

AUDIT COMMUNICATION LETTER

February 13, 2018

To the Board of Directors
Girl Scouts of Oregon and Southwest Washington

We have audited the financial statements of Girl Scouts of Oregon and Southwest Washington (the Council) for the year ended September 30, 2017, and have issued our report thereon dated February 13, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 26, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Girl Scouts of Oregon and Southwest Washington are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Accounts and Pledges Receivable: Management has estimated an allowance for uncollectible balances based on historical collection rates and an analysis of the collectability of individual balances.

Depreciation: Management's estimate of depreciation is based on the estimated useful life of each asset.

Allocation of Expenses: Management's estimate of the functional allocation of expenses is based on the Council's cost allocation methodology which has been consistently used in prior years and which is based on consistent allocation bases including FTE ratios and square footage.

Inventory Valuation: Management's estimate of the inventory value is based on the average cost.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Misstatements Corrected by Management

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We recorded one audit adjustment which increased assets and liabilities by approximately \$22,600. There was no impact on the change in net assets.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 13, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Council's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Council's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Girl Scouts of Oregon and Southwest Washington and is not intended to be and should not be used by anyone other than these specified parties.

McDonald Jacobson, P.C.

GIRL SCOUTS OF OREGON
AND SOUTHWEST WASHINGTON, INC.

Audited Financial Statements

For the Year Ended September 30, 2017



McDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of Oregon and Southwest Washington

We have audited the accompanying financial statements of Girl Scouts of Oregon and Southwest Washington (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 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.

Auditor's Responsibility

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 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 auditor's 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 organization'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 organization'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 Oregon and Southwest Washington as of September 30, 2017, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Girl Scouts of Oregon and Southwest Washington's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 16, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobz, P.C.

Portland, Oregon
February 13, 2018

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON
STATEMENT OF FINANCIAL POSITION
September 30, 2017
(With comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 3,716,701	\$ 3,397,587
Accounts receivable, net	27,054	30,297
Contributions receivable, net	18,124	68,167
Inventory	279,631	272,830
Prepaid expenses	126,221	160,418
Investments	5,537,921	5,075,746
Beneficial interest in perpetual trusts	747,728	713,344
Property and equipment, net	<u>8,491,821</u>	<u>8,442,581</u>
 TOTAL ASSETS	 <u>\$ 18,945,201</u>	 <u>\$ 18,160,970</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 598,785	\$ 701,380
Accrued payroll and related expenses	326,261	275,317
Deferred revenue - other	<u>24,300</u>	<u>49,442</u>
Total liabilities	<u>949,346</u>	<u>1,026,139</u>
Net assets:		
Unrestricted:		
Undesignated	3,020,278	2,525,674
Board designated investment reserve	4,626,329	4,277,477
Board designated endowment	194,109	173,491
Net investment in property and equipment	<u>8,475,438</u>	<u>8,423,976</u>
Total unrestricted net assets	16,316,154	15,400,618
Temporarily restricted	236,750	382,795
Permanently restricted	<u>1,442,951</u>	<u>1,351,418</u>
Total net assets	<u>17,995,855</u>	<u>17,134,831</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 18,945,201</u>	 <u>\$ 18,160,970</u>

See notes to financial statements.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON
STATEMENT OF ACTIVITIES
For the year ended September 30, 2017
(With comparative totals for 2016)

	2017				2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Public support and revenue:					
Grants and contributions	\$ 238,302	\$ 396,605	\$ 57,149	\$ 692,056	\$ 837,641
United Way	33,869	-	-	33,869	34,275
Bequests	25,549	-	-	25,549	86,709
Product sales	11,806,897	-	-	11,806,897	10,183,301
Less: cost of sales	<u>(5,128,417)</u>	<u>-</u>	<u>-</u>	<u>(5,128,417)</u>	<u>(4,548,444)</u>
Net proceeds from product sales	6,678,480	-	-	6,678,480	5,634,857
Program fees	711,248	-	-	711,248	645,415
Rental income	138,472	-	-	138,472	150,104
Other income	73,347	-	-	73,347	93,572
Net assets released from restrictions and other transfers	<u>639,124</u>	<u>(639,124)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>8,538,391</u>	<u>(242,519)</u>	<u>57,149</u>	<u>8,353,021</u>	<u>7,482,573</u>
Operating expenses:					
Program services	6,478,794	-	-	6,478,794	6,105,949
Management and general	767,891	-	-	767,891	758,673
Fundraising	<u>518,731</u>	<u>-</u>	<u>-</u>	<u>518,731</u>	<u>516,656</u>
Total operating expenses	<u>7,765,416</u>	<u>-</u>	<u>-</u>	<u>7,765,416</u>	<u>7,381,278</u>
Operating income	772,975	(242,519)	57,149	587,605	101,295

Continued

See notes to financial statements.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON
STATEMENT OF ACTIVITIES
For the year ended September 30, 2017
(With comparative totals for 2016)

	2017			Total	2016 Total
	Unrestricted	Temporarily Restricted	Permanently Restricted		
Operating income					
<i>Brought forward</i>	<u>772,975</u>	<u>(242,519)</u>	<u>57,149</u>	<u>587,605</u>	<u>101,295</u>
Non-operating activities:					
Investment activity:					
Interest and dividend income, net	102,284	(33)	-	102,251	129,392
Realized and unrealized gain on investments	246,870	96,507	-	343,377	215,875
Change in value of beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>34,384</u>	<u>34,384</u>	<u>9,422</u>
Total investment activity	<u>349,154</u>	<u>96,474</u>	<u>34,384</u>	<u>480,012</u>	<u>354,689</u>
Gain (loss) on disposal of property and equipment	(22,018)	-	-	(22,018)	203
Frozen defined benefit plan contributions - Board approved	<u>(184,575)</u>	<u>-</u>	<u>-</u>	<u>(184,575)</u>	<u>(188,000)</u>
Total non-operating activities	<u>142,561</u>	<u>96,474</u>	<u>34,384</u>	<u>273,419</u>	<u>166,892</u>
Change in net assets	915,536	(146,045)	91,533	861,024	268,187
Net assets:					
Beginning of year	<u>15,400,618</u>	<u>382,795</u>	<u>1,351,418</u>	<u>17,134,831</u>	<u>16,866,644</u>
End of year	<u>\$ 16,316,154</u>	<u>\$ 236,750</u>	<u>\$ 1,442,951</u>	<u>\$ 17,995,855</u>	<u>\$ 17,134,831</u> <i>Concluded</i>

See notes to financial statements.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2017
(With comparative totals for 2016)

	Program Services	Management and General	Fundraising	2017 Total	2016 Total
Salaries and wages	\$ 3,022,200	\$ 486,083	\$ 384,205	\$ 3,892,488	\$ 3,422,998
Payroll taxes	260,253	39,540	30,227	330,020	305,452
Employee benefits	543,089	83,541	56,457	683,087	619,054
Occupancy	466,468	3,530	3,612	473,610	372,631
Insurance	109,682	13,378	748	123,808	120,898
Travel, training and conference	167,193	24,265	6,983	198,441	184,247
Telephone	65,762	10,750	799	77,311	77,918
Printing	71,946	2,568	7,365	81,879	97,879
Supplies	223,399	7,190	2,515	233,104	236,281
Assistance to members	190,085	-	-	190,085	182,934
Professional fees	259,833	57,699	718	318,250	286,553
Incentives and appreciation	386,588	261	341	387,190	747,938
Postage and shipping	20,366	1,547	2,253	24,166	28,404
Equipment rental and maintenance	160,892	14,266	14,499	189,657	173,079
Bank and credit card charges, net of card benefits	20,343	3,781	1,560	25,684	(1,758)
Depreciation	405,100	2,351	2,683	410,134	378,898
Frozen defined benefit plan contributions	77,182	1,321	1,545	80,048	92,065
Other expenses	<u>28,413</u>	<u>15,820</u>	<u>2,221</u>	<u>46,454</u>	<u>55,807</u>
Total expenses	<u>\$ 6,478,794</u>	<u>\$ 767,891</u>	<u>\$ 518,731</u>	<u>\$ 7,765,416</u>	<u>\$ 7,381,278</u>

See notes to financial statements.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON
STATEMENT OF CASH FLOWS
For the year ended September 30, 2017
(With comparative totals for 2016)

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Cash receipts:		
Grant and contributions	\$ 700,325	\$ 908,452
Product sales	11,806,897	10,183,301
Program Fees	686,106	660,878
Other income	<u>361,356</u>	<u>316,948</u>
Total cash receipts	<u>13,554,684</u>	<u>12,069,579</u>
Cash disbursements:		
Product purchases	5,135,218	4,570,112
Payroll and related expenses	4,854,651	4,377,167
Other operating expenses	2,518,085	2,672,094
Frozen defined benefit plan	<u>184,575</u>	<u>188,000</u>
Total cash disbursements	<u>12,692,529</u>	<u>11,807,373</u>
Net cash provided by operating activities	<u>862,155</u>	<u>262,206</u>
 Cash flows from investing activities:		
Purchase of property and equipment	(481,392)	(639,643)
Purchase of investments	(920,776)	(1,567,526)
Proceeds from the sale of investments	<u>801,978</u>	<u>1,418,239</u>
Net cash provided by (used in) investing activities	<u>(600,190)</u>	<u>(788,930)</u>
 Cash flows from financing activities:		
Contributions to permanent endowment	<u>57,149</u>	<u>50,434</u>
Net cash provided by financing activities	<u>57,149</u>	<u>50,434</u>
 Net increase (decrease) in cash and cash equivalents	319,114	(476,290)
 Cash and cash equivalents - beginning of year	<u>3,397,587</u>	<u>3,873,877</u>
 Cash and cash equivalents - end of year	<u>\$ 3,716,701</u>	<u>\$ 3,397,587</u>

See notes to financial statements.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Girl Scouts of Oregon and Southwest Washington, a nonprofit corporation, (the Council) is a chartered Council of the Girl Scouts of the United States of America. The purpose of Girl Scouting is to build girls of courage, confidence, and character who make the world a better place. The Council serves nearly 30,000 members throughout Oregon, and Clark and Skamania Counties in Washington. The Council's revenues are derived primarily from contributions and product sales within those geographic areas.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Council reports information regarding its financial position and activities according to three classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

- Unrestricted net assets represent net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent net assets subject to donor-imposed stipulations that may or will be met by actions of the Council and/or the passage of time.
- Permanently restricted net assets represent net assets subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Council.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Accounts Receivable

Accounts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management provides for potentially uncollectable amounts through a valuation allowance based on its assessment of the current status of individual accounts. The Council determines its allowance for uncollectible accounts by considering a number of factors, including the length of time accounts are past due, ability to pay and previous collection history, as well as the economy as a whole.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Contributions Receivable

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Council is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time the Council has an established right to the bequest and the proceeds are measurable. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Inventory

Inventory consists of uniforms, badges, and other Girl Scout related merchandise. Inventory is valued at average cost.

Investments

Investments in equity securities, money market funds, and all debt securities are carried at fair value. Investments in bank savings accounts are carried at cost plus accumulated interest. Gains and losses on investments are reported as increases and decreases on unrestricted net assets unless their use is restricted by donor stipulation or by law. Interest and dividend income is accrued as earned and reported net of investment advisory fees.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, which range from 10 to 40 years for land improvements, buildings, and building improvements and from 3 to 10 years for office and program equipment. Land is not subject to depreciation.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Temporarily restricted contributions are classified as unrestricted when the restriction is satisfied in the same fiscal year the contribution is received.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Donated Assets and Services

Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Donations 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 the duration these long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

The Council recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would be purchased if not provided by donation. These donated services are recognized at fair value.

Program Revenue and Deferred Revenue

Revenue from product sales and program fees (exchange transactions) are recognized at the time the goods or services are provided and the revenue is earned. Funds received in advance of a program are recorded as deferred revenue.

Advertising

Advertising costs are expensed as incurred. Total advertising expense for the years ended September 30, 2017 and 2016 approximated \$24,100 and \$21,900, respectively.

Unemployment Insurance

The Council is self-insured for unemployment and maintains a balance with a trust company in an amount sufficient to pay estimated future claims. Deposits to the trust are recorded as prepaid expenses. Unemployment claims paid reduce the trust asset and are expensed. Unpaid claims outstanding at year end represent a potential liability of the Council.

Income Tax Status

Girl Scouts of Oregon and Southwest Washington is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code. No provision for income taxes is made in the accompanying financial statements, as the Council has no activities subject to unrelated business income tax. The Council is not a private foundation.

The Council follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Council's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

Subsequent Events

The Council has evaluated all subsequent events through February 13, 2018, the date the financial statements were available to be issued.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Summarized Financial Information for 2016

The financial information as of September 30, 2016 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

2. ACCOUNTS RECEIVABLE

Accounts receivable are unsecured and consist of the following at September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Accrued interest receivable	\$ 22,768	\$ 20,443
Accounts receivable	<u>58,265</u>	<u>57,833</u>
Total receivables	81,033	78,276
Less allowance for uncollectible accounts	<u>53,979</u>	<u>47,979</u>
Net accounts receivables	<u>\$ 27,054</u>	<u>\$ 30,297</u>

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable represent unconditional promises to give as follows at September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Contributions receivable within one year	\$ 19,242	\$ 69,285
Less allowance for uncollectible accounts	<u>1,118</u>	<u>1,118</u>
Net contributions receivable	<u>\$ 18,124</u>	<u>\$ 68,167</u>

4. INVESTMENTS

Investments are summarized as follows at September 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Money market funds	\$ 56,246	\$ 246,875
U.S. Government and corporate debt securities	2,044,780	1,748,814
Equity securities	2,525,303	2,281,788
Beneficial interest in assets held at Oregon Community Foundation	<u>911,592</u>	<u>798,269</u>
Total investments	<u>\$ 5,537,921</u>	<u>\$ 5,075,746</u>

Investment income consists of:

Interest and dividends, net fees of \$34,649 in 2017 and \$32,113 in 2016	\$ 102,251	\$ 129,392
Net realized/unrealized gain	343,377	215,875
Change in value of beneficial interest	<u>34,384</u>	<u>9,422</u>
Net investment income	<u>\$ 480,012</u>	<u>\$ 354,689</u>

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 September 30, 2017

4. INVESTMENTS, Continued

The Council has entered into various agreements with the Oregon Community Foundation (OCF) in order to achieve improved performance results with respect to investments and enhance long-term planned giving goals. Under the terms of the agreements, variance power has been granted to OCF; however, the Council is the beneficiary of the funds and the transfer is reciprocal in nature. Accordingly, OCF recognizes the funds as liabilities on its statement of financial position. The Council receives distributions based on the provisions of the agreement with OCF. Additional distributions up to the entire balance of the funds may be made on a resolution of both of the organizations' Boards of Directors. A portion of the investments held at OCF consists of investments held in limited partnerships and real estate whose fair market values have been estimated by OCF management in the absence of readily determinable market values. The estimates are based on information provided by fund managers or the general partners, and real estate appraisals; therefore, the reported values may differ from the values that would have been used, had a quoted market price existed.

5. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The Council has a beneficial interest in two perpetual trusts that are held and administered by third-party trustees. Under the terms of the agreements, the Council receives periodic distributions from the trustees and retains an irrevocable right to such future distributions. The Council has recorded its interest in these trusts as a component of the permanently restricted net asset class, since the Council does not have access to the principal of the trusts.

The beneficial interest has been recorded using the fair value of each trust (based on quoted market prices) multiplied by the Council's interest in each as follows:

	<u>Value</u>	<u>Percentage</u>	<u>Beneficial Interest</u>
September 30, 2017			
Vanstrom Trusts	\$ 2,066,253	25%	\$ 516,563
Lynch Trust	1,155,823	20%	<u>231,165</u>
Total beneficial interest			<u><u>\$ 747,728</u></u>
September 30, 2016			
Vanstrom Trusts	\$ 1,969,190	25%	\$ 492,298
Lynch Trust	1,105,232	20%	<u>221,046</u>
Total beneficial interest			<u><u>\$ 713,344</u></u>

In accordance with the trust agreement, distributions from the Lynch Trust are restricted for use in specific Council programs. A separate bank account has been established to account for unspent distributions from the trust.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30, 2017 and 2016:

	2017	2016
Land and land improvements	\$ 1,942,842	\$ 1,933,984
Buildings	8,965,043	8,967,891
Building improvements	2,566,789	2,219,939
Furniture and equipment	1,756,075	1,672,892
Vehicles	82,717	75,118
	15,313,466	14,869,824
Less accumulated depreciation	6,821,645	6,427,243
Property and equipment, net	\$ 8,491,821	\$ 8,442,581

Property and equipment includes land carried at \$10,486 that was received as a donation in a previous year. The donor included a stipulation that the land must always be used for Girl Scouting activities. As such, this land has been recorded as a component of the permanently restricted net asset class (Note 9).

Property and equipment includes buildings and improvements with a net book value of \$5,897 and \$8,119 at September 30, 2017 and 2016, respectively that were received as a donation in a previous year. The donors included a stipulation that the buildings must be used for Girl Scouting activities. Since these buildings do not have a permanent life, they have been recorded as a component of the temporarily restricted net asset class (Note 8). Releases from restrictions are recorded ratably over the estimated useful lives of the buildings.

7. BOARD DESIGNATED NET ASSETS

Board designated net assets include balances that the board has reserved for future programs and unexpected circumstances. Funds can be released from the reserve by a vote of the Board.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at September 30, 2017 and 2016:

	2017	2016
Lynch Trust distributions	\$ 21,869	\$ 40,190
Ailene Peterson camp fund	-	31,327
Net book value of donated buildings	5,897	8,119
Endowment earnings (Note II)	53,774	22,680
Other program restrictions	137,086	212,312
Pledges receivable	18,124	68,167
Total temporarily restricted net assets	\$ 236,750	\$ 382,795

9. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following at September 30, 2017 and 2016:

	2017	2016
General endowments	\$ 88,372	\$ 88,374
Named endowments	596,365	539,214
Beneficial interest in perpetual trusts	747,728	713,344
Total endowments (Note II)	1,432,465	1,340,932
Donated land	10,486	10,486
Total permanently restricted net assets	\$ 1,442,951	\$ 1,351,418

10. NET ASSETS RELEASED FROM RESTRICTION

Temporarily restricted net assets were released from associated restrictions during the year ended September 30, 2017 and 2016 as follows:

	2017	2016
Satisfaction of purpose and time restrictions	\$ 610,769	\$ 439,789
Expended earnings from permanently restricted endowment funds	26,133	24,632
Depreciation of donated buildings and improvements	2,222	2,601
Total temporarily restricted net assets released from restriction	\$ 639,124	\$ 467,022

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

II. ENDOWMENTS

The Council's endowment consists of 16 individual funds established for a variety of purposes. These funds include beneficial interests in perpetual trusts, which are further discussed in Note 5. The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles in the United States of America, funds invested in the endowment may be included in all three asset classes: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Interpretation of Relevant Law

The Board of Directors of Girl Scouts of Oregon and Southwest Washington has interpreted Oregon's enacted Uniform Prudent Management of Institutional Funds Act (the Act or 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, including subsequent gifts, donated to the permanent endowment and (b) 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 the Act. In accordance with 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 Council
- (2) The purposes of the Council and the donor-restricted Council
- (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

The Council classifies gift amounts received from donors that are restricted to the endowment fund as permanently restricted net assets. If the market value of a donor-restricted endowment fund exceeds the original gift as a result of investment earnings, then the excess amount is classified within temporarily restricted net assets, until all or a portion of the excess is appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

If the market value of an endowment is less than the original gift amount, the valuation difference is reflected in the financial statements as a reduction of unrestricted net assets. Funds designated by the Board of Directors to function as endowments are classified as unrestricted net assets. Donated land that is permanently restricted is not included in the endowment fund.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

II. ENDOWMENTS, Continued

Investment Objectives and Endowment Spending Policies

The Council has adopted investment and spending policies, approved by the Board of Directors, which attempt to provide a predictable stream of funding to programs supported by its endowment funds without subjecting those assets to investment risk. As such, the Council's endowment assets (except for funds held at OCF and its interests in perpetual trusts) have been invested in a savings account, where the amount expended each year is the amount of interest actually earned.

Funds held at OCF follow investment and spending policies determined by the Board of Directors of OCF. OCF's investment policy is intended to provide for long-term growth and currently the spending rate is 4.5 percent (per annum) of the average fair market value of the invested assets based on a 13-quarter trailing average.

The Council's interest in perpetual trusts, described in Note 5, is included in the Council's endowment funds. The investment of these funds is determined by the trustees of the trusts rather than the Council.

Changes in endowment net assets, and the composition of those endowment net assets, for the year ended September 30, 2017, are as follows:

	Board	Donor-Restricted Endowment			Total
	Designated <u>Endowment</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	
Endowment fund activity					
Endowment net assets -					
September 30, 2016	\$ 173,491	\$ (17,938)	\$ 22,680	\$ 1,340,932	\$ 1,519,165
Contributions	-	-	-	57,149	57,149
Investment return:					
Investment income, net of fees	(18)	-	(33)	-	(51)
Changes in fair value	20,636	14,562	58,643	-	93,841
Appropriation of endowment assets for expenditure, net	-	-	(27,516)	-	(27,516)
Other adjustments	-	-	-	-	-
Change in value of interest in perpetual trusts	-	-	-	34,384	34,384
Endowment net assets -					
September 30, 2017	<u>\$ 194,109</u>	<u>\$ (3,376)</u>	<u>\$ 53,774</u>	<u>\$ 1,432,465</u>	<u>\$ 1,676,972</u>
Endowment fund composition					
September 30, 2017					
OCF balances	\$ 194,109	\$ (3,376)	\$ 53,774	\$ 667,085	\$ 911,592
Perpetual trusts	-	-	-	747,728	747,728
Savings account	-	-	-	17,652	17,652
	<u>\$ 194,109</u>	<u>\$ (3,376)</u>	<u>\$ 53,774</u>	<u>\$ 1,432,465</u>	<u>\$ 1,676,972</u>

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

II. ENDOWMENTS, Continued

Changes in endowment net assets, and the composition of those endowment net assets, for the year ended September 30, 2016, are as follows:

	Board	<u>Donor-Restricted Endowment</u>			Total
	<u>Designated Endowment</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	
Endowment fund activity					
Endowment net assets -					
September 30, 2015	\$ 162,214	\$ (26,705)	\$ 18,430	\$ 1,281,076	\$ 1,435,015
Contributions	-	-	-	50,434	50,434
Investment return:					
Investment income, net of fees	892	-	3,151	-	4,043
Changes in fair value	10,385	8,767	26,358	-	45,510
Appropriation of endowment assets for expenditure	-	-	(25,259)	-	(25,259)
Change in value of interest in perpetual trusts	-	-	-	9,422	9,422
Endowment net assets -	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,422</u>	<u>9,422</u>
September 30, 2016	<u>\$ 173,491</u>	<u>\$ (17,938)</u>	<u>\$ 22,680</u>	<u>\$ 1,340,932</u>	<u>\$ 1,519,165</u>
Endowment fund composition					
September 30, 2016					
OCF balances	\$ 173,491	\$ (17,938)	\$ 22,680	\$ 620,036	\$ 798,269
Perpetual trusts	-	-	-	713,344	713,344
Savings account	-	-	-	7,552	7,552
	<u>\$ 173,491</u>	<u>\$ (17,938)</u>	<u>\$ 22,680</u>	<u>\$ 1,340,932</u>	<u>\$ 1,519,165</u>

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level of the donor or UPMIFA requires the Council to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were \$3,376 as of September 30, 2017 and \$17,938 at September 30, 2016. These deficiencies resulted from unfavorable market fluctuations and continued distributions from OCF.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

12. PRODUCT SALES ACTIVITY

Product sales activity consists of the following for the year ended September 30, 2017, with comparative net proceeds totals for September 30, 2016:

	Sales	Cost of Sales	Net proceeds	
			2017	2016
Cookies and fall sale	\$ 11,032,895	\$ 4,690,515	\$ 6,342,380	\$ 5,300,232
Council shop and trading post	774,002	437,902	336,100	334,625
	<u>\$ 11,806,897</u>	<u>\$ 5,128,417</u>	<u>\$ 6,678,480</u>	<u>\$ 5,634,857</u>

13. PENSION PLANS

Defined Benefit Plan

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, 2015. 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 2016 totaled approximately \$264,600 and \$280,100, respectively.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

13. PENSION PLANS, Continued

Defined Contribution Plan

The Council has established a 403(b) employer contribution plan covering all employees meeting certain eligibility requirements. The Council's contribution is at the discretion of the Board of Directors and is currently 3.5% of eligible participants' gross wages. The Council's contributions to this plan for the years ended September 30, 2017 and 2016 totaled approximately \$125,800 and \$120,900, respectively.

14. UNEMPLOYMENT RESERVE

The Council has elected to be self-insured for unemployment benefits. The Council has mitigated the potential for a large number of claims in one year by purchasing a stop loss policy that limits the annual benefit payments. The Council has contracted with a third party trust to manage its unemployment program, and generally maintains a deposit with the trust which is used to pay unemployment claims as they arise. The deposit balance totaled approximately \$93,000 and \$91,100 for the years ended September 30, 2017 and 2016, respectively, which is included with prepaid expenses on the statement of financial position.

15. LEASE COMMITMENTS

The Council leases some of its administrative offices and various office equipment under non-cancellable operating leases expiring at various dates through August 2022.

Rent expense for the above leases and other short-term rentals totaled approximately \$83,700 and \$81,700 for the years ended September 30, 2017 and 2016, respectively.

Future minimum lease commitments under operating leases are as follows:

Year ending September 30, 2018	\$ 83,400
2019	51,200
2020	24,100
2021	7,600
2022	<u>4,900</u>
Total	<u>\$ 171,200</u>

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

16. CONCENTRATIONS OF CREDIT RISK

The Council maintains its cash balances in two financial institutions. Balances in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits were approximately \$3,418,000 and \$3,187,000 as of September 30, 2017 and 2016.

For the years ended September 30, 2017 and 2016, the Council received approximately 72% and 71%, respectively, of total revenue from its cookie sales and fall sale programs. The cookie sale program, which is the most significant program, takes place during the winter each year and involves the selling of cookies by Girl Scout members. This program provides life-long business literacy skills such as goal setting, decision making, money management, people skills, and business ethics. The Council contracts with one supplier for the purchase of the cookies (Note 16).

Financial instruments that could potentially subject the Council to concentrations of credit risk include investments. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

17. COMMITMENTS

The Council has entered into a contract with, an unrelated company, for the purchase of all cookies related to the cookie sale program described in Note 16. The contract was renewed for a new term ending September 30, 2019. Based on historical trends, purchases under this contract have approximated \$2,280,000 per year.

18. FAIR VALUE MEASUREMENTS

Assets recorded at fair value in the statements of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

18. FAIR VALUE MEASUREMENTS, Continued

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values of assets measured on a recurring basis at September 30, 2017 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Government and corporate debt securities:				
Treasury bonds	\$ -	\$ 777,553	\$ -	\$ 777,553
Agency bonds	-	40,888	-	40,888
Corporate bonds	-	1,226,339	-	1,226,339
Total U.S. Government and corporate debt securities	<u>\$ -</u>	<u>\$ 2,044,780</u>	<u>\$ -</u>	<u>\$ 2,044,780</u>
Equity securities:				
Common stocks:				
Consumer discretionary	\$ 185,927	\$ -	\$ -	\$ 185,927
Consumer staples	101,500	-	-	101,500
Energy	165,478	-	-	165,478
Financials	300,289	-	-	300,289
Healthcare	295,932	-	-	295,932
Industrials	235,338	-	-	235,338
Information technology	407,480	-	-	407,480
Other	87,250	-	-	87,250
Small cap mutual fund	208,295	-	-	208,295
International stocks:				
Europe	133,829	-	-	133,829
Asia and emerging markets	94,910	-	-	94,910
Canada	39,457	-	-	39,457
International equity mutual funds	100,430	-	-	100,430
Real estate investment trusts	169,188	-	-	169,188
Total equity securities	<u>\$ 2,525,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,525,303</u>
Investments held at OCF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 911,592</u>	<u>\$ 911,592</u>
Perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 747,728</u>	<u>\$ 747,728</u>

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

18. FAIR VALUE MEASUREMENTS, Continued

Fair values of assets measured on a recurring basis at September 30, 2016 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Government and corporate				
debt securities:				
Treasury bonds	\$ -	\$ 405,508	\$ -	\$ 405,508
Agency bonds	-	42,495	-	42,495
Corporate bonds	-	1,300,811	-	1,300,811
Total U.S. Government and corporate debt securities	<u>\$ -</u>	<u>\$ 1,748,814</u>	<u>\$ -</u>	<u>\$ 1,748,814</u>
Equity securities:				
Common stocks:				
Consumer discretionary	\$ 179,977	\$ -	\$ -	\$ 179,977
Consumer staples	115,143	-	-	115,143
Energy	177,498	-	-	177,498
Financials	201,968	-	-	201,968
Healthcare	266,244	-	-	266,244
Industrials	190,165	-	-	190,165
Information technology	349,178	-	-	349,178
Other	128,728	-	-	128,728
Small cap mutual fund	181,203	-	-	181,203
International stocks:				
Europe	148,305	-	-	148,305
Asia and emerging markets	146,134	-	-	146,134
Canada	28,363	-	-	28,363
International equity mutual funds	-	-	-	-
Real estate investment trusts	168,882	-	-	168,882
Total equity securities	<u>\$ 2,281,788</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,281,788</u>
Investments held at OCF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 798,269</u>	<u>\$ 798,269</u>
Perpetual trusts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 713,344</u>	<u>\$ 713,344</u>

The fair value of equity securities is determined by reference to quoted market prices or other relevant market data as provided by the bank or broker.

The fair value for U.S. Government obligations and corporate debt securities are based on pricing models, quoted prices of securities with similar characteristics, yield curves, and other relevant economic measures.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

18. FAIR VALUE MEASUREMENTS, Continued

Investments held at OCF represent the Council's share of a pooled investment portfolio managed by OCF. The Council's share of the pooled investment portfolio is not actively traded and significant other observable inputs are not available. However, the underlying investments of OCF are measured by management of OCF using a variety of valuation methods including Level 1, Level 2, and Level 3 inputs. The Council carries its interest in perpetual trusts, described in Note 5, at fair value based on the Council's proportionate share of the underlying investments.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

	2017		2016	
	OCF	Perpetual Trusts	OCF	Perpetual Trusts
	Balance at beginning of year	\$ 798,269	\$ 713,344	\$ 727,440
Interest and dividends, net	(51)	-	4,042	-
Realized and unrealized gains	93,841	34,384	45,509	9,422
Additions	47,049	-	46,537	-
Distributions and adjustments	(27,516)	-	(25,259)	-
Balance at end of year	\$ 911,592	\$ 747,728	\$ 798,269	\$ 713,344

19. RELATED PARTY TRANSACTIONS

The Council purchases the majority of the inventory for the Council shop from the Girl Scouts of the United States of America, its national affiliate. For the years ended September 30, 2017 and 2016, total inventory purchases approximated \$317,000 and \$326,000, respectively.

In addition, the Council collects member dues on behalf of Girl Scouts of the United States of America and remits those dues periodically throughout the year for members who register through the Council's office. Dues for members who register online are collected directly by Girl Scouts of the United States of America and are at no time in the custody of the Council. For the years ended September 30, 2017 and 2016, dues remitted totaled approximately \$89,300 and \$99,600 respectively.

GIRL SCOUTS OF OREGON AND SOUTHWEST WASHINGTON, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
September 30, 2017

20. SUPPLEMENTAL CASH FLOW INFORMATION

The following presents a reconciliation of the changes in net assets (as reported on the statement of activities) to net cash provided operating activities (as reported on the statement of cash flows):

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 861,024	\$ 268,187
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions to permanent endowment	(57,149)	(50,434)
Net realized and unrealized gain on investments	(343,377)	(215,875)
Change in value of beneficial interest in perpetu	(34,384)	(9,422)
(Gain) loss on disposal of property and equipmen	22,018	(203)
Change in allowance for uncollectible accounts	6,000	261
Depreciation	410,134	378,898
(Increase) decrease in:		
Accounts and contributions receivable	47,286	(14,384)
Inventory	(6,801)	(21,668)
Prepaid expenses	34,197	(17,218)
Decrease in:		
Accounts payable and accrued expenses	(51,651)	(29,663)
Deferred revenue	(25,142)	(26,273)
Net cash provided by operating activities	<u>\$ 862,155</u>	<u>\$ 262,206</u>