

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

FINANCIAL REPORT

SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Girl Scouts of Louisiana – Pines to the Gulf, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of Louisiana – Pines to the Gulf, Inc. as of September 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 20, 2013, on our consideration of Girl Scouts of Louisiana – Pines to the Gulf, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Girl Scouts of Louisiana – Pines to the Gulf, Inc.'s internal control over financial reporting and compliance.



Lafayette, Louisiana
December 20, 2013

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

STATEMENTS OF FINANCIAL POSITION

As of September 30, 2013 and 2012

ASSETS	2013	2012
CURRENT ASSETS		
Cash and cash equivalents	\$ 936,972	\$ 966,692
Other receivables	13,027	40,723
Inventory	186,892	195,361
Prepaid expenses	26,606	7,089
Total current assets	1,163,497	1,209,865
INVESTMENTS, at market value	3,735,650	3,125,122
PROPERTY, PLANT AND EQUIPMENT, net	1,022,285	1,279,436
RESTRICTED ASSETS		
Cash and cash equivalents	9,832	9,839
Investments, at market value	28,781	24,285
Total restricted assets	38,613	34,124
Total assets	\$ 5,960,045	\$ 5,648,547
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Notes payable - current	\$ 352,671	\$ 388,168
Accounts payable	52,853	49,679
Deferred support	360	12,446
Accrued expenses	95,653	110,095
Total current liabilities	501,537	560,388
OTHER LIABILITIES		
Custodial funds	40,928	36,563
Total other liabilities	40,928	36,563
Total liabilities	542,465	596,951
NET ASSETS		
Temporarily restricted	49,401	43,438
Unrestricted	5,368,179	5,008,158
Total net assets	5,417,580	5,051,596
Total liabilities and net assets	\$ 5,960,045	\$ 5,648,547

See Notes to Financial Statements.

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

STATEMENT OF ACTIVITIES
For the Year Ending September 30, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Public support -			
Annual giving	\$ 26,255	\$ -	\$ 26,255
Grants and donations	42,677	16,520	59,197
United Way allocations	<u>209,500</u>	<u>-</u>	<u>209,500</u>
Total public support	<u>278,432</u>	<u>16,520</u>	<u>294,952</u>
 Program revenue -			
Cookie sales:			
Gross revenue	\$ 3,462,368		
Direct costs	<u>919,795</u>	2,542,573	-
Total			2,542,573
QSP sales:			
Gross revenue	\$ 125,297		
Direct costs	<u>65,558</u>	59,739	-
Total			59,739
Sales of supplies :			
Gross revenue	\$ 272,440		
Direct costs	<u>194,824</u>	77,616	-
Total			77,616
Program service fees :			
Day camp and other program fees	<u>82,560</u>	<u>-</u>	<u>82,560</u>
Total program revenue	<u>2,762,488</u>	<u>-</u>	<u>2,762,488</u>
 Other revenue (expenses), gains and (losses) :			
Gain on disposal of fixed assets	223,622	-	223,622
Net investment income	<u>97,944</u>	<u>4,496</u>	<u>102,440</u>
Total other revenue	<u>321,566</u>	<u>4,496</u>	<u>326,062</u>
 Net assets released from restrictions	<u>15,053</u>	<u>(15,053)</u>	<u>-</u>
 TOTAL PUBLIC SUPPORT AND REVENUE	<u>3,377,539</u>	<u>5,963</u>	<u>3,383,502</u>
 EXPENSES:			
Program services	2,231,028	-	2,231,028
Supporting services -			
Management and general	603,582	-	603,582
Fundraising	<u>182,908</u>	<u>-</u>	<u>182,908</u>
Total expenses	<u>3,017,518</u>	<u>-</u>	<u>3,017,518</u>
 Change in net assets	360,021	5,963	365,984
Net assets at beginning of year	<u>5,008,158</u>	<u>43,438</u>	<u>5,051,596</u>
 Net assets at end of year	<u>\$ 5,368,179</u>	<u>\$ 49,401</u>	<u>\$ 5,417,580</u>

See Notes to Financial Statements.

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

STATEMENT OF ACTIVITIES
For the Year Ending September 30, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Public support -			
Annual giving	\$ 182,271	\$ -	\$ 182,271
Grants and donations	29,665	34,776	64,441
United Way allocations	215,730	-	215,730
Total public support	<u>427,666</u>	<u>34,776</u>	<u>462,442</u>
Program revenue -			
Cookie sales:			
Gross revenue	\$ 3,610,371		
Direct costs	<u>925,943</u>	2,684,428	2,684,428
QSP sales:			
Gross revenue	\$ 136,922		
Direct costs	<u>72,078</u>	64,844	64,844
Sales of supplies :			
Gross revenue	\$ 297,823		
Direct costs	<u>211,062</u>	86,761	86,761
Program service fees :			
Day camp and other program fees	<u>100,359</u>	-	100,359
Total program revenue	<u>2,936,392</u>	<u>-</u>	<u>2,936,392</u>
Other revenue, (expenses) gains and (losses) :			
Loss on sale of assets	(682)	-	(682)
Net investment income	<u>100,748</u>	<u>6,040</u>	<u>106,788</u>
Total other revenue	<u>100,066</u>	<u>6,040</u>	<u>106,106</u>
Net assets released from restrictions	<u>43,565</u>	<u>(43,565)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>3,507,689</u>	<u>(2,749)</u>	<u>3,504,940</u>
EXPENSES:			
Program services	2,154,990	-	2,154,990
Supporting services -			
Management and general	603,772	-	603,772
Fundraising	<u>145,002</u>	<u>-</u>	<u>145,002</u>
Total expenses	<u>2,903,764</u>	<u>-</u>	<u>2,903,764</u>
Change in net assets	603,925	(2,749)	601,176
Net assets at beginning of year	<u>4,404,233</u>	<u>46,187</u>	<u>4,450,420</u>
Net assets at end of year	<u>\$ 5,008,158</u>	<u>\$ 43,438</u>	<u>\$ 5,051,596</u>

See Notes to Financial Statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2013

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Salaries	\$ 979,170	\$ 363,895	\$ 104,834	\$ 1,447,899
Staff health and retirement benefits	212,084	78,806	22,704	313,594
Payroll taxes	75,466	28,042	8,079	111,587
Total salaries and benefits	<u>1,266,720</u>	<u>470,743</u>	<u>135,617</u>	<u>1,873,080</u>
Office expense	42,427	10,073	184	52,684
Bad debts	-	4,207	-	4,207
Professional fees	2,723	31,274	-	33,997
Supplies	-	26	-	26
Telephone	7,921	109,884	-	117,805
Janitorial	-	8,300	-	8,300
Postage	47	28,790	-	28,837
Utilities	28,123	22,440	-	50,563
Incentives	171,909	-	-	171,909
Insurance	903	56,819	-	57,722
Interest expense	9,795	9,642	-	19,437
Printing	22,466	5,309	-	27,775
Travel	87,675	17,838	7,840	113,353
Repairs and maintenance	82,797	23,249	-	106,046
Rental fees	9,570	16,620	-	26,190
Small equipment rentals and purchases	5,019	46,206	-	51,225
Dues and subscriptions	-	3,365	525	3,890
Conferences and training	-	29,228	-	29,228
Specific assistance	29,373	-	-	29,373
Depreciation	-	101,686	-	101,686
Direct program expenses	83,459	-	-	83,459
Indirect expense allocation	357,497	(395,768)	38,271	-
Council meetings	3,562	530	471	4,563
Worker's compensation	4,849	-	-	4,849
Other	14,193	3,121	-	17,314
Total operating expenses	<u>964,308</u>	<u>132,839</u>	<u>47,291</u>	<u>1,144,438</u>
Total expenses	<u>\$ 2,231,028</u>	<u>\$ 603,582</u>	<u>\$ 182,908</u>	<u>\$ 3,017,518</u>
Percentage of expenses by function to total expenses	<u>74%</u>	<u>20%</u>	<u>6%</u>	<u>100%</u>

See Notes to Financial Statements.

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

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2012

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Salaries	\$ 894,403	\$ 351,473	\$ 79,159	\$ 1,325,035
Staff health and retirement benefits	158,001	62,100	13,974	234,075
Payroll taxes	69,725	27,405	6,167	103,297
Total salaries and benefits	<u>1,122,129</u>	<u>440,978</u>	<u>99,300</u>	<u>1,662,407</u>
Office expense	246	10,762	699	11,707
Bad debts	-	9,120	-	9,120
Professional fees	5,402	39,700	-	45,102
Supplies	-	45,408	-	45,408
Telephone	8,224	105,346	-	113,570
Janitorial	-	8,550	-	8,550
Postage	31	28,310	-	28,341
Utilities	26,782	21,305	-	48,087
Incentives	179,612	-	-	179,612
Insurance	642	53,243	-	53,885
Interest expense	10,260	11,088	-	21,348
Printing	19,889	2,970	-	22,859
Travel	113,896	19,674	7,075	140,645
Repairs and maintenance	70,708	29,937	-	100,645
Rental fees	14,515	19,165	-	33,680
Small equipment rentals and purchases	2,059	48,180	-	50,239
Dues and subscriptions	-	3,342	-	3,342
Conferences and training	-	35,565	-	35,565
Specific assistance	30,252	-	-	30,252
Depreciation	-	109,834	-	109,834
Direct program expenses	106,329	-	-	106,329
Indirect expense allocation	414,196	(450,829)	36,633	-
Council meetings	4,721	849	-	5,570
Worker's compensation	8,170	-	-	8,170
Other	16,927	11,275	1,295	29,497
Total operating expenses	<u>1,032,861</u>	<u>162,794</u>	<u>45,702</u>	<u>1,241,357</u>
Total expenses	<u>\$ 2,154,990</u>	<u>\$ 603,772</u>	<u>\$ 145,002</u>	<u>\$ 2,903,764</u>
Percentage of expenses by function to total expenses	<u>74%</u>	<u>21%</u>	<u>5%</u>	<u>100%</u>

See Notes to Financial Statements.

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

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 365,984	\$ 601,176
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation expense	101,686	109,834
Bad debt expense	4,207	9,120
Net realized and unrealized (gain) loss on investments	(80,880)	(100,141)
(Gain) loss on disposal of fixed assets	(223,622)	682
Decrease (increase) in assets -		
Other receivables	23,489	(29,293)
Inventory	8,469	(19,625)
Prepaid expenses	(19,517)	16,512
Increase (decrease) in liabilities -		
Accounts payable	3,174	22,926
Accrued expenses	(14,442)	(2,756)
Deferred support	(12,086)	(13,812)
Custodial funds	4,365	4,427
Net cash provided by operating activities	<u>160,827</u>	<u>599,050</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(57,720)	(16,218)
Purchase of investments	(3,609,144)	(2,636,901)
Proceeds from the sale of fixed assets	436,807	-
Proceeds from sale of investments	<u>3,075,000</u>	<u>54,864</u>
Net cash used in investing activities	<u>(155,057)</u>	<u>(2,598,255)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	<u>(35,497)</u>	<u>(33,586)</u>
Net decrease in cash and cash equivalents	(29,727)	(2,032,791)
Cash and cash equivalents at beginning of year	<u>976,531</u>	<u>3,009,322</u>
Cash and cash equivalents at end of year	<u>\$ 946,804</u>	<u>\$ 976,531</u>
SUPPLEMENTAL INFORMATION		
Interest paid	<u>\$ 19,437</u>	<u>\$ 21,348</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEETS		
Cash and cash equivalents - current	\$ 936,972	\$ 966,692
Cash and cash equivalents - restricted	<u>9,832</u>	<u>9,839</u>
	<u>\$ 946,804</u>	<u>\$ 976,531</u>

See Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization:

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

Basis of presentation:

In July 2009, the Financial Accounting Standards Board released the “Accounting Standards Codification” (ASC) which provides accounting guidance under U.S. generally accepted accounting principles (U.S. GAAP). The Codification is comprised of 90 topic specific chapters each focusing on various financial reporting and accounting issues.

In accordance with ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Under ASC 958, the Council is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments:

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

Inventories:

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

Property, plant, and equipment:

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

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

NOTES TO FINANCIAL STATEMENTS

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

	<u>Years</u>
Buildings and improvements	3 – 30
Office equipment	5 – 10
Camp equipment	3 – 10

Revenue recognition:

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

Pension plan:

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

Employee benefit plan:

On January 1, 2008, the Council adopted the 401(k) plan that had been established by the Bayou Council effective January 1, 2001. The plan is to provide retirement benefits for employees. Any full-time employee over the age of 21, who has been employed by the Council for one year and has completed 1,000 hours of service, is eligible to participate. Participants may contribute to the plan by deferring up to 15% of their gross salary, within certain IRS imposed limitations for maximum contributions in a given year. The Council will match 50% of the participants' contribution up to 6% of the employee's compensation. The amount included in expense for the fiscal years ended September 30, 2013 and 2012 were \$28,001 and \$24,491, respectively.

Income taxes:

The Council is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Nonprofit organizations are not taxable under the laws of the State of Louisiana.

The Council's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed.

Functional expenses:

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

Cash and cash equivalents:

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

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

NOTES TO FINANCIAL STATEMENTS

Note 2. Investments

Investments as of September 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Treasury securities	\$ -	\$ 34,998
Mutual funds	501,781	417,527
Equities	34,552	31,316
Certificates of deposit	<u>3,199,317</u>	<u>2,641,281</u>
Investments - unrestricted	3,735,650	3,125,122
Mutual funds - restricted	<u>28,781</u>	<u>24,285</u>
Total investments	<u>\$ 3,764,431</u>	<u>\$ 3,149,407</u>

Total investment return during the year ending September 30, 2013 amounted to a net investment income of \$102,440 and during the year ending September 30, 2012 amounted to net investment income of \$106,788. This was comprised of \$24,088 and \$7,034 in interest and dividends in 2013 and 2012, respectively, in addition to an increase in the fair value of investments of \$78,352 in 2013 and \$99,754 in 2012.

The carrying amount of investments pledged as collateral against notes payable amounted to \$338,497.

Note 3. Inventory

Inventory as of September 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Badges, patches, pins, booklets, and uniforms	<u>\$ 186,892</u>	<u>\$ 195,361</u>

Note 4. Property, Plant, and Equipment

Property, plant, and equipment as of September 30, 2013 and 2012 consisted of the following:

	<u>2013</u>	<u>2012</u>
Land and improvements	\$ 148,314	\$ 311,519
Buildings and improvements	1,862,861	2,097,530
Furniture and equipment	599,966	593,603
Camp sewer treatment plant	<u>320,918</u>	<u>320,918</u>
	2,932,059	3,323,570
Less: accumulated depreciation	<u>(1,909,774)</u>	<u>(2,044,134)</u>
	<u>\$ 1,022,285</u>	<u>\$ 1,279,436</u>

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

NOTES TO FINANCIAL STATEMENTS

The carrying amount of fixed assets pledged as collateral against notes payable at September 30, 2013 amounted to \$300,264.

Note 5. Pension Expense

The council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA. The National Board of Girl Scouts of the USA voted to freeze the plan to new entrants and to freeze future benefit accruals for all current participants under the plan effective July 31, 2010. The plan covers substantially all of the employees of various Girl Scout councils who were eligible to participate in the plan prior to the plan freeze. Accrued and vested benefits prior to July 31, 2010 are based on years of service and salary levels. Although Plan assets grew during the year, the impact of a decline in interest rates used to value Plan liabilities more than offset the asset growth, and increased the excess accumulated benefits over net plan assets as of January 1, 2012 relative to January 1, 2011. Contributions made in fiscal years 2013 and 2012 are \$169,843 and \$113,230, respectively. As of January 1, 2014, contributions will increase an average of 40% over 2013 contributions as the impact of a further decline in interest rates used to value Plan liabilities more than offset the asset growth, further increasing the excess accumulated benefits over net plan assets. Legislative and regulatory solutions are being explored to reduce the minimum required contributions.

Note 6. Concentration of Credit Risk and Revenue Concentration

Substantially, all of the Council's revenue is derived from donations and events in northern and southwestern Louisiana. Allocations from local United Way agencies provided approximately 6% and 7% of total public support and revenue during the years ending September 30, 2013 and 2012, respectively.

The Council's major program event is their annual cookie sale. This event accounted for approximately 75% and 77% of total public support and revenue during the years ending September 30, 2013 and 2012, respectively.

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

Note 7. Operating Lease

The Council entered into a three year lease for office space in Lake Charles in May 2011. Terms of this lease call for monthly payments of \$600 through April 30, 2014, with an option to renew for a period of three more years at the same terms and conditions, except that the monthly rental payment shall be renegotiated. Total rental expense associated with this lease contained in the financial statements was \$7,200 in both years.

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

NOTES TO FINANCIAL STATEMENTS

Note 8. Notes Payable

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

	<u>2013</u>	<u>2012</u>
Note payable to the bank, due on demand or in monthly payments, including principal and interest of \$1,864, remaining principal and interest due at maturity. Maturing on September 27, 2015, interest rate of 4.5%, secured by assignment of brokerage investment account with a carrying value of \$583,363 and \$528,848 at 2013 and 2012, respectively.	\$ 206,649	\$ 219,226
Note payable to the bank, due on demand or in monthly payments, including principal and interest of \$2,713, remaining principal and interest due at maturity. Maturing on December 15, 2013, interest rate of 6.00%, secured by a building at 3921 Southern Avenue in Shreveport, Louisiana.	<u>146,022</u>	<u>168,942</u>
Total notes payable	<u>\$ 352,671</u>	<u>\$ 388,168</u>

The entire balance of these notes was classified as current due to the due on demand clause within the notes. Maturities of these notes for each of the next five years, if the banks do not exercise the due on demand clause, are expected to be as follows:

2014	\$ 159,421
2015	<u>193,250</u>
	<u>\$ 352,671</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 9. Net Assets

Net assets consisted of the following as of September 30:

	<u>2013</u>	<u>2012</u>
Temporarily restricted:		
Donor restricted	\$ <u>49,401</u>	\$ <u>43,438</u>
Unrestricted:		
Property, plant, and equipment	\$ 1,022,284	\$ 1,279,436
Undesignated	<u>4,345,895</u>	<u>3,728,722</u>
	<u>\$ 5,368,179</u>	<u>\$ 5,008,158</u>

Net assets released from restrictions during the years ending September 30, 2013 and 2012 were as follows:

	<u>2013</u>	<u>2012</u>
Time and purpose restrictions satisfied	\$ <u>15,053</u>	\$ <u>43,565</u>

Note 10. Disclosures About Fair Value of Financial Instruments

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

Investment Securities

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices In Active Markets for Identical Assets/ Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<u>As of September 30, 2013</u>				
<u>Unrestricted</u>				
Certificates of deposit	\$ 3,199,317	\$ -	\$ -	\$ 3,199,317
Mutual funds	501,781	501,781	-	-
Equities	34,552	34,552	-	-
	<u>3,735,650</u>	<u>536,333</u>	<u>-</u>	<u>3,199,317</u>
<u>Restricted</u>				
Mutual funds	<u>28,781</u>	<u>28,781</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,764,431</u>	<u>\$ 565,114</u>	<u>\$ -</u>	<u>\$ 3,199,317</u>
<u>As of September 30, 2012</u>				
<u>Unrestricted</u>				
Certificates of deposit	\$ 2,641,281	\$ -	\$ -	\$ 2,641,281
U S Government securities	34,998	34,998	-	-
Mutual funds	417,527	417,527	-	-
Equities	31,316	31,316	-	-
	<u>3,125,122</u>	<u>483,841</u>	<u>-</u>	<u>2,641,281</u>
<u>Restricted</u>				
Mutual funds	<u>24,285</u>	<u>24,285</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,149,407</u>	<u>\$ 508,126</u>	<u>\$ -</u>	<u>\$ 2,641,281</u>

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

NOTES TO FINANCIAL STATEMENTS

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

	Fair Value Measurements Using Significant Unobservable Inputs Level (3)	
	2013	2012
Beginning balance	\$ 2,641,281	\$ -
Purchases	3,600,000	3,040,000
Redemptions	(3,040,000)	(400,000)
Gains and (losses)	(1,964)	1,281
Ending balance	<u>\$ 3,199,317</u>	<u>\$ 2,641,281</u>

Note 11. Governmental Funding

The Council received during the years ending September 30, 2013 and 2012 local governmental funding for various initiatives and programs amounting to \$2,500 and \$22,206, respectively.

Note 12. Endowments and Net Asset Classifications

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

Interpretation of Relevant Law

In June 2010, Act 168 of the regular session of the Louisiana legislature was signed into law by the Governor. This act adopted the provisions of the Uniform Prudent Management of Institution Funds Act and is effective as of July 1, 2010. Consistent with this law, the Board of Directors adopted a policy stating its intention to make all reasonable efforts to the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. Currently, the Council classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction (if any) of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the Council and Board's policies and procedures.

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

NOTES TO FINANCIAL STATEMENTS

The following is the endowment net asset composition by type of fund as of September 30, 2013 and 2012.

	September 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor - restricted endowment funds	\$ -	\$ 38,613	\$ -	\$ 38,613

	September 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor - restricted endowment funds	\$ -	\$ 34,124	\$ -	\$ 34,124

The following is the recap of changes in endowment balances as of September 30, 2013 and 2012.

	September 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 34,124	\$ -	\$ 34,124
Investment return: Net appreciation (realized and unrealized)	-	4,489	-	4,489
Endowment net assets, end of year	\$ -	\$ 38,613	\$ -	\$ 38,613

	September 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 28,084	\$ -	\$ 28,084
Investment return: Net depreciation (realized and unrealized)	-	6,040	-	6,040
Endowment net assets, end of year	\$ -	\$ 34,124	\$ -	\$ 34,124

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

NOTES TO FINANCIAL STATEMENTS

Funds With Deficiencies

If the fair value of assets associated with individual donor-restricted endowment funds fall below the level that the donor requires the Council to retain as a fund of perpetual duration it is reported as an offset against temporarily restricted net assets. As of September 30, 2013 and 2012 no deficiencies existed.

Return Objectives and Risk Parameters

The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that attain a favorable return, with emphasis on preservation of capital and long-term growth, without jeopardizing liquidity needs.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

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

Note 13. Subsequent Events

The Council evaluated the need for disclosures and/or adjustments resulting from subsequent events through December 20, 2013, the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated disclosures and/or adjustments under general accounting standards.

SUPPLEMENTARY INFORMATION

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

SCHEDULES OF COOKIE REVENUE AND EXPENSE

Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cookie sales revenue	\$ 3,462,368	\$ 3,610,371
Cost of cookie sales	<u>(919,795)</u>	<u>(925,943)</u>
Gross profit	<u>\$ 2,542,573</u>	<u>\$ 2,684,428</u>
Sales price per box	<u>\$ 4.00</u>	<u>\$ 4.00</u>



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John L. Istre, CPA*
Elizabeth J. Moreau, CPA*
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Robert M. DeRouen, Jr. CPA*

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Laurel L. Montagnet, CPA
Valeri A. Grayson, CPA

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James H. Breaux, CPA 1987
Erma R. Walton, CPA 1988
George A. Lewis, CPA 1992
Geraldine J. Wimberley, CPA 1995
Lawrence A. Cramer, CPA 1999
Ralph Friend, CPA 2002
Donald W. Kelley, CPA 2005
George J. Trappey, III, CPA 2007
Terrel P. Dressel, CPA 2007
Herbert Lemoine II, CPA 2008
Mary T. Miller, CPA 2011
Mary A. Castille, CPA 2013

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Girl Scouts of Louisiana – Pines to the Gulf, Inc. (a non-profit organization), which comprise the statements of financial position as of September 30, 2013 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated December 20, 2013.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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



Lafayette, Louisiana
December 20, 2013

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

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended September 30, 2013

We have audited the financial statements of Girl Scouts of Louisiana – Pines to the Gulf, Inc. as of and for the year ended September 30, 2013, and have issued our report thereon dated December 20, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of September 30, 2013 resulted in an unqualified opinion.

Section I - Summary of Auditors' Reports

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

Internal Control

Material weaknesses Yes None Reported

Control deficiencies identified
that are not considered to be
material weaknesses Yes None Reported

Compliance

Compliance Material to Financial Statements Yes No

Section II - Financial Statement Findings

None in the current year.

Section III – Management Letter

None in the current year.

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

SCHEDULE OF PRIOR FINDINGS
For the Year Ended September 30, 2013

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

None.

Section II. Internal Control and Compliance Material to Federal Awards

None.

Section III. Management Letter

None.