GIRL SCOUTS OF GREATER LOS ANGELES

(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
SEPTEMBER 30, 2011
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2010)

GIRL SCOUTS OF GREATER LOS ANGELES
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
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September 30, 2011

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts of Greater Los Angeles

We have audited the accompanying statement of financial position of Girl Scouts of Greater Los Angeles (the "Council") as of September 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Girl Scouts of Greater Los Angeles' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year's summarized comparative information has been derived from the 2010 financial statements, and in our report dated February 10, 2011, we expressed an unqualified opinion on those financial statements.

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 Greater Los Angeles as of September 30, 2011, and the 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.

SingerLewak LLP

SingerLewak LLP

Los Angeles, California
February 21, 2012

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GIRL SCOUTS OF GREATER LOS ANGELES
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
STATEMENT OF FINANCIAL POSITION
September 30, 2011
(with Comparative Totals for September 30, 2010)

ASSETS

	2011	2010
Current assets		
Cash and cash equivalents	$ 5,817,385	$ 7,078,398
Accounts and pledges receivable, net	288,693	226,991
Inventory	357,114	526,600
Short-term investments	3,099,617	3,073,832
Prepaid expenses and other assets	452,416	334,143
Total current assets	10,015,225	11,239,964
Long-term assets		
Property and equipment, net	8,800,000	8,143,227
Long-term investments	5,720,246	5,989,176
Total assets	**$ 24,535,471**	**$ 25,372,367**

LIABILITIES AND NET ASSETS

	2011	2010
Current liabilities		
Accounts payable	$ 590,665	$ 451,053
Accrued expenses	826,172	706,317
Custodial funds, held for others	205,434	345,028
Deferred rent	803,231	772,244
Deferred revenue	161,480	39,447
Mortgages payable, current portion	91,565	84,303
Capital lease payable, current portion	168,659	151,648
Total current liabilities	2,847,206	2,550,040
Long-term liabilities		
Mortgages payable, net of current portion	575,125	670,622
Capital leases payable, net of current portion	271,250	422,938
Total liabilities	3,693,581	3,643,600
Commitments and contingencies (Note 8)		
Net assets		
Unrestricted	20,067,877	21,130,948
Temporarily restricted	632,447	456,278
Permanently restricted	141,566	141,541
Total net assets	20,841,890	21,728,767
Total liabilities and net assets	**$ 24,535,471**	**$ 25,372,367**

The accompanying notes are an integral part of these financial statements.

GIRL SCOUTS OF GREATER LOS ANGELES
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2011
(with Comparative Totals for the Year Ended September 30, 2010)

	Unrestricted Operating	Temporarily Restricted	Permanently Restricted	2011 Total	2010 Total
Support and revenue					
Public support	$ 586,948	$ 1,055,242	$ 25	$ 1,642,215	$ 1,055,385
Product sales, net of direct costs	11,015,670	-	-	11,015,670	9,837,026
Merchandise sales, net of direct costs	481,542	-	-	481,542	443,045
Program fees	949,952	-	-	949,952	841,248
Property and equipment use fee	79,860	-	-	79,860	65,504
Interest and dividends income, net of fees	203,670	-	-	203,670	200,628
Realized and unrealized (loss) gain on investments, net	(429,132)	-	-	(429,132)	378,308
Other income	215	-	-	215	20,352
Net assets released from restrictions	879,073	(879,073)	-	-	-
Total support and revenue	13,767,798	176,169	25	13,943,992	12,841,496
Functional expenses					
Program expenses	12,058,856	-	-	12,058,856	10,345,872
Management and general expenses	1,982,939	-	-	1,982,939	1,910,260
Fundraising expenses	789,074	-	-	789,074	631,932
Total functional expenses	14,830,869	-	-	14,830,869	12,888,064
Change in net assets before extraordinary items	(1,063,071)	176,169	25	(886,877)	(46,568)
Extraordinary gain on insurance recovery (Note 4)	-	-	-	-	768,415
Extraordinary gain on disposition of assets (Note 4)	-	-	-	-	968,447
Change in net assets	(1,063,071)	176,169	25	(886,877)	1,690,294
Net assets, beginning of year	21,130,948	456,278	141,541	21,728,767	20,038,473
Net assets, end of year	**$ 20,067,877**	**$ 632,447**	**$ 141,566**	**$ 20,841,890**	**$ 21,728,767**

The accompanying notes are an integral part of these financial statements.

GIRL SCOUTS OF GREATER LOS ANGELES

(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2011

(with Comparative Totals for the Year Ended September 30, 2010)

	Programs	Management and General	Fundraising	2011 Total	2010 Total
Expenditures					
Assistance and grants	$ 204,017	$ -	$ -	$ 204,017	$ 220,946
Depreciation	538,374	86,882	21,502	646,758	627,807
Equipment	296,978	56,400	9,476	362,854	237,803
Insurance (except WC and UI)	130,075	98,413	12,493	240,981	261,206
Interest expense	14,279	18,598	2,307	35,184	43,640
Occupancy	1,336,295	152,071	39,779	1,528,145	1,152,667
Other expense	103,530	13,428	5,711	122,669	126,483
Personnel expenses	7,041,315	1,161,779	612,714	8,815,808	7,919,588
Postage and shipping	49,315	4,453	3,759	57,527	44,727
Printing and promotion	213,257	22,056	20,238	255,551	139,585
Professional services and fees	600,407	251,020	31,477	882,904	693,814
Staff, volunteer and business development	15,657	15,299	4,150	35,106	45,842
Supplies	1,168,175	12,496	9,585	1,190,256	991,713
Telecommunications	74,095	78,005	10,379	162,479	216,238
Travel	273,087	12,039	5,504	290,630	166,005
Total functional expenses	**$ 12,058,856**	**$ 1,982,939**	**$ 789,074**	**$ 14,830,869**	**$ 12,888,064**
	81.3%	**13.4%**	**5.3%**	**100.0%**	

The accompanying notes are an integral part of these financial statements.

GIRL SCOUTS OF GREATER LOS ANGELES
(A CALIFORNIA NOT-FOR-PROFIT CORPORATION)
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2011
(with Comparative Totals for the Year Ended September 30, 2010)

	2011	2010
Cash flows from operating activities		
Change in net assets	$ (886,877)	$ 1,690,294
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	646,758	627,807
Bad debt expense	25,875	1,118
Net realized and unrealized loss (gain) on investments	429,132	(378,308)
Extraordinary gain on sale of property	-	(968,447)
Extraordinary gain on insurance recovery	-	(768,415)
Loss on disposal of properties	6,385	32,533
Change in operating assets and liabilities		
Accounts and pledges receivable	(87,577)	275,512
Inventory	169,486	(117,658)
Prepaid expenses and other assets	(118,273)	(141,247)
Accounts payable	139,612	187,766
Accrued expenses	119,855	239,012
Custodial funds, held for others	(139,594)	18,689
Deferred rent	30,987	147,547
Deferred revenue	122,033	(11,826)
Net cash provided by operating activities	457,802	834,377
Cash flows from investing activities		
Acquisitions of property and equipment	(1,346,664)	(585,473)
Proceeds from sale of properties	36,748	3,332,673
Proceeds from insurance recovery	-	738,833
Purchases of investments, net	(185,987)	(148,615)
Net cash provided by (used in) investing activities	(1,495,903)	3,337,418
Cash flows from financing activities		
Payments on mortgage and capital lease payables	(222,912)	(220,713)
Increase (decrease) in cash and cash equivalents	(1,261,013)	3,951,082
Cash and cash equivalents, beginning of year	7,078,398	3,127,316
Cash and cash equivalents, end of year	**$ 5,817,385**	**$ 7,078,398**
Supplemental disclosure of cash flow information		
Interest paid during the year	**$ 33,223**	**$ 35,560**

The accompanying notes are an integral part of these financial statements.

NOTE 1 – DESCRIPTION OF COUNCIL

Girl Scouts of Greater Los Angeles ("GSGLA" or the "Council") is a not-for-profit corporation chartered by Girl Scouts of the USA ("GSUSA") to build girls of courage, confidence and character who make the world a better place. Girl Scouts of Greater Los Angeles serves more than 41,000 girls (grades K – 12) in partnership with more than 23,000 volunteers from over 350 diverse communities of Los Angeles County and parts of Kern, San Bernardino and Ventura Counties. GSGLA is the largest girl-serving nonprofit agency in Southern California and maintains seven service centers, fourteen program centers and four campsites. The Council's programs engage girls in the areas of Arts & Culture, Business Smarts & Financial Literacy, Environment & Outdoor Adventure, Science Technology Engineering & Math ("STEM") and Wellness & Healthy Living.

Today, more than ever, all girls need positive role models and a safe, inclusive environment to learn and develop, and GSGLA is focused on expanding its efforts to reach more girls. The Council is committed to helping every girl access life-changing Girl Scout experiences, regardless of her economic situation. Therefore, GSGLA provides financial assistance in traditional scouting programs for 5,000 girls, as well as providing afterschool programs for over 6,000 girls in underserved communities.

In 2012, Girl Scouts will be celebrating its 100th anniversary, and throughout the century, Girl Scouts have engaged and inspired generations of leaders. Nationally, GSUSA's tried and proven programs have helped develop the leadership skills of more than fifty million women who have gone on to shape the course of our nation's history. In addition to shattering barriers and transforming culture, women like Madeline Albright, Laura Bush, Hilary Rodham Clinton, Barbara Walters and Vera Wang have proudly worn the Girl Scout trefoil. GSGLA continues in this grand tradition, providing girls and young women with the tools they need to discover who they can be, what they can do and how each can change the world.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Presentation

The financial statements are presented on the accrual basis of accounting in accordance with standards generally accepted in the United States of America. This includes a statement of financial position that presents the amounts for each of the three classes of net assets: unrestricted, temporarily restricted and permanently restricted. These net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Council and changes therein are classified and reported as follows:

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Basis of Presentation (Continued)
Unrestricted Net Assets: Unrestricted net assets are comprised of assets that are for operating purposes or assets that are not subject to donor-imposed restrictions and are general in nature.

Temporarily Restricted Net Assets: Temporarily restricted net assets are those assets whose use by the Council is subject to donor-imposed stipulations that can be fulfilled by actions of the Council pursuant to those stipulations or that expire by the passage of time.

Permanently Restricted Net Assets: Permanently restricted net assets are those assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Council. Generally, the donors of these assets permit the Council to use all or part of the investment return on these assets for unrestricted purposes.

Comparative Amounts
The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended September 30, 2010, from which the summarized information was derived.

Cash and Cash Equivalents
Cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash on demand, and are subject to an insignificant risk of changes in fair value.

Investments
The Council accounts for all its investments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 958-320, "Not-for-Profit Entities, Investments – Debt and Equity Securities." As such, investments are measured at fair value in the statements of financial position. Investment income or loss (including interest, dividends, realized gains or losses, and unrealized gains or losses on investments) is included in the accompanying statement of activities as unrestricted income, unless its use is restricted by explicit donor-imposed stipulations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Accounts and Pledges Receivable

In accordance with FASB ASC Topic No. 958-605-25, "Not-for-Profit Entities Revenue Recognition," unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, net of allowance for uncollectible accounts. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

The Council accrues an allowance for potentially uncollectible amounts in accounts and pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Management of the Council believes such allowance is adequate to reflect the realizable value of accounts and pledges receivable as of September 30, 2011 and 2010.

Product Sales

Girl Scouts' Cookie Program and Fall Product Program help girls learn valuable life skills such as decision-making, money management, goal-setting, marketing and customer service. Each troop that participates in the programs earns funds to support their year-round activities, which are as diverse as are the girls. Many use the funding to take field trips to cultural or historical locations, while others use their hard-earned funds to organize and implement community service projects. Still others participate in local or national robotics competitions. These are just a few examples of how the Cookie Program and Fall Product Program not only expand a girl's life skills, but also provide her with learning opportunities and experiences that will benefit her throughout life.

The Cookie Program and Fall Product Program also provide critical funding for several Council priorities. Offering Girl Scouts to low-income girls is one of the Council's top priorities and the Programs help provide financial support for uniforms, camp and program activities. Providing relevant programs and activities for over 41,000 girls of every age throughout the year is critical and is also supported through the Cookie Program and Fall Product Program. Volunteer recruitment, training and retention is another Council priority, and funding from these Programs helps the Council manage these activities to grow our strong base of over 23,000 volunteers. And the funds raised through the Cookie Program and Fall Product Program also help the Council maintain the upkeep on camps, service centers and program centers.

Merchandise Sales

Merchandise sales consist primarily of sales of Girl Scout-related equipment and supplies. Sales occur primarily at the Council's retail stores. Proceeds from merchandise sales help to defer the cost of maintaining the Council retail stores as a service to members. Revenue is recognized at the time of the sale.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Program Fees

Program fees consist of camp fees and other related programs for girls that are held throughout the year to develop a sense of accomplishment and increase self-confidence and leadership skills in girls and young women. Revenue from program fees are recorded at the time of the program or when earned.

Deferred revenue consists of revenue collected for events that have not yet occurred and property and equipment rental income collected prior to the actual related rental period.

Public Support

Contributions of cash and other assets are recognized as revenue when they are received or pledged and are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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." Absent explicit donor stipulations about the use of contributions, the Council reports them as unrestricted support.

Donated Goods and Services

Donated goods are included in "public support" in the accompanying statement of activities at their estimated fair values at the date of receipt. Support arising from donated services is recognized if the services received require specialized skills, are provided by the individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended September 30, 2011 and 2010, in-kind contributions amounted to $0 and $14,258, respectively.

Additionally, a substantial number of volunteers have donated a significant amount of time to GSGLA program services and fundraising activities. The financial statements do not reflect the value of these contributed services because they do not meet the revenue recognition criteria.

Inventories

Purchased supplies and merchandise inventories are stated at the lower of cost, using the average cost method, or market. Donated inventory is recorded at estimated fair value at date of receipt.

Property and Equipment

Property and equipment are stated at cost or at fair value at the date of the gift if received as a donation. The assets are being depreciated on a straight-line basis over their useful lives of three to thirty-nine years. It is the policy of the Council to capitalize improvements that extend the life of the asset and to expense repairs and maintenance.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Custodial Funds

Custodial funds consist primarily of membership fees collected that will be remitted to GSUSA and other fees collected for the future use of members.

Girl Scout Troop Activity

Cash held in troops and groups accounts operate under GSGLA's federal identification number but not under its control. The Council has no signature authority over and will not access the funds as long as a troop or group is functioning according to Girl Scout policy and procedure. Individual troops and groups have the responsibility to use funds in their control for the purposes of Girl Scouting as determined by the members and adult volunteers.

The accompanying financial statements do not include financial data for individual Girl Scout troops and other groups such as service units, committees and volunteer-led camps.

Functional Expenses

The Council allocates its expenses on a functional basis among its programs and support services. Expenses that can be identified with a specific program or support service are allocated directly to the natural expenditure classification. Other expenses that are common to several functions are allocated using various allocation methods deemed appropriate by management.

Income Taxes

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Accordingly, no provisions for income taxes or related credits are included in these financial statements.

The Council also applies the provisions of FASB ASC Topic No. 740, "Accounting for Uncertainty in Income Taxes" ("ASC 740"). ASC 740 clarifies for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statements No. 109, "Accounting for Income Taxes," and prescribes a recognition and measurement of a tax position taken or expected to be taken in a tax return. To date, the Council has not recorded any uncertain tax positions. In accordance with ASC 740, the Council recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. During the year ended September 30, 2011, the Council did not recognize any amount in potential interest and penalties associated with uncertain tax positions. The Council's income tax returns remain subject to examination for all tax years ended on or after September 30, 2007 with regard to all tax positions and results reported.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

<u>Fair Value Measurements</u>
As defined in FASB ASC Topic No. 820, "Fair Value Measurements" ("ASC 820"), fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date (i.e., the exit price).

ASC 820 requires enhanced disclosures about financial instruments that are measured and reported at fair value. ASC 820 establishes a fair value hierarchy that prioritizes and ranks the level of market price observability used in measuring fair value. Market price observability is impacted by a number of factors, including the type of instrument, the characteristics specific to the instrument and the state of the marketplace (including the existence and transparency of transactions between market participants). Instruments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices in an orderly market will generally have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories based on inputs:

Level 1 – Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Include other inputs that are directly or indirectly observable in the marketplace.

Level 3 – Unobservable inputs which are supported by little or no market activity.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement.

The Council's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument. Cash and investments are financial instruments that are classified within Level 1 and Level 2, because these accounts were valued primarily using quoted market prices utilizing market-observable inputs. The carrying values of accounts receivable, prepaid expenses and other assets, accounts payable and accrued expenses approximate fair values due to the short maturity of these instruments. Pledges receivable have been discounted using applicable market rates to approximate fair value.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Impairment of Long-lived Assets

The Council reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying value of the property and equipment may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the assets to future cash flows, undiscounted and without interest, expected to be generated by the asset. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

Concentration of Revenue

In the normal course of business, the Council is subject to certain risks and uncertainties. For the year ended September 30, 2011 and 2010, approximately 79% and 77% of support and revenue was derived from net cookie, nut and magazine sales.

Concentration of Credit Risk

Financial instruments that potentially subject the Council to concentration of credit risk consist principally of cash and cash equivalents, investments and receivables. The Council places its cash and cash equivalents and investments with high-quality financial institutions.

The Council maintains cash balances at financial institutions located in California. During the fiscal year ended September 30, 2011, the Council maintained cash balances that exceeded $250,000, the normal FDIC insurance limit on interest-bearing accounts. However, the Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

With respect to receivables, the Council has an extensive donor base, and it performs ongoing evaluations of the receivables and maintains an adequate reserve for the uncollectible amounts.

Use of Estimates

In preparation of the financial statement, in conformity with accounting principles generally accepted in the United States of America, management of the Council has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. Accordingly, actual results may differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Recently Adopted Accounting Pronouncements

In January 2010, the FASB issued Accounting Standards Update ("ASU") No. 2010-06, "Fair Value Measurements and Disclosures (Topic 820)" ("ASU 2010-06"). This guidance amends the disclosure requirements related to recurring and nonrecurring fair value measurements and requires new disclosures on the transfers of assets and liabilities between Level 1 and Level 2 of the fair value measurement hierarchy, including the reasons and the timing of the transfers. Additionally, the guidance requires a rollforward of activities on purchases, sales, issuance and settlements of the assets and liabilities measured using Level 3 measurements. The guidance is effective for the reporting period beginning July 1, 2010, except for the disclosure on the rollforward activities for Level 3 fair value measurements, which will become effective for the reporting period beginning July 1, 2011. The adoption of ASU 2010-06 did not have a material impact on the Organization's statements of financial position, activities or cash.

In January 2010, the FASB issued ASU No. 2010-07, "Not-for-Profit Entities: Mergers and Acquisitions (Topic 958)" ("ASU 2010-07"). This guidance amends and clarifies the requirements under ASC 958-805, which establishes principles and requirements for how a not-for-profit entity accounts for and discloses mergers and acquisitions. It also amends SFAS No. 142, "Goodwill and Other Intangible Assets," to make it fully applicable to not-for-profit entities. ASC 958-805 is effective for mergers occurring on or after December 15, 2009, and acquisitions for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after December 15, 2009. The adoption of ASU 2010-07 did not have a material impact on the Organization's statements of financial position, activities or cash flows.

Recently Issued Accounting Pronouncements

In May 2011, the FASB issued ASU No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRS" ("ASU 2011-04"). This guidance affects all entities that are required or permitted to measure or disclose the fair value of an asset, liability or instrument classified in a reporting entity's equity in the financial statements. ASU 2011-04 changed the wording used to describe many of the requirements in US GAAP for measuring fair value and for disclosing information about fair value measurements. Amendments under ASU 2011-04 will be effective for annual periods beginning after December 15, 2011. The Council does not believe the adoption of this guidance will have a material impact on the financial statements.

NOTE 3 – ACCOUNTS AND PLEDGES RECEIVABLE

Accounts and pledges receivable consisted of the following as of September 30:

	2011			2010
	Accounts Receivable	Pledges Receivable	Total	Total
Gross amount	$ 95,887	$ 207,132	$ 303,019	$ 237,246
Reserve for uncollectible amounts	(14,326)	-	(14,326)	(10,255)
Total	**$ 81,561**	**$ 207,132**	**$ 288,693**	**$ 226,991**

As of September 30, 2011, all accounts and pledges receivable balances are current and payable within one year.

NOTE 4 – INVESTMENTS

As of September 30, 2011, the Council's investments were classified by level within the valuation hierarchy as follows:

	Level 1	Level 2	Level 3	Total	% of Total
Cash and cash equivalents	$1,466,780	$ -	$ -	$1,466,780	17
CDs and other investments	92,868	21,692	-	114,560	1
Bonds	4,563,599	-	-	4,563,599	52
Equities	2,207,029	-	-	2,207,029	25
Mutual funds	467,895	-	-	467,895	5
Total investments	**$8,798,171**	**$ 21,692**	**$ -**	**$8,819,863**	

Short-term investments	$3,099,617
Long-term investments	5,720,246
Total investments	**$8,819,863**

NOTE 4 – INVESTMENTS (Continued)

Net investment gain (loss) activity for the years ended September 30, 2011 and 2010, are as follows:

	2011	2010
Interest and dividends	$ 203,670	$ 200,628
Net realized and unrealized (loss) gains	(429,132)	378,308
	$ (225,462)	**$ 578,963**

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at September 30:

	2011	2010
Land and land improvements	$ 4,789,590	$ 4,463,677
Buildings and improvements, including leasehold improvements	8,201,174	7,816,415
Furniture, fixtures and equipment	1,440,722	1,173,144
Computer hardware and software	943,904	906,490
Construction in progress	267,940	76,288
	15,643,330	14,436,014
Less accumulated depreciation	6,843,330	6,292,787
	$ 8,800,000	**$ 8,143,227**

Depreciation expense for the years ended September 30, 2011 and 2010 was $646,758 and $627,807, respectively.

NOTE 6 – CAPITAL LEASES PAYABLE

The Council has four capital leases due in monthly installments with interest as given below. The total cost of the equipment leased is $779,184 and is included in property and equipment. As of September 30, 2011, the accumulated depreciation on the assets is $338,705.

NOTE 6 – CAPITAL LEASES PAYABLE (Continued)

Future minimum lease payments under the leases at September 30, 2011 were as follows:

Year Ending September 30,	
2012	$ 191,949
2013	182,960
2014	99,872
2015	2,970
Total minimum lease payments	477,751
Less imputed interest	37,842
Present value minimum lease obligation	**$ 439,909**
Current portion	$ 168,659
Long-term portion	271,250
	$ 439,909

NOTE 7 – MORTGAGES PAYABLE

As of September 30, 2011, the balances the Council owed on two mortgages payable are $294,757 and $371,933, respectively. The mortgages payable are due in monthly installments of $2,730 and $9,008, respectively, including interest at 7% annually through the year 2025 and interest at 7.5% annually through the year 2015, respectively.

Future minimum maturities payments under the mortgage agreement at September 30, 2011 were as follows:

Year Ending September 30,	
2012	$ 91,565
2013	99,456
2014	108,030
2015	117,346
2016	28,248
Thereafter	222,045
Total payments	**$ 666,690**

NOTE 7 – MORTGAGES PAYABLE (Continued)

Current portion	$ 91,565
Long-term portion	575,125
Total	**$ 666,690**

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Lease Commitments
The Council leases four properties under noncancelable lease agreements with expiration dates ranging between 2015 and 2021. Total rent expense for the year ended September 30, 2011 was $737,491.

Future minimum lease payments at September 30, 2011 were as follows under the leases:

Year Ending September 30,	
2012	$ 681,852
2013	722,223
2014	743,837
2015	749,068
2016	737,272
Thereafter	2,102,264
Total	**$ 5,736,516**

In connection with rent discounts and incentives offered by the landlords at multiple locations, the Council has a deferred rent liability of $803,231 that will be amortized against rent expense over the life of the leases.

In the normal course of business, the Council may become a party to litigation. Management believes there are no asserted or unasserted claims or contingencies that would have a material impact on the financial statements of the Council as of September 30, 2011.

NOTE 9 – NET ASSETS

Temporarily Restricted Net Assets
Temporarily restricted net assets are available for the following purposes at September 30:

	2011	2010
Camperships	$ 145,518	$ 204,087
Capital	6,418	25,912
Financial Assistance	33,149	33,880
GSUSA Membership Development	-	14,022
Membership Extension	159,681	57,664
Scholarship	10,862	6,856
Science, Technology, Engineering & Math (“STEM”)	151,038	29,333
Skyland Ranch Trees or Animals	105,413	75,000
Other	20,368	9,524
	$ 632,447	**$ 456,278**

Temporarily restricted net assets are available for, among other things, providing outreach programs to underserved communities and sponsoring camperships.

NOTE 10 – ENDOWMENT

Through December 31, 2008, the California Uniform Management of Institutional Funds Act (“UMIFA”) governed the management and use of donor-restricted endowment funds held by charitable institutions in the state of California. Under UMIFA, the Council classified as permanently restricted net assets the original value of gifts donated to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction, if any, of the applicable donor gift instrument. Accumulated earnings of donor-restricted endowment funds were classified as unrestricted net assets, funds available for operations in accordance with donor specifications.

Effective January 1, 2009, the state of California adopted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), which replaces UMIFA. In August of 2008, the FASB issued FSP 117-1, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds.” (This is referred to under the new codification as ACS 958-205.) The disclosure provisions of ACS 958-205 were applied by the Council during the year ended September 30, 2011, as shown below.

NOTE 10 – ENDOWMENT (Continued)

At September 30, 2011, the composition of the Council's endowment by net asset class was comprised entirely of donor-restricted endowment funds with no board-designated endowment funds.

The Council's endowment summarized by purpose consisted of the following at September 30:

	2011	2010
General endowment	$ 72,029	$ 68,412
Scholarships	79,778	75,747
Total	**$ 151,807**	**$ 144,159**

The Council's endowment summarized by assets consisted of the following at September 30:

	2011	2010
Investments (permanently restricted)	$ 141,566	$ 141,541
Investments (temporarily restricted)	10,241	2,618
Total endowment	**$ 151,807**	**144,159**

For the year ended September 30, 2011, the Council's endowment net assets changed as follows:

	2011			2010
	Temporarily Restricted	Permanently Restricted	Total	Total
Balance, beginning of year	$ 2,618	$ 141,541	$ 144,159	$ 140,816
Investment income	7,623	-	7,623	2,618
Contributions	-	25	25	725
Balance, end of year	**$ 10,241**	**$ 141,566**	**$ 151,807**	**$ 144,159**

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Council to retain as a fund of perpetual duration. There were no such deficiencies as of September 30, 2011.

NOTE 10 – ENDOWMENT (Continued)

Return Objectives and Risk Parameters

The Council has adopted investment and spending policies for endowment assets that attempt to provide funding for activities supported by its endowment while maintaining the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity. Under the investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner to earn, over the long-term, an annualized return (net of investment management fees) that i) is above inflation, and ii) meets or outperforms the return of appropriate benchmark indices. Actual returns in any given year may vary from these amounts.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividend). The Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council policy is to make available for distribution, on a cumulative basis, the earnings of its endowment funds which exceed the growth in assets necessary to maintain purchasing power, as measured by changes in the Consumer Price Index.

NOTE 11 – PROGRAM-RELATED SALES

The gross revenue and expense of the program-related product and merchandise sales, shown on the financial statement for the year ended September 30, 2011, are as follows:

	2011			2010
	Product Sales	Merchandise Sales	Total	Total
Gross revenue	$ 19,410,554	$ 1,438,606	$20,849,160	$ 18,688,788
Direct costs	8,394,884	957,064	9,351,948	8,408,710
Product and merchandise sales, net	**$ 11,015,670**	**$ 481,542**	**$11,497,212**	**$ 10,280,078**

NOTE 12 – 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 years ended September 30, 2011 and 2010 were $446,796 and $385,051, respectively. 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 standalone operation. In addition, because the plan is considered a multiemployer plan, it is only subject to certain minimum reporting requirements of the FASB Accounting Standards Code Section 715-80.

As of September 30, 2011, due to unfavorable market conditions, the actuarial present value of accumulated plan benefits exceeded net plan assets available for plan benefits.

NOTE 13 – SUBSEQUENT EVENTS

Management evaluated all activity through February 21, 2012 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.