

**GIRL SCOUTS IN THE
HEART OF PENNSYLVANIA**

FINANCIAL STATEMENTS

YEARS ENDED SEPTEMBER 30, 2017 AND 2016
AND
INDEPENDENT AUDITOR'S REPORT



McKONLY & ASBURY

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Girl Scouts in the Heart of Pennsylvania
Harrisburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Girl Scouts in the Heart of Pennsylvania (the Council), a nonprofit organization, which comprise the statements of financial position as of September 30, 2017 and 2016, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Council'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 Council'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.

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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 in the Heart of Pennsylvania as of September 30, 2017 and 2016, 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.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
February 8, 2018

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
Current assets		
Cash and cash equivalents	\$ 1,916,305	\$ 1,723,031
Custodian funds	117,681	97,381
Inventory	7,751	63,338
Accounts receivable, net		
United Way	215,014	291,121
Other	44,199	66,767
Prepaid expenses	288,511	218,929
Current portion of pledges receivable, net	<u>159,020</u>	<u>88,261</u>
Total current assets	<u>2,748,481</u>	<u>2,548,828</u>
Other assets		
Investments	8,275,887	6,914,675
Beneficial interests in perpetual trusts	561,491	537,494
Pledges receivable, net, less current portion	<u>80,399</u>	<u>101,422</u>
Total other assets	<u>8,917,777</u>	<u>7,553,591</u>
Property and equipment, less accumulated depreciation	9,119,354	9,425,323
Total assets	<u><u>\$ 20,785,612</u></u>	<u><u>\$ 19,527,742</u></u>

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

LIABILITIES AND NET ASSETS

	2017	2016
Liabilities		
Accounts payable and accrued liabilities	\$ 293,301	\$ 118,983
Current portion of obligations under capital leases	20,197	-
Accrued wages and vacation	178,979	168,282
Custodian funds	117,681	97,381
Deferred program revenue	-	77,150
	610,158	461,796
Total current liabilities		
	41,779	-
Capital lease obligations, less current portion		
	651,937	461,796
Total liabilities		
Net assets		
Unrestricted		
General operations	8,653,046	8,120,295
Board designated	676,230	25,000
Property and equipment	9,119,354	9,425,323
	18,448,630	17,570,618
Total unrestricted net assets		
	855,743	641,100
Temporarily restricted		
	829,302	854,228
Permanently restricted		
	20,133,675	19,065,946
Total net assets		
	\$ 20,785,612	\$ 19,527,742
Total liabilities and net assets		
	\$ 20,785,612	\$ 19,527,742

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

SEPTEMBER 30, 2017 AND 2016

	2017	2016
Changes in unrestricted net assets		
Revenues and gains		
Program related product sales	\$ 8,868,228	\$ 8,330,027
Cost of product sales	(2,564,090)	(2,165,124)
Program service and camp fees	363,846	427,551
Miscellaneous program revenue	22,170	25,298
Contributions and grants	159,184	206,518
Local United Ways - designations	33,041	42,678
Special fundraising events, net	50,934	8,078
Rental income	30,291	41,928
Investment gain, net of fees	444,089	158,579
Unrealized gain on investments and beneficial interests in perpetual trusts	426,845	421,430
Other income	2,879	4,508
Net assets released from restrictions used for operations	592,507	680,416
Total unrestricted revenues and gains	8,429,924	8,181,887
Expenses and losses		
Girl scout leadership experience	5,061,528	6,015,460
Outdoor and other program services	2,535,264	1,439,617
Management and general	791,454	584,874
Fundraising	420,585	616,749
Total expenses and losses	8,808,831	8,656,700
Excess of revenue under expenses	(378,907)	(474,813)
Non-operating income (expenses)		
Loss on sale of assets	(41,972)	(116,820)
Gas lease royalties	699,820	780,415
Timber revenue	239,533	-
Insurance proceeds, net	359,538	-
Net assets released from restrictions used for capital projects	-	750,000
Total non-operating income	1,256,919	1,413,595
Change in unrestricted net assets	878,012	938,782

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (Cont'd)

SEPTEMBER 30, 2017 AND 2016

	2017	2016
Changes in temporarily restricted net assets:		
Contributions and grants	449,379	407,964
Local United Ways - allocations	207,262	388,931
Local United Ways - designations	43,000	-
Investment gain, net of fees	8,556	1,405
Unrealized gain on investments and beneficial interests in perpetual trusts	9,322	6,433
Net assets released from restrictions	(502,876)	(1,375,014)
Increase (decrease) in temporarily restricted net assets	214,643	(570,281)
Changes in permanently restricted net assets:		
Investment gain (loss), net of fees	(5,446)	3,122
Unrealized gain on investments and beneficial interests in perpetual trusts	70,151	14,293
Net assets released from restrictions	(89,631)	(55,402)
Decrease in permanently restricted net assets	(24,926)	(37,987)
Increase in net assets	1,067,729	330,514
Net assets at beginning of year	19,065,946	18,735,432
Net assets at end of year	\$ 20,133,675	\$ 19,065,946

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

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2017

	Program Services			Supporting Services			Total Expenses
	Girl Scout Leadership Experience	Outdoor and Other Program Services	Total	Management and General	Fundraising	Total	
Functional expenses							
Salaries and related expenses							
Salaries	\$ 1,694,600	\$ 522,839	\$ 2,217,439	\$ 344,458	\$ 236,851	\$ 581,309	\$ 2,798,748
Staff health and retirement benefits	260,462	80,750	341,212	28,461	37,891	66,352	407,564
Payroll taxes and related benefits	179,162	55,278	234,440	36,418	25,041	61,459	295,899
GSNRP (Pension) Contributions	349,375	107,793	457,168	71,017	48,831	119,848	577,016
Total salaries and related expenses	2,483,599	766,660	3,250,259	480,354	348,614	828,968	4,079,227
Troop proceeds & incentives	1,702,138	-	1,702,138	-	-	-	1,702,138
Occupancy costs, camps	-	378,950	378,950	-	-	-	378,950
Occupancy costs, administrative	61,009	18,936	79,945	8,960	5,274	14,234	94,179
Program professional fees and supplies	35,140	410,818	445,958	-	-	-	445,958
Professional fees	9,766	139,841	149,607	122,003	944	122,947	272,554
Travel and mileage costs	40,159	45,186	85,345	16,662	4,184	20,846	106,191
Insurance	81,010	94,558	175,568	36,688	7,002	43,690	219,258
Printing, promotion, and publications	38,287	21,049	59,336	14,173	19,404	33,577	92,913
Financial assistance to individuals	100,657	17,475	118,132	-	-	-	118,132
Data, telephone, and technology	120,492	37,399	157,891	17,696	10,416	28,112	186,003
Rental and maintenance of equipment	11,361	51,861	63,222	13,337	982	14,319	77,541
Postage and shipping	112	26,668	26,780	1,971	2,373	4,344	31,124
Licenses and fees	37,495	14,390	51,885	13,573	6,858	20,431	72,316
Conferences and meetings	4,915	3,557	8,472	12,910	548	13,458	21,930
Staff and volunteer development	63,577	2,471	66,048	688	1,169	1,857	67,905
Inventory Impairment	45,792	-	45,792	-	-	-	45,792
Miscellaneous	95,750	5,158	100,908	33,308	1,555	34,863	135,771
Total	4,931,259	2,034,977	6,966,236	772,323	409,323	1,181,646	8,147,882
Depreciation	130,269	500,287	630,556	19,131	11,262	30,393	660,949
Total functional expenses	<u>\$ 5,061,528</u>	<u>\$ 2,535,264</u>	<u>\$ 7,596,792</u>	<u>\$ 791,454</u>	<u>\$ 420,585</u>	<u>\$ 1,212,039</u>	<u>\$ 8,808,831</u>

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

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2016

	Program Services			Supporting Services			Total Expenses
	Girl Scout Leadership Experience	Outdoor and Other Program Services	Total	Management and General	Fundraising	Total	
Functional expenses							
Salaries and related expenses							
Salaries	\$ 1,830,452	\$ 591,195	\$ 2,421,647	\$ 299,778	\$ 274,008	\$ 573,786	\$ 2,995,433
Staff health and retirement benefits	285,646	92,258	377,904	46,781	42,760	89,541	467,445
Payroll taxes and related benefits	202,895	65,531	268,426	33,229	30,372	63,601	332,027
GSNRP (Pension) contributions	352,870	113,969	466,839	57,790	52,823	110,613	577,452
Total salaries and related expenses	2,671,863	862,953	3,534,816	437,578	399,963	837,541	4,372,357
Troop proceeds	1,584,362	-	1,584,362	-	-	-	1,584,362
Occupancy costs, camps	270,824	87,470	358,294	8,854	8,092	16,946	375,240
Occupancy costs, administrative	56,065	18,108	74,173	9,182	8,393	17,575	91,748
Program professional fees and supplies	257,809	83,267	341,076	1,219	2,143	3,362	344,438
Professional fees	108,854	35,158	144,012	15,410	14,085	29,495	173,507
Travel	81,357	26,277	107,634	1,105	4,058	5,163	112,797
Insurance	131,229	42,384	173,613	20,815	19,025	39,840	213,453
Printing, promotion, and publications	65,602	21,188	86,790	3,720	33,385	37,105	123,895
Financial assistance to individuals	118,168	38,166	156,334	5	16,711	16,716	173,050
Data, telephone, and technology	118,126	38,152	156,278	15,714	14,563	30,277	186,555
Rental and maintenance of equipment	27,739	24,475	52,214	2,882	3,173	6,055	58,269
Postage and shipping	27,702	1,897	29,599	2,392	6,252	8,644	38,243
Licenses and fees	21,374	6,903	28,277	3,230	6,687	9,917	38,194
Conferences and meetings	16,199	5,232	21,431	864	2,865	3,729	25,160
Staff and volunteer development	23,799	7,687	31,486	1,318	3,852	5,170	36,656
Miscellaneous	58,379	18,857	77,236	(994)	17,216	16,222	93,458
Total	5,639,451	1,318,174	6,957,625	523,294	560,463	1,083,757	8,041,382
Depreciation	376,009	121,443	497,452	61,580	56,286	117,866	615,318
Total functional expenses	<u>\$ 6,015,460</u>	<u>\$ 1,439,617</u>	<u>\$ 7,455,077</u>	<u>\$ 584,874</u>	<u>\$ 616,749</u>	<u>\$ 1,201,623</u>	<u>\$ 8,656,700</u>

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

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Cash flows from operating activities		
Changes in net assets	\$ 1,067,729	\$ 330,514
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	660,949	615,318
Loss on the sale of assets	41,972	116,820
Write-off of bad debt	17,029	12,738
Realized gain on sale of investments	(321,950)	(10,647)
Unrealized gain on investments	(482,321)	(430,231)
Unrealized gain on beneficial interest in perpetual trusts	(23,997)	(11,925)
(Increase) decrease in		
Custodian funds	(20,300)	(20,966)
Inventory	55,587	(30,116)
Accounts receivable	81,646	8,213
Prepaid expenses	(69,582)	17,691
Pledges receivable	(49,736)	192,435
Increase (decrease) in		
Accounts payable and accrued liabilities	133,318	(5,945)
Accrued wages and vacation	10,697	(51,454)
Custodian funds	20,300	20,966
Deferred program revenue	(77,150)	55,340
	<u>1,044,191</u>	<u>808,751</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Acquisition of property and equipment	(288,304)	(1,284,427)
Proceeds from sales of assets	4,500	-
Purchases of investments	(4,897,557)	(1,429,572)
Sales of investments	4,340,616	1,278,981
	<u>(840,745)</u>	<u>(1,435,018)</u>
Net cash used in investing activities		

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

STATEMENTS OF CASH FLOWS (Cont'd)

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from financing activities		
Proceeds from line of credit	1,972,617	1,750,000
Repayments of line of credit	(1,972,617)	(1,750,000)
Payments on capital lease obligations	(10,172)	-
	<u>(10,172)</u>	<u>-</u>
Net cash used in financing activities	(10,172)	-
	193,274	(626,267)
Increase (decrease) in cash and cash equivalents	193,274	(626,267)
Cash and cash equivalents - beginning	<u>1,723,031</u>	<u>2,349,298</u>
Cash and cash equivalents - ending	<u>\$ 1,916,305</u>	<u>\$ 1,723,031</u>
 Supplemental disclosures		
Interest paid	<u>\$ 14,083</u>	<u>\$ 5,519</u>
 Supplemental schedule of non-cash investing activities		
Equipment acquired through capital lease obligations	<u>\$ 72,148</u>	<u>\$ -</u>
Total purchase of property and equipment	\$ 329,304	\$ 1,284,427
Amount in accounts payable in 2017	<u>(41,000)</u>	<u>-</u>
Cash paid for property and equipment	<u>\$ 288,304</u>	<u>\$ 1,284,427</u>

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

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Girl Scouts in the Heart of Pennsylvania (the Council) is a nonprofit organization serving Central Pennsylvania and operates under the charter of the Girl Scouts of the United States of America (GSUSA). The mission of girl scouting is to build girls of courage, confidence, and character, who make the world a better place.

Girl scouting pathways for girls add value in the following areas:

1. Girls experience freedom to choose from various ways to join girl scouting and may participate in multiple pathways within a membership year.
2. Girls can explore their skills and interests while helping to shape a variety of fun and enriching leadership experiences, which inspire them to reach their personal best.
3. Girls, no matter where and how they participate, get the necessary guidance from adult volunteers and staff to develop leadership skills and understand how these skills can be used to make a difference in the world.

Girl Scout Leadership Experience

Girl scouting is a leadership development program that creates a framework for girls ages five to seventeen to be active producers of their own experiences and challenges. The Girl Scout Leadership Experience incorporates the discover-connect-take action keys to leadership. Girl scouting experiences are girl-led as much as possible, and encourage learning by doing and by cooperative learning processes.

The Council provides opportunities for all girls within its jurisdiction to have consistent girl scouting experiences and outcomes. Girl scouting offers six pathways for girls and adults to participate: events; troops; regional, national, and international travel; virtual program activities; and outdoor experiences.

Outdoor and Other Program Services

A key pathway for participation in girl scouting is through outdoor program activities. These program opportunities are often offered at the Council's camp properties, and include a focus on environmental or outdoor education.

The Council operates six camp properties located throughout the region. Each year from June through August, resident and day camps take place at various Council camps.

Additionally, during the 2017 fiscal year, the Council added a science, technology, engineering, and mathematics (STEM) based program opportunity available to all girls. The Council also added Girls Beyond Bars which helps to offset the devastating emotional impact for girls with incarcerated mothers by reconnecting, educating, and helping them grow together.

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GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

The Council offers a wealth of support to over 16,500 girls and almost 8,500 adult members throughout thirty counties in Central and Northeastern Pennsylvania.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under this basis, revenue and support are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Council's financial statement presentation follows the recommendations of Accounting Standards Codification (ASC) No. 958, *"Not-for-Profit Entities."* Under ASC No. 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. Under the provisions of ASC No. 958, net assets and changes therein are classified and reported, based on the existence or absence of donor-imposed stipulations as follows:

- *Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Certain types of these net assets have been designated for specific purposes by the Board of Directors and classified as "Unrestricted – Board Designated."
- *Temporarily Restricted Net Assets* - Net assets 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* - Net assets subject to permanent donor-imposed stipulations. Generally, the donors of such assets permit the Council to use all or part of the income earned on the assets.

Cash and Cash Equivalents

Cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. Cash and money market accounts held as investments are not considered as cash and cash equivalents.

Custodian Funds

The custodian funds consist of money that is temporarily held in the custody of the Council, but due to a third-party. The types of funds included in the custodian accounts are amounts due to GSUSA for membership dues, the Juliette Low World Friendship Fund, and Troop Treasuries, which are defined as treasuries of lapsed troops held in trust by the Council until troops are reorganized.

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

Inventory

Inventory is stated at the lower of cost or market. Cost is determined using the first-in, first-out method of accounting. Inventory consists of items pertaining to scouting that are held-for-resale, including uniforms, handbooks, official insignia, pins, and badges. Management annually conducts an inventory count and valuation during the year.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Receivables are written off when they are determined to be uncollectible, based upon management's assessments. The allowance for doubtful accounts is based upon a periodic review of the individual accounts. At September 30, 2017 and 2016, the allowance for doubtful accounts was \$80,391 and \$65,501, respectively.

Pledges Receivable

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Pledges are written off when they are determined to be uncollectible, based upon management's assessments. At September 30, 2017 and 2016, the allowance for doubtful accounts was \$12,601 and \$10,063, respectively.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed stipulations, if any, on the contributions. An allowance for uncollectible contributions is based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity.

Investments

In accordance with ASC No. 958-320, "Not-for-Profit Entities Investments - Debt and Equity Securities," investments in debt and equity securities with readily determinable fair values are reported at the fair value. Any unrealized gain (loss) is reported as an increase or decrease in unrestricted net assets, unless their use is temporarily or permanently restricted by explicit donor-imposed stipulations or by law. Any realized gain on the sale or disposal of investments is computed on a specific identification basis and included as an increase in unrestricted net assets, unless the use is temporarily or permanently restricted by explicit donor-imposed stipulations or by law.

Beneficial Interests in Perpetual Trusts

Beneficial interests in perpetual trusts consist of the fair value of assets held in trusts established by donors for the benefit of the Council. These beneficial interests are recorded in the accompanying financial statements when the Council has received documentation to substantiate the trusts are irrevocable and the fair value of the Council's interest in the trusts can be readily determined.

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, pledges receivable, other assets, accounts payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these items. Other financial instruments, for which the fair value measurement is recurring, are measured in accordance with an established hierarchy of inputs to the valuation techniques under accounting standards generally accepted in the United States of America. The methodology for establishing the fair values for the Council's investments is more fully described in Note 5.

Property and Equipment

Property and equipment are stated at cost or at fair value at the date of donation. Depreciation is computed using the straight-line method of accounting over the estimated useful lives of the assets. Capital expenditures are defined by the Council as any item that has a life expectancy of greater than one year and a purchase price of at least \$5,000. Maintenance, repairs, and minor renewals are charged against operations when incurred.

Long-Lived Assets

The Council reviews the recoverability of its long-lived assets, including buildings and equipment, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future cash flows (undiscounted and before interest) of the related operations. If these cash flows are less than the carrying value of such assets, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of future cash flows related to long-lived assets, as well as other fair value determinations. There were no impairments recognized in 2017 and 2016.

Deferred Program Revenue

Certain program fees have been deferred until the following reporting period to match revenue with related program expenses.

Functional Expenses Classification

The cost of providing the various programs and other activities is summarized on the statements of activities and changes in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Supporting services consist of management and general expenses and fundraising expenses.

Revenue Recognition

Revenue is recognized on the accrual basis of accounting. Product revenue is based upon the sale of cookies, nuts, magazines and other products to individual troops in the Council. Program service and camp fees are recognized once the event has occurred.

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

Contributions

The Council accounts for contributions in accordance with the recommendations of ASC No. 958-605 "Revenue Recognition." Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

Donated Services

There are no amounts reflected in the financial statements for donated services as such services do not meet the requirements for financial statement presentation. The Council pays for most services requiring specific expertise. However, a substantial number of volunteers have donated significant amounts of time to the Council's program services and to its fundraising campaigns.

Public Support

The Council reports gifts of cash and other assets as restricted support if they are received with donor-imposed stipulations. When a donor-imposed stipulation expires, that is, when a stipulated time restriction expires or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statements of activities and changes in net assets as net assets released from restrictions.

Pledges receivable or gifts of cash, which are used to acquire long-lived assets, are reported as temporarily restricted support. If there are no explicit donor-imposed stipulations about how long these assets must be maintained, the Council reports expirations of donor-imposed stipulations when the long-lived assets are acquired.

Revenue from United Way is reported when annual allocation notifications from local United Ways are received.

Income Taxes

The Council is exempt from federal income taxes as an organization described under the Internal Revenue Code (IRC) Section 501(c)(3), except for net income derived from unrelated business activities, if any. In accordance with ASC No. 740-10, "Income Taxes," prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose uncertain tax positions taken on its tax returns, the Council believes that it has appropriate support for tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. With few exceptions, the Council is no longer subject to U.S. federal income tax examinations for years before 2014.

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

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, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Advertising

Advertising is expensed as incurred. Advertising costs for the years ended September 30, 2017 and 2016, were \$3,580 and \$37,671, respectively.

Reclassification

Certain amounts in the 2016 financial statements have been reclassified to conform to the presentation of the 2017 financial statements.

Subsequent Events

Management of the Council has evaluated subsequent events through February 8, 2018, which is the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Recently Issued Accounting Standards

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958)*. The amendments in this ASU include two classes of net asset classifications, options for presenting cash flow from operations, and many additional disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2017.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Under the requirements of ASU No. 2014-09, the core principle is that entities should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The council will be required to retrospectively adopt the guidance in ASU No. 2014-09 for years beginning after December 15, 2018. Early adoption is permitted. The Council has not yet determined the impact of adoption on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The changes associated with this ASU include the requirement for lessees to recognize the underlying assets and liabilities associated with all operating leases with terms greater than 12 months. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019. The Council has not yet determined the impact of adoption on its financial statements.

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

3. CONCENTRATIONS

Financial instruments that potentially subject the Council to credit risk consist primarily of cash and cash equivalents, investments, and accounts receivable. The Council maintains its cash and investments with various financial institutions where the account balances may exceed Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insured limits. Management regularly monitors financial institutions and cash balances, to keep risk to a minimum.

There are two Girl Scout cookie suppliers in the United States. The Council orders and purchases all cookies through one of these two suppliers. If a supplier is unable to meet the demands of the Council, it could result in lost sales and adversely affect operating results. Cookie sales account for approximately 65.7 percent and 65.4 percent of operating revenue earned for the years ended September 30, 2017 and 2016, respectively.

4. INVESTMENTS

Investments, other than investments in perpetual trusts, consist of the following at September 30:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents	\$ 802,350	\$ 802,350	\$ 1,458,356	\$ 1,458,356
Common stock	4,581,249	5,703,365	3,385,414	4,007,712
Fixed income	1,745,096	1,770,172	1,402,478	1,448,607
Total investments	\$ 7,128,695	\$ 8,275,887	\$ 6,246,248	\$ 6,914,675

At September 30, 2017 and 2016, \$267,812 of the investments are permanently restricted.

Investment return, including the investments in perpetual trusts, is comprised of the following for the years ended September 30:

	2017	2016
Interest and dividend income	\$ 164,440	\$ 201,884
Investment management fees	(40,897)	(51,293)
Realized gain on investments	321,950	10,647
Unrealized gain on investments	506,318	442,156
Total investment return	\$ 953,517	\$ 603,394

See Note 5 for the unrealized gain on investments attributed to the investments in perpetual trusts.

Investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near-term and that such changes could materially affect the amounts reported.

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820 *Fair Value Measurements and Disclosures* are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2017 and 2016.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Council are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Council are deemed to be actively traded and NAV is equivalent to fair value.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Exchange-traded funds (ETFs): Valued at the closing price reported on the active market on which the individual funds are traded.

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

Beneficial interest in perpetual trusts: Valued as a percentage of the fair value of the trust assets consistent with its beneficial interest.

Pledges receivable: Valued at the present value of future cash flows expected to be received.

The following tables set forth by level, within the fair value hierarchy, the Council's assets at fair value as of September 30, 2017 and 2016:

Assets at fair value as of September 30, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ 802,350	\$ -	\$ -	\$ 802,350
Common stocks				
Industrials	316,531	-	-	316,531
Consumer discretionary	345,276	-	-	345,277
Consumer staples	175,241	-	-	175,241
Energy	209,881	-	-	209,881
Financial	360,539	-	-	360,539
Materials	90,776	-	-	90,776
Information technology	787,991	-	-	787,991
Real estate	90,082	-	-	90,082
Utilities	108,316	-	-	108,316
Health care	485,779	-	-	485,779
Telecommunication services	109,400	-	-	109,400
Unclassified stock	3,351	-	-	3,351
ETFs – equity	1,016,541	-	-	1,016,542
Mutual funds – equity	1,603,661	-	-	1,603,661
Total common stocks	<u>5,703,365</u>	<u>-</u>	<u>-</u>	<u>5,703,365</u>
Fixed income				
ETFs – fixed income	479,839	-	-	479,839
Mutual funds – fixed income	1,290,333	-	-	1,290,333
Total fixed income	<u>1,770,172</u>	<u>-</u>	<u>-</u>	<u>1,770,172</u>
Beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>561,491</u>	<u>561,491</u>
Pledges receivable	<u>-</u>	<u>-</u>	<u>239,419</u>	<u>239,419</u>
Total assets at fair value	<u>\$ 8,275,887</u>	<u>\$ -</u>	<u>\$ 800,910</u>	<u>\$ 9,076,797</u>

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

Assets at fair value as of September 30, 2016:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market fund	\$ 1,458,356	\$ -	\$ -	\$ 1,458,356
Common stocks				
Industrials	238,754	-	-	238,754
Consumer discretionary	391,525	-	-	391,525
Consumer staples	225,759	-	-	225,759
Energy	227,826	-	-	227,826
Financial	295,881	-	-	295,881
Materials	77,694	-	-	77,694
Information technology	603,657	-	-	603,657
Real estate	41,245	-	-	41,245
Utilities	113,614	-	-	113,614
Health care	532,453	-	-	532,453
Telecommunication services	137,484	-	-	137,484
Unclassified stock	22,164	-	-	22,164
ETFs – equity	444,087	-	-	444,087
Mutual funds – equity	655,569	-	-	655,569
Total common stocks	<u>4,007,712</u>	<u>-</u>	<u>-</u>	<u>4,007,712</u>
Fixed income				
ETFs – fixed income	483,833	-	-	483,833
Mutual funds – fixed income	964,774	-	-	964,774
Total fixed income	<u>1,448,607</u>	<u>-</u>	<u>-</u>	<u>1,448,607</u>
Beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>537,494</u>	<u>537,494</u>
Pledges receivable	<u>-</u>	<u>-</u>	<u>189,683</u>	<u>189,683</u>
Total assets at fair value	<u>\$ 6,914,675</u>	<u>\$ -</u>	<u>\$ 727,177</u>	<u>\$ 7,641,852</u>

Level 3 Financial Assets

The following are the changes in the beneficial interest in perpetual trusts during the years ended September 30:

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 537,494	\$ 525,569
Unrealized gain on beneficial interest in perpetual trusts	<u>23,997</u>	<u>11,925</u>
Ending balance	<u>\$ 561,491</u>	<u>\$ 537,494</u>

The following are the changes in the pledges receivable during the years ended September 30:

	<u>2017</u>	<u>2016</u>
Beginning balance	\$ 189,683	\$ 382,118
Establishment of new pledges	325,350	295,690
Change in discount	1,515	163
Change in allowance for uncollectable pledges	(2,538)	10,137
Payment of pledges	<u>(274,591)</u>	<u>(498,425)</u>
Ending balance	<u>\$ 239,419</u>	<u>\$ 189,683</u>

6. BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Council has been named as the beneficiary under several perpetual trusts administered by third-party trustees. The Council's interests vary from 1.7 percent to 100.0 percent in various trusts managed at local banks in Pennsylvania and income from the trusts is recorded as a planned giving contribution. In addition, the Council made contributions to the endowment funds held in local community foundations.

Under accounting principles generally accepted in the United States of America, as the Council transferred the assets to the community foundations, but specified itself as the beneficiary of those assets, the Council recognized the fair value of the beneficial interest in these assets held by the community foundations at the date of donation.

Under the terms of the agreements with the community foundations, the Council granted the community foundations authority and control over all property of the funds, including any income derived. In exchange, the Council is the designated beneficiary of the distributions, which will occur in accordance with the spending policy and scholarship guidelines of the community foundations.

7. ENDOWMENT

The Council's endowment consists of various funds established primarily for scholarships to support specific projects, as defined by the donor. As disclosed in Note 2, the net asset classification of the endowment is based on the existence or absence of donor-imposed stipulations and whether these stipulations can be fulfilled by the Council or will expire with the passage of time.

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

Interpretation of Relevant Law

As a Pennsylvania corporation, the Council is governed by the applicable Pennsylvania statutes and has interpreted these statutes as requiring the preservation of the endowment's original contribution as of the date of donation. As a result, contributions to the Council's donor restricted endowment are classified as permanently restricted. The investment return is classified as unrestricted or temporarily restricted, based on the existence or absence of donor-imposed stipulations and considered available for expenditure.

Endowment Investment Policy

The long-term goals of the Council's investment and spending policy is to preserve principal while ensuring liquidity sufficient to meet the needs and maintain the purchasing power of the investable assets. This is accomplished by an investment policy that emphasizes total return with a goal over time to exceed the rate of inflation by 4.0 percent. Actual returns, in any given year, may vary from this amount. This is accomplished through identifying benchmarks and electing an asset allocation, which includes a heavier concentration in equities, with the remainder of the portfolio in fixed income. In order to control the risk of the endowment's assets, the Council has identified authorized investments and general restrictions.

Endowment Spending Policy

The Board of Directors for the Council has adopted a spending policy which provides that an aggregate amount of investment income ranging from zero to 5.0 percent, based upon the needs of the Council, will be available for expenditure.

For the current year, the amount of income available was determined to be 4.0 percent which was calculated based on the twelve calendar quarters prior to the beginning of the fiscal year for which the transfer will be made. A transfer in the amount of \$275,797 will be made subsequent to year-end.

The following are the activities in the endowment's net assets for the year ended September 30:

	2017			
	Unrestricted – Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	\$ 25,000	\$ 171,274	\$ 267,812	\$ 464,086
Contributions	676,230	40,707	-	716,937
Investment return				
Interest and dividend income	-	3,123	7,112	10,235
Investment management fees	-	(790)	(1,800)	(2,590)
Unrealized gain on investments	-	9,322	21,226	30,548
Realized gain on investments	-	6,223	14,169	20,392

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

	2017			
	Unrestricted – Board Designated	Temporarily Restricted	Permanently Restricted	Total
Total investment return	-	17,878	40,707	58,585
Distributions/transfers	(25,000)	(17,169)	(40,707)	(82,876)
Ending Balance	<u>\$ 676,230</u>	<u>\$ 212,690</u>	<u>\$ 267,812</u>	<u>\$ 1,156,732</u>
	2016			
	Unrestricted – Board Designated	Temporarily Restricted	Permanently Restricted	Total
Beginning balance	<u>\$ 143,267</u>	<u>\$ 123,645</u>	<u>\$ 305,798</u>	<u>\$ 572,710</u>
Contributions	<u>25,000</u>	<u>55,402</u>	<u>-</u>	<u>80,402</u>
Investment return				
Interest and dividend income	-	6,675	14,831	21,506
Investment management fees	-	(896)	(1,991)	(2,887)
Unrealized gain on investments	-	6,433	14,293	20,725
Realized loss on investments	-	(4,373)	(9,717)	(14,090)
Total investment return	<u>-</u>	<u>7,839</u>	<u>17,416</u>	<u>25,255</u>
Distributions/transfers	<u>(143,267)</u>	<u>(15,612)</u>	<u>(55,402)</u>	<u>(214,281)</u>
Ending Balance	<u>\$ 25,000</u>	<u>\$ 171,274</u>	<u>\$ 267,812</u>	<u>\$ 464,086</u>

8. PLEDGES RECEIVABLE

During the year ended September 30, 2010, the Council began fundraising campaign called the Circle of Friends. Funds raised through the campaign are to support the Council's mission into the future. Unconditional promises to give, without readily determinable fair values, are stated at the present value of future cash flows, using an average discount rate of zero percent and 0.81 percent for the years ended September 30, 2017 and 2016, respectively.

The determination of fair value, based on the present value of future cash flow, involves assumptions that are not observable, which is a Level 3 valuation input, as described in Note 5 - "Fair Value Measurements." Pledges receivable are as follows and extend through the year ending September 30, 2020:

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

	2017	2016
Receivable in less than one year	\$ 159,020	\$ 88,261
Receivable in one to five years	93,000	113,000
Total pledges receivable	252,020	201,261
Discount to present value	-	(1,515)
Allowance for uncollectible accounts	(12,601)	(10,063)
Total pledges receivable, net	\$ 239,419	\$ 189,683

9. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	Useful Lives	2017	2016
Construction-in-progress	N/A	\$ -	\$ 10,901
Land improvements	15 years	1,992,454	1,962,213
Buildings and improvements	15 – 39 years	14,605,996	14,776,714
Equipment and furniture	3 – 7 years	1,594,383	1,623,656
Vehicles	3 – 5 years	256,615	225,590
Total property and equipment		18,449,448	18,599,074
Less accumulated depreciation		(9,330,094)	(9,173,751)
Net book value		\$ 9,119,354	\$ 9,425,323

Depreciation for the years ended September 30, 2017 and 2016, was \$660,949 and \$615,318, respectively.

10. LINE OF CREDIT

Effective September 1, 2011, a line of credit limit was established not to exceed \$3,550,000. The line of credit was renewed through August 31, 2018. Interest on the line of credit is calculated monthly, based on the London InterBank Offered Rate (LIBOR), plus 2.25 percent through August 31, 2016. Effective September 1, 2016, interest on the line of credit is calculated monthly, based on the LIBOR plus 2.00 percent. The line of credit is secured by investments held by PNC Bank. There were no outstanding balances at September 30, 2017 and 2016.

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

11. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at September 30:

	<u>2017</u>	<u>2016</u>
Time restrictions - United Way	\$ 174,974	\$ 223,437
Purpose restrictions		
Schuylkill county projects	75,825	69,274
Gold award scholarship fund	71,601	64,373
Scholarships	15,000	37,626
STEM	178,626	-
Specific purpose	100,298	56,707
Time restrictions – pledges receivable	<u>239,419</u>	<u>189,683</u>
Total temporarily restricted net assets	<u>\$ 855,743</u>	<u>\$ 641,100</u>

12. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following at September 30:

	<u>2017</u>	<u>2016</u>
Beneficial interest in perpetual trusts	\$ 561,491	\$ 586,418
Kelly memorial fund	10,000	10,000
Shover, Shaeffer, and Burnhisel funds	5,000	5,000
Brenner fund	10,000	10,000
Boyle fund	10,000	10,000
Hopple fund	5,000	5,000
Kruger fund	2,500	2,500
Brumm trust	1,585	1,585
Other	<u>223,726</u>	<u>223,725</u>
Total permanently restricted net assets	<u>\$ 829,302</u>	<u>\$ 854,228</u>

13. OPERATING LEASE COMMITMENTS

Four offices are leased under agreements, which expire between 2018 and 2021. Additionally, office equipment is leased under agreements, which expire between 2018 and 2019. The annual rentals payable under these operating lease commitments are as follows for the years ending September 30:

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

	<u>Amount</u>
2018	\$ 95,657
2019	\$ 63,872
2020	\$ 39,414
2021	\$ 8,499

Rental expense for the years ended September 30, 2017 and 2016, was \$102,233 and \$101,695, respectively.

14. PENSION PLAN

The Council participates in the National Girl Scout Council Retirement Plan (NGSCR), a noncontributory defined benefit pension plan sponsored by GSUSA. The National Board of GSUSA 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.

Contributions made by the Council during both fiscal years ended September 30, 2017 and 2016, were \$577,016 and \$577,451, respectively. During the fiscal year ended September 30, 2016, GSUSA issued Pension Assistance Grants to the Council for \$4,185 to help offset the increase in costs. There was no assistance during the fiscal year ended September 30, 2017.

During August 2010, the Council voted to implement a retirement plan, effective January 1, 2011, under Section 403(b) of the IRC. The plan covers employees, who have met certain age and length of service requirements. Each plan year, the Council will determine the amount of the employer base contribution, if any, up to a maximum of 2.0 percent of total compensation for all eligible participants, who are actively employed with the Council on the last day of the plan year. Council contributions to the plan were \$84,047 and \$48,083 for the years ended September 30, 2017 and 2016, respectively.

15. GAS LEASE ROYALTIES

During February 2009, the Council, (lessor) entered into an Oil and Gas Lease with Cabot Oil & Gas Corporation (lessee). Under the terms of this agreement, the lessee obtained the rights to explore, drill, and operate for and produce gas from a 288 acre property located in Susquehanna County, Pennsylvania. The lease remains in force for a five-year period and as long, thereafter, as oil or gas is produced in paying quantities from this property. As consideration for executing the agreement, the lessee paid the Council a one-time payment of \$2,500 per acre or \$720,000. Thereafter, the lessee is obligated to pay royalties of 16.0 percent of the amounts realized from the sale of gas from the property during the terms of the agreement. The Council recorded gas lease royalties of \$699,820 and \$780,415 for the years ended September 30, 2017 and 2016, respectively.

(continued)

GIRL SCOUTS IN THE HEART OF PENNSYLVANIA

NOTES TO FINANCIAL STATEMENTS

16. CAPITAL LEASE OBLIGATIONS

The Council entered into capital leases for three vehicles during the 2017 fiscal year. The leased assets are depreciated over their estimated useful lives. Capital lease obligation at September 30 consisted of the following:

	<u>2017</u>
Capital lease obligations	
Secured by the vehicles, payable in varying installments through 2021. These obligations have a weighted average interest rate of 4.50% for 2017.	\$ 61,976
Less current portion	<u>(20,197)</u>
Total long-term leases	<u>\$ 41,779</u>

The gross amount of leased assets totaled \$72,148 for the year ended September 30, 2017, with accumulated depreciation of \$11,581. Since future minimum lease payments approximate the obligations under capital leases at September 30, 2017, no amount of interest is recorded against future minimum lease payments. Future minimum lease payments at September 30, 2017, are as follows:

2018	\$ 20,197
2019	21,125
2020	16,486
2021	<u>4,168</u>
Total	<u>\$ 61,976</u>

17. PROPERTY DAMAGE

During the fiscal year ended September 30, 2017, there was a tornado that landed at the Furnace Hills Camp in Lancaster, Pennsylvania and destroyed part of the camp. The Council received insurance proceeds of \$477,206 to fix the camp and have spent \$117,668 through September 30, 2017.

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