buildings, and Equipment

Additions of land, buildings, and equipment in excess of \$1,000 are recorded at cost if purchased or at fair market value as of the date donated. Depreciation is provided on the straight-line method over the assets' estimated useful lives.

GIRL SCOUTS OF NORTHERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land, Buildings, and Equipment (Continued)

The following asset useful lives are used by the Council:

Buildings and improvements	20 - 40 years
Equipment	5 - 15 years
Roads	40 years

Net Assets

The Council classifies net assets as unrestricted, temporarily restricted, or permanently restricted.

Unrestricted net assets of the Council are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets of the Council result (a) from contributions and other inflows of assets whose use by the Council is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Council pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Council pursuant to those stipulations.

Permanently restricted net assets result from (a) contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Council, (b) other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) from reclassifications to/from other classes of net assets as a consequence of donor-imposed stipulations.

Fund Accounting

The Council maintains its accounts on a fund basis within the above three classes of net assets. All financial transactions have been recorded on and reported by the following fund groups:

Undesignated Fund

Consists of assets (except land, buildings, and equipment) and public support and revenue available and used for current operations and expenditures for current programs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

Board Designated Fund

This fund consists of assets designated by the board for specific purposes.

Land, Buildings, and Equipment Fund

This fund consists of the cost and accumulated depreciation of fixed assets and investments designated to fund future capital asset acquisitions or replacements.

Donor Restricted Fund

Transactions relating to all donor restricted funds are recorded in this fund.

Endowment Fund

Transactions relating to all endowment funds are recorded in this fund.

Functional Allocation of Expenses

Allocations of expenses to program, management and general, and fundraising are based on estimated time spent for compensation and benefits, specific cost when available for direct expenses, and management's estimates for allocable facilities and related costs by function.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax

The Council received favorable determination from the Internal Revenue Service to be exempt under Internal Revenue Code Section 501(c)(3) in a letter dated May 12, 2000.

GIRL SCOUTS OF NORTHERN ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax

During the fiscal year ended September 30, 2010, the Council adopted the authoritative guidance issued by the Financial Accounting Standards Board (FASB) that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses derecognition, classification, interest and penalties, disclosure, and transition. The Council conducts business solely in the U.S. and, as a result, files income tax returns for U.S., Illinois, and Wisconsin. In the normal course of business, the Council is subject to examination by taxing authorities. The predecessor Councils' tax returns for years subsequent to fiscal 2006 are open, by statute, for review by authorities. However, at present, there are no ongoing income tax audits or unresolved disputes with the various tax authorities that the Council currently files or has filed with. The adoption of this guidance did not have any material effect on the Council's financial position, changes in net assets or cash flows as of September 30, 2010.

3. UNCONDITIONAL PROMISES TO GIVE

The following summarizes unconditional promises to give for the year ended September 30, 2010:

	<u>Amount</u>
Receivable in less than one year	\$ 31,425
Receivable in one to five years	81,210
Discount on promises to give	(1,003)
Allowance for uncollectible pledges	<u>(13,654)</u>
 TOTAL	 <u>\$ 97,978</u>

4. INVESTMENTS

The Council's investments are stated at fair value and consist of the following at September 30, 2010:

	<u>Fair Value</u>	<u>Cost</u>
Mutual funds	\$ 1,946,471	\$ 1,808,638
U.S. Treasuries and government	56,310	56,310
Other assets	<u>135,358</u>	<u>124,945</u>
 TOTAL	 <u>\$ 2,138,139</u>	 <u>\$ 1,989,893</u>

GIRL SCOUTS OF NORTHERN ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

4. INVESTMENTS (Continued)

Investment revenue is reported net of \$16,755 in related expenses for the year ended September 30, 2010.

5. FAIR VALUE MEASUREMENTS

During the fiscal year ended September 30, 2009, the Council adopted the authoritative guidance issued by the Financial Accounting Standards Board (FASB) which defines fair value, establishes a framework for measuring fair value by providing a hierarchy used to classify the source of the information measuring fair value, and expands disclosures about fair value measurements. The guidance does not require any new fair value measurements. In February 2008, the FASB issued supplemental guidance which delayed the effective date of the initial standard for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), until fiscal years beginning after November 15, 2008. The Council adopted this supplemental guidance on October 1, 2009 with no material effect on its financial position, changes in net assets and cash flows from either the initial or supplemental guidance.

Assets and liabilities carried at fair value are classified and disclosed in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

Fair value measurements recorded on a recurring basis at September 30, 2010 were as follows:

	Level 1	Level 2	Level 3	Total
Investments				
Mutual funds				
U.S. Equity	\$ 809,504	\$ -	\$ -	\$ 809,504
Non-U.S. Equity	199,113	-	-	199,113
Fixed Income - taxable	937,854	-	-	937,854
Total mutual funds	1,946,471	-	-	1,946,471

GIRL SCOUTS OF NORTHERN ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

5. FAIR VALUE MEASUREMENTS (Continued)

	Level 1	Level 2	Level 3	Total
Investments (Continued)				
U.S Treasuries and government agency notes				
U.S. Treasury notes	\$ 28,342	\$ -	\$ -	\$ 28,342
Government agency notes	-	27,968	-	27,968
Total U.S. Treasuries and government agency notes	28,342	27,968	-	56,310
Other assets				
Commodities fund (exchange traded)				
	40,960	-	-	40,960
Real estate fund (exchange traded)				
	20,370	-	-	20,370
Other (exchange traded)				
	74,028	-	-	74,028
Total other assets	135,358	-	-	135,358
Total investments	2,110,171	27,968	-	2,138,139
Beneficial interests in trusts	-	561,069	-	561,069
TOTAL FAIR VALUE MEASUREMENTS	\$ 2,110,171	\$ 589,037	\$ -	\$ 2,699,208

The fair value of investments in equity securities and mutual funds is primarily based on quoted market prices in active markets. When quoted market prices are not available for mutual funds, and for investments in government agency securities and corporate bonds, fair value is estimated by reference to fair values for similar securities or by discounting cash flows at an appropriate risk rate taking into consideration the varying degrees of risk specific to each financial asset.

The fair value of the Council's beneficial interests in trusts is determined by using discounted cash flow models or the Council's current pro-rata beneficial interest percentage of the total fair value of assets held by the trust as of the measurement date.

GIRL SCOUTS OF NORTHERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

6. LAND, BUILDINGS, AND EQUIPMENT

Land, buildings, and equipment and accumulated depreciation at September 30, 2010 consist of the following:

Land	\$ 2,046,051
Buildings and improvements	6,446,690
Equipment	6,851,094
Roads	<u>466,863</u>
	15,810,698
Accumulated depreciation	<u>(9,105,856)</u>
Total	<u>\$ 6,704,842</u>

7. LINE OF CREDIT

The Council has an available revolving credit note with a bank dated September 18, 2010 in the amount of \$260,000. Interest is payable monthly at the prime rate (3.25% as of September 30, 2010). The note matures on April 30, 2011, at which time the entire principal balance is due. At September 30, 2010, the outstanding balance was \$260,000. The note is collateralized by a building.

Subsequent to September 30, 2010, the Council obtained another line of credit with a bank in the amount of \$1,500,000. The loan is dated December 20, 2010 and will mature April 30, 2011. Interest is payable on amounts outstanding at the banks prime rate which was 3.25% as of the loan date. The line of credit is collateralized by substantially all of the Council's investments.

8. NOTES PAYABLE

The Council has a note payable with a bank dated December 10, 2008. The note requires monthly payments of \$1,137, including interest at a rate of 6.00% per annum. The principal is due on demand or December 4, 2012, whichever is earlier. The note is collateralized by a mortgage dated December 12, 2002 on land and buildings. The balance as of September 30, 2010 was \$168,617.

The Council has a note payable with a bank dated December 4, 2007. The principle principal balance is payable in June, 2011. Interest on the note is payable monthly at a rate of 5.75%. The note is secured by land and certificates of deposit. The balance as of September 30, 2010 was \$635,575.

GIRL SCOUTS OF NORTHERN ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

8. NOTES PAYABLE (Continued)

Principal payments due in each of the next fiscal years are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2011	\$ 639,384
2012	4,044
2013	<u>160,764</u>
 TOTAL	 <u>\$ 804,192</u>

9. BOARD DESIGNATED NET ASSETS

The Council's Board of Directors has approved designating a portion of unrestricted net assets for long-term reserves and other specific program activities. Board designated net assets at September 30, 2010 are as follows:

Board designated for endowment	\$ 1,191,236
Board designated for land, buildings, and equipment	<u>1,060,579</u>
 TOTAL	 <u>\$ 2,251,815</u>

10. TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2010 the Council had temporarily restricted net assets for time or specific purposes:

Prairie restoration	\$ 10,500
STEM grant	10,000
LEGO grant	10,000
Friendship center improvements	15,058
Educational scholarships	8,500
Beneficial interests in trusts	179,732
Campership programs	<u>108,682</u>
 TOTAL	 <u>\$ 342,472</u>

The Council is a beneficiary of two charitable trusts. According to the trust agreements, payments are made annually each July until the year 2034. Payments consist of the Council's pro-rata share of the trusts' annual net distributable income and a \$500 principal amount. In the final year of the trusts, the Council will receive its pro-rata share of each remaining trust principal.

GIRL SCOUTS OF NORTHERN ILLINOIS
NOTES TO FINANCIAL STATEMENTS (Continued)

10. TEMPORARILY RESTRICTED NET ASSETS

The Council is a 10% income beneficiary in a charitable trust. According to the trust agreement, pro-rata payments of the net distributable income will be made annually to the Council for a period of twenty years.

The Council has recorded changes in temporarily restricted net assets at September 30, 2010 representing the present values of the estimated future cash flows over the remaining lives of each trust. Discount rates ranging from 5% to 6 % were used. The discount rates are an estimate of future return on investments; actual results could differ materially from this estimate in the near term future. The total carrying value of these trusts was \$179,732 at September 30, 2010.

11. PERMANENTLY RESTRICTED NET ASSETS

Net assets subject to donor-imposed restrictions are required to be maintained permanently by the Council. Income earned on these assets is available for scholarships or unrestricted revenue to the Council. Permanently restricted net assets at September 30, 2010 consist of the following:

Juliette Low Society	\$ 31,000
Gold Award scholarship	17,730
Peterson campaign	128,786
Jayemel Foundation	23,000
Financial assistance for girl events	8,605
Contribution for new service center	48,997
Operations	96,744
Beneficial interests in trusts	<u>381,337</u>
 TOTAL	 <u>\$ 736,199</u>

The Council is an income beneficiary in three separate perpetual trusts. Under the trust agreements, the Council receives a percentage share of the income distributed each year and has no control over the investment policies of the trusts. The perpetual trusts are accounted for at the Council's pro-rata share of the trusts' fair value as permanently restricted net assets. Changes in the fair values are recorded as increases or decreases in permanently restricted net assets.

12. ENDOWMENT FUNDS

The Council's endowment consists of approximately 4 individual funds established for a variety of purposes. Its endowment consists of both donor-restricted fund and unrestricted funds designated by the Council's Board of Directors for long-term investments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Council's management has interpreted the Illinois Prudent Management of Institutional Funds Act (IL UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, 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 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 standard of prudence prescribed by IL UPMIFA. In accordance with IL UPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Council's investment policies.

Investment Return Objectives, Risk Parameters and Strategies: The Council has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in mutual funds, U.S. Treasury notes and bonds, and U.S. Government agency obligations. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Council has a policy of appropriating for distribution the current earnings on the funds. The Council expects the endowment spending policy to allow its endowment funds to grow annually at a nominal average return. This is consistent with the Council's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

GIRL SCOUTS OF NORTHERN ILLINOIS
 NOTES TO FINANCIAL STATEMENTS (Continued)

12. ENDOWMENT FUNDS (Continued)

During the year ended September 30, 2010 the Council had the following endowment-related activities:

	Board Designated Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 1,103,499	\$ 4,648	\$ 344,531
Contributions	-	-	10,331
Net appreciation	94,110	-	-
Investment income	23,791	-	-
Amounts appropriated for expenditure	(30,164)	(4,648)	-
ENDOWMENT ASSETS, END OF YEAR	\$ 1,191,236	\$ -	\$ 354,862

13. PENSION PLAN

The Council participates in the National Girl Scout Council Retirement Plan, a noncontributory defined benefit pension plan sponsored by GSUSA which covers substantially all of the employees of various Girl Scout councils. Benefits are based on years of service and salary levels. The Council's pension expense and contributions to this plan for the fiscal year 2010 was \$172,820. The National Board of the GSUSA 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 Council as a stand-alone operation. In addition, because the Plan is considered a multi-employer plan, it is only subject to certain minimum reporting requirements as noted per authoritative guidance issued by FASB related to Employers' Disclosures about Pensions and Other Postretirement Benefits. 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.

14. CONCENTRATION OF REVENUE

A significant portion of the Council's revenue is generated from cookies sales. The amount of net revenue from cookies sales was \$3,414,753, which represents approximately 68% of the total revenue in 2010. In addition, all of the cookies are purchased from two vendors.

15. DONATED SERVICES

The Council received donated services for information technology work. The value of such services provided is reflected in these financial statements at fair value at date of receipt. The Council estimates that services valued at \$18,500 were received during the year ended September 30, 2010.

Additionally, volunteers have donated significant time in support of the Council's activities. However, the value of these services is not reflected in the accompanying statements, as the criteria for recognition as set forth under accounting principles generally accepted in the United States of America has not been met.

16. CONCENTRATION OF CREDIT RISK

The Council maintains its cash balances at various financial institutions, which at times exceed federally insured limits.

17. JOINT VENTURE AND RELATED PARTY TRANSACTIONS

In 2007, the Council entered into a joint venture agreement with the Blackhawk Area Council of Boy Scouts of America, forming a new entity called United For Youth, Inc. (UFY). The initial mission of this entity is to raise funding for the construction of a new building to be used by both organizations. The Council received reimbursements totaling \$2,400 from UFY during the year ending September 30, 2010 for expenses incurred. In addition, the Council received as agent and passed through \$12,000 in other donor contributions made for UFY during the year ending September 30, 2010.

18. SUPPLEMENTAL CASH FLOW INFORMATION

Net cash from operating activities reflects cash payments for interest for the year ended September 30, 2010 of \$18,537. Noncash investing and financing activities for the year ended September 30, 2010, consists of a \$260,000 transfer from an expiring line of credit to a new line of credit.

19. SUBSEQUENT EVENTS

The Council has evaluated subsequent events through January 21, 2011, which was the date that these financial statements were available for issuance, and determined that there were no significant nonrecognized subsequent events through that date.