



Girl Scouts®

OF CALIFORNIA'S CENTRAL COAST

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009
WITH INDEPENDENT AUDITOR'S REPORT
AND SUPPLEMENTARY INFORMATION**

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Girl Scouts of California's Central Coast
Castroville, California

We have audited the accompanying statements of financial position of Girl Scouts of California's Central Coast (a California nonprofit corporation) as of September 30, 2010 and 2009, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the council. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of California's Central Coast as of September 30, 2010 and 2009, and the results of its activities and changes in net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on page 14 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BBR LLP

BBR LLP
Carmel, California
January 25, 2011

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2010 AND 2009

(See notes to financial statements)

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and equivalents	\$ 1,457,144	\$ 1,373,901
Accounts receivable	40,373	22,757
Contributions receivable	218,101	192,557
Merchandise held for sale	65,661	92,900
Investments	535,242	485,789
Beneficial interest in assets held at Community Foundation	66,703	60,748
Prepaid expenses	25,348	27,050
	<hr/>	<hr/>
Total current assets	2,408,572	2,255,702
PROPERTY AND EQUIPMENT, NET	1,743,107	1,836,603
DEPOSITS	32,408	7,865
	<hr/>	<hr/>
Total assets	<u>\$ 4,184,087</u>	<u>\$ 4,100,170</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 73,913	\$ 195,521
Accrued compensation	96,320	86,104
Current portion of capital lease obligation	43,692	44,993
Custodial funds	13,558	20,893
	<hr/>	<hr/>
Total current liabilities	227,483	347,511
LONG-TERM LIABILITIES		
Capital lease obligation, net of current portion	105,619	163,533
Deposits	7,342	7,342
	<hr/>	<hr/>
Total long-term liabilities	112,961	170,875
Total liabilities	<hr/> 340,444	<hr/> 518,386
NET ASSETS		
Unrestricted	3,264,178	3,106,233
Temporarily restricted	512,762	414,803
Permanently restricted	66,703	60,748
	<hr/>	<hr/>
Total net assets	3,843,643	3,581,784
Total liabilities and net assets	<u>\$ 4,184,087</u>	<u>\$ 4,100,170</u>

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

(See notes to financial statements)

	2010			2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES AND SUPPORT								
Cookie sales, net of \$1,642,129 and \$1,506,643 in expenses for 2010 and 2009, respectively	\$ 2,220,367	\$ -	\$ -	\$ 2,220,367	\$ 2,051,510	\$ -	\$ -	\$ 2,051,510
Contributions	218,036	364,891	-	582,927	146,659	335,393	-	482,052
Girl Scout program revenue	235,421	-	-	235,421	94,894	-	-	94,894
Nut sales, net of \$334,072 and \$360,979 in expenses for 2010 and 2009, respectively	168,094	-	-	168,094	184,132	-	-	184,132
Rental income	148,616	-	-	148,616	136,103	-	-	136,103
United Way	24,874	61,656	-	86,530	48,792	147,889	-	196,681
Special events, net of \$20,468 and \$50,768 in expenses for 2010 and 2009, respectively	75,144	-	-	75,144	33,245	-	-	33,245
Investment income, net	60,464	-	-	60,464	26,162	-	-	26,162
In-kind contributions	33,019	-	-	33,019	42,866	-	-	42,866
Merchandise sales, net of \$129,293 and \$93,390 in expenses for 2010 and 2009, respectively	32,892	-	-	32,892	59,351	-	-	59,351
Change in value of beneficial interest in assets held at Community Foundation	-	-	5,955	5,955	-	-	709	709
Other income	-	-	-	-	10,555	-	-	10,555
Net assets released from restrictions	328,588	(328,588)	-	-	125,197	(125,197)	-	-
Total revenues and support	3,545,515	97,959	5,955	3,649,429	2,959,466	358,085	709	3,318,260
EXPENSES								
Program services	2,818,791	-	-	2,818,791	2,390,486	-	-	2,390,486
Support services	-	-	-	-	-	-	-	-
Management and general	262,061	-	-	262,061	348,792	-	-	348,792
Fundraising	300,302	-	-	300,302	342,880	-	-	342,880
Unallocated payments to affiliated organizations	6,416	-	-	6,416	13,116	-	-	13,116
Total expenses	3,387,570	-	-	3,387,570	3,095,274	-	-	3,095,274
CHANGE IN NET ASSETS								
	157,945	97,959	5,955	261,859	(135,808)	358,085	709	222,986
NET ASSETS								
Beginning of year	3,106,233	414,803	60,748	3,581,784	3,242,041	56,718	60,039	3,358,798
End of year	\$ 3,264,178	\$ 512,762	\$ 66,703	\$ 3,843,643	\$ 3,106,233	\$ 414,803	\$ 60,748	\$ 3,581,784

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

(See notes to financial statements)

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 261,859	\$ 222,986
Adjustments to reconcile change in net assets to net cash and equivalents provided (used) by operating activities		
Net realized and unrealized loss on investments	(52,847)	(1,864)
Change in value of beneficial interest in assets held at Community Foundation	(5,955)	(709)
Depreciation	146,676	140,989
Changes in operating assets and liabilities		
Accounts receivable	(17,616)	21,053
Contributions receivable	(25,544)	(56,808)
Merchandise held for sale	27,239	(20,438)
Prepaid expenses	1,702	5,123
Accounts payable and accrued expenses	(121,608)	(121,038)
Accrued compensation	10,216	5,254
Custodial funds	(7,335)	(89,270)
	216,787	105,278
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(96,887)	(47,555)
Proceeds from sales of investments	100,281	31,818
Purchases of equipment	(53,180)	(14,505)
Payments of deposits	(24,543)	(10,365)
	(74,329)	(40,607)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligation	(59,215)	(48,163)
NET CHANGE IN CASH AND EQUIVALENTS	83,243	16,508
CASH AND EQUIVALENTS		
Beginning of year	1,373,901	1,357,393
End of year	\$ 1,457,144	\$ 1,373,901
SUPPLEMENTAL DISCLOSURE		
Interest payments	\$ 21,444	\$ 13,231

NONCASH TRANSACTIONS

Girl Scouts of California's Central Coast financed \$109,866 of property and equipment acquisitions during the year ended September 30, 2009.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION BACKGROUND

Effective October 1, 2007, Girl Scouts of Monterey Bay and Tres Condados Girl Scouts Council, Inc. merged and formed a combined entity, Girl Scouts of California's Central Coast (Council). The pooling of interests method was used to account for the merger. Girl Scouts of Monterey Bay was the surviving entity and filed for a name change with the State of California.

The Council operates in the Monterey, Santa Cruz, San Benito, Santa Barbara, San Luis Obispo and Ventura counties of California. The purpose of Girl Scouting is to build girls of courage, confidence and character who make the world a better place. The Council is supported by donations from the general public, funds raised by various events and activities, including the annual Girl Scout cookie program, and designations received through United Way.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation – The financial statements have been prepared on the accrual basis of accounting, under which revenues are recognized when they are earned and expenses are recognized when the related liabilities are incurred. The Council reports information regarding its financial position and activities according to the following three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Revenues are reported as increases in unrestricted net assets unless uses of the related assets are limited by donor-imposed restrictions or the passage of time. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor restriction or by law.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and equivalents – Cash and equivalents include demand deposit accounts, money market accounts and cash on hand. At times, these accounts may exceed federally insured limits. The Council has not experienced any losses in these accounts and believes they are not exposed to any significant credit risk with respect to cash.

Cash does not include bank accounts held by Girl Scout troops and other groups such as service units, committees and volunteer-led camps under the federal identification number of the Council. Cash held in troops and groups operate under the Council's federal identification number but not under the control of the Council. The Council will not access the funds as long as a troop or group is functioning according to Girl Scout policy and procedure. Individual troops and groups have the responsibility to use funds in their control for the purposes of Girl Scouting as determined by the members and adult volunteers. If a troop or group disbands the final distribution of funds will revert to the Council for holding for a period of 12 months in case the troop re-forms or members of the troop join other troops. If, after this time, funds are not claimed, they will be considered a donation to the Council financial assistance fund. Annually, troops and groups are required to report to Council the balance in their accounts and the sources and uses of funds since the last reporting date.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounts receivable – Accounts receivable are expected to be collected within one year. No allowance has been recorded since the Council expects all amounts to be fully collectible.

Contributions receivable – Contributions receivable consists primarily of pledges to give and grants receivable. No allowance has been recorded since the Council expects all amounts to be fully collectible. All contributions are expected to be collected within one year.

Merchandise held for sale – Merchandise held for sale consists of retail goods, primarily clothing, which are carried at the lower of cost or market. Cost is determined on the first-in, first-out method.

Investments – Investments are measured at fair value in the statements of financial position. The fair values are based on quoted market prices. Gains and losses on disposition of investments are accounted for on a specific identification basis. Net realized and unrealized gains and losses are included in the statements of activities and changes in net assets.

Property and equipment – Property and equipment are recorded at cost if purchased and at estimated fair market value if donated. All property and equipment greater than \$1,000 is capitalized. Major improvements are capitalized; maintenance and repairs which do not extend the useful life of the respective assets are expensed. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets ranging from 3 to 39 years.

Custodial funds – Custodial funds represent deposits received by the Council from various Girl Scout troops for registration fees that are forwarded to Girl Scouts of the U.S.A. (GSUSA).

Financial instruments – Financial instruments included in the Council's statements of financial position include cash and equivalents, accounts receivable, contributions receivable, investments, beneficial interest in assets held at Community Foundation, accounts payable and accrued expenses, accrued compensation, custodial funds and capital lease obligation. For cash and equivalents, accounts receivable, contributions receivable, accounts payable and accrued expenses, accrued compensation and custodial funds, the carrying amounts represent a reasonable estimate of the corresponding fair values. Capital lease obligation is recorded at the present value of future payments. Investments and beneficial interest in assets held at Community Foundation are reflected in the accompanying statements of financial position at their estimated fair values using methodologies described below.

Fair value measurements – Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining fair value, the Council considers the principal or most advantageous market in which it would transact, and considers assumptions that market participants would use when pricing the asset or liability.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The three-level hierarchy for fair value measurements is defined as follows.

Level 1 – Valuation is based on observable inputs using quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Valuation is based on inputs from sources other than quoted prices in active markets that are either directly or indirectly observable as of the reporting date. This may include quoted prices for similar assets in an active market, quoted prices for similar assets in a market that is not active or valuation methods using models, interest rates and yield curves as observable inputs.

Level 3 – Valuation is based on unobservable inputs for the assets, reflecting the Council's consideration about the assumptions that a market participant would use in pricing the asset or liability, to the extent that observable inputs (Levels 1 and 2) are not available. Level 3 assets and liabilities include situations where there is little or no market activity for the asset or liabilities, and significant management judgment or estimates are required.

Investments are classified as Level 1 because they are valued using quoted prices in active markets. Beneficial interest in assets held at Community Foundation are classified as Level 2 because they are valued using quoted prices in active markets, however, the Council records the values based on the statements received from the Community Foundation of Monterey County (Community Foundation).

While the Council believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at reporting date. Those estimated values may differ significantly from the values that would have been used had a readily available market for such assets and liabilities existed, or had such assets and liabilities been liquidated, and these differences could be material to the financial statements.

Donated services – The Council records various types of donated services. Donated services are recognized at fair value if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals processing those skills and would typically need to be purchased if not provided by donation. Donated supplies are recorded if they would typically need to be purchased if not provided by donation. In-kind donations that meet the above criteria are recorded as contributions at the approximate fair market value at the time of donation. The value of these donated services and supplies that are included in the financial statements as in-kind contributions and expenses for the years ended September 30, 2010 and 2009 are \$33,019 and \$42,866, respectively.

Functional expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in the schedules of functional expenses. Accordingly, certain costs have been allocated among the programs and support services benefited.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising costs – Advertising costs are expensed as incurred.

Reclassifications – Certain accounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statement presentation.

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following at September 30.

	<u>2010</u> <u>(Level 1)</u>	<u>2009</u> <u>(Level 1)</u>
Mutual fund securities	\$ 535,242	\$ 485,789

Investment income (loss) consisted of the following at September 30.

	<u>2010</u>	<u>2009</u>
Change in unrealized gains (losses)	\$ 55,012	\$ (3,938)
Interest and dividends	13,572	24,298
Net realized gains (losses)	<u>(8,120)</u>	<u>5,802</u>
	<u>\$ 60,464</u>	<u>\$ 26,162</u>

BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION AND FAIR VALUE DISCLOSURES

The Council has established an agency endowment fund with the Community Foundation for the benefit of the Council. The Council granted variance power to the Community Foundation, thus the Community Foundation has full authority and discretion as to the investment and reinvestment of the assets.

The following tables present the fair value of beneficial interest in assets held at the Community Foundation on the accompanying statements of financial position, as of September 30, by fair value hierarchy.

	<u>2010</u> <u>(Level 2)</u>	<u>2009</u> <u>(Level 2)</u>
Beneficial interest in assets held at Community Foundation	\$ 66,703	\$ 60,748

In addition, the Council is designated as the beneficiary agency of the Frank F. Orr and Zoe Ann Orr fund that was established at the Community Foundation of Santa Cruz County. During the years ended September 30, 2010 and 2009, the Council received \$13,059 and \$14,142, respectively, in beneficiary payouts from this fund. The Council does not have variance power, thus this fund balance is not included in the accompanying financial statements.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION AND FAIR VALUE DISCLOSURES *(continued)*

The Council is also designated as the beneficiary agency of a fund that was established at the Community Foundation of San Benito County. The Council did not receive any beneficiary payouts from this fund during the years ended September 30, 2010 and 2009. The Council does not have variance power, thus this fund balance is not included in the accompanying financial statements.

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30.

	<u>2010</u>	<u>2009</u>
Land and improvements	\$ 777,007	\$ 777,007
Buildings and improvements	2,332,150	2,294,670
Furniture and equipment	1,062,508	1,066,853
Vehicles	<u>153,696</u>	<u>153,696</u>
	4,325,361	4,292,226
Accumulated depreciation	<u>(2,607,199)</u>	<u>(2,460,523)</u>
	1,718,164	1,831,703
Construction in progress	<u>24,943</u>	<u>4,900</u>
	<u>\$ 1,743,107</u>	<u>\$ 1,836,603</u>

CAPITAL LEASE OBLIGATIONS

In October 2008, the Council entered into a copier and printer capital lease agreement, which replaced the obligation of all previous copier and printer lease agreements. The obligation under the capital lease agreement is collateralized by the leased equipment. The lease obligation is recorded in the accompanying financial statements at the present value of future minimum lease payments discounted at a 12.6% interest rate. Depreciation of assets held under capital leases is included with depreciation expense. The capitalized costs and accumulated depreciation relating to this equipment consisted of the following as of September 30.

	<u>2010</u>		
	<u>Capitalized Costs</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Copiers and printers	\$ 224,216	\$ (99,062)	\$ 125,154
	<u>2009</u>		
	<u>Capitalized Costs</u>	<u>Accumulated Depreciation</u>	<u>Total</u>
Copiers and printers	\$ 224,216	\$ (40,678)	\$ 183,538

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

CAPITAL LEASE OBLIGATIONS *(continued)*

The future annual minimum lease payments required under capital leases for the years ended September 30 are as follows.

2011	\$	60,000
2012		60,000
2013		<u>60,000</u>
Total minimum lease payments		180,000
Less amount representing interest		<u>(30,689)</u>
	\$	<u>149,311</u>

INCOME TAXES

The Council is exempt from federal and state taxes on income under Internal Revenue Code section 501(c)(3) and similar provisions of the California Revenue and Taxation Act.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of contributions that specify a particular use or the occurrence of a certain future event. Such contributions are recorded as temporarily restricted until the purpose of the restrictions is met. When the purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

Temporarily restricted net assets consisted of the following as of September 30.

	<u>2010</u>	<u>2009</u>
Community collaborations	\$ 404,903	\$ 167,109
Capital improvements	98,588	159,888
Programs	<u>9,271</u>	<u>87,806</u>
	<u>\$ 512,762</u>	<u>\$ 414,803</u>

LINE OF CREDIT

The Council has a \$500,000 unsecured line of credit available with a bank. No amount was outstanding on the line of credit as of September 30, 2010 or 2009.

PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of an agency endowment account held in perpetuity at the Community Foundation.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST

NOTES TO FINANCIAL STATEMENTS

ENDOWMENT FUND

The Council has an agency endowment fund at the Community Foundation. The fund is owned and administered by the Community Foundation. Under the terms of the agency endowment agreement, the Council receives either the net income or an annual payout from the agency endowment as determined by the Community Foundation.

During the years ended June 30, 2010 and 2009, endowment net asset activity consisted of the following.

Endowment net assets, September 30, 2008	\$ 60,039
Change in value of assets held at Community Foundation	<u>709</u>
Endowment net assets, September 30, 2009	60,748
Change in value of assets held at Community Foundation	<u>5,955</u>
Endowment net assets, September 30, 2010	<u>\$ 66,703</u>

RETIREMENT PLAN

The Council participates in the National Girl Scout Council Retirement Plan, a noncontributory defined benefit pension plan sponsored by Girl Scouts of the USA which covers substantially all of the employees of various Girl Scout councils. Benefits are based on years of service and salary levels. The Council's pension expense and contributions to this plan for the years ended September 30, 2010 and 2009 was \$39,661 and \$83,013, respectively. The National Board of the Girl Scouts of the USA voted to freeze future benefits under the Plan effective July 31, 2010. Due to the nature of the plan, it is not practicable to determine the extent to which the assets of the plan cover the actuarially computed value of vested benefits for the Council as a standalone operation. In addition, because the plan is considered a multiemployer plan, it is only subject to certain minimum reporting requirements of SFAS No. 87, "Employers' Accounting for Pensions," as amended by SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits." Due to unfavorable market conditions, as of January 1, 2010, the actuarial present value of accumulated plan benefits exceeded net plan assets available for plan benefits.

OPERATING LEASES

The Council leases office space in Ventura, California, under a noncancelable operating lease. Monthly lease payments increase annually in January and range from \$3,258 to \$4,921. The lease expires in December 2013. The Council also leases office space under a cancelable month to month operating lease in San Luis Obispo, California.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

OPERATING LEASES *(continued)*

Rent expenses totaled \$55,055 and \$40,102 for the years ended September 30, 2010 and 2009, respectively.

Future obligations to pay under the operating lease agreement for the years ended September 30 are as follows.

2011		\$ 55,256
2012		56,913
2013		58,621
2014		<u>14,763</u>
		<u>\$ 185,553</u>

LEASING ACTIVITIES

The Council leases office space in Santa Barbara, California to a tenant under a noncancelable operating lease agreement through March 2013. Lease payments are payable monthly and are increased annually based on the change in the stated Consumer Price Index. The cost of the leased building is \$436,807 and the carrying value as of September 30, 2010 is \$303,032. The following is a schedule of future minimum lease income for the years ended September 30.

2011		\$ 75,251
2012		75,251
2013		<u>37,626</u>
Total minimum lease income		<u>\$ 188,128</u>

LITIGATION

In 2008 two former employees filed a complaint against the Council alleging that the former employees who worked for the Council as exempt employees during their employment should have been classified as non-exempt employees under California law and should have been paid for overtime. The complaint sought unspecified damages for unpaid overtime, prejudgment interest, attorney's fees, statutory penalties and other proper relief. In February 2009, the parties agreed to a settlement and the Council paid the plaintiffs a total of \$90,000, of which \$70,000 was covered by the Council's insurance policy. The Council paid \$90,000 for the settlement of the case during the year ended September 30, 2009.

RELATED PARTY TRANSACTIONS

The Council is a member of GSUSA. The Council purchases most of its merchandise offered for sale to the troops from GSUSA. Purchases totaled approximately \$100,000 and \$73,000 for the years ended September 30, 2010 and 2009, respectively.

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
NOTES TO FINANCIAL STATEMENTS

RELATED PARTY TRANSACTIONS *(continued)*

The Council collects membership fees on behalf of GSUSA from the Girl Scout troops. Total remittances to GSUSA of approximately \$254,000 and \$274,000 were made for the years ended September 30, 2010 and 2009, respectively. Amounts due to GSUSA for membership fees, at September 30, 2010 and 2009, were \$13,558 and \$20,310, respectively.

The Council purchases insurance coverage from a company that employs a member of the Council's board of directors. Insurance coverage was obtained through a competitive award process and, in the opinion of management, the coverage obtained was the most favorable to the Council. During the fiscal years ended September 30, 2010 and 2009, the Council paid the insurance agency approximately \$29,000 and \$26,000, respectively, for insurance coverage.

During the year ended September 30, 2009, the Council paid a member of the Council's board of directors approximately \$2,000 for executive recruitment services. No amounts were paid for such services during the year ended September 30, 2010.

RECLASSIFICATION

During the year ended September 30, 2010, the Council determined that beneficial interest in assets held at Community Foundation is a permanently restricted account. As a result, \$60,748 and \$60,039 of unrestricted net assets were reclassified to permanently restricted net assets as of September 30, 2009 and 2008, respectively.

SUBSEQUENT EVENTS

The Council has evaluated subsequent events for potential recognition and/or disclosure through January 25, 2011, the date which the financial statements were available to be issued.

On November 30, 2010, the Council's Chief Executive Officer (CEO) resigned from her position; GSUSA provided an interim CEO to serve until a permanent replacement is found.

SUPPLEMENTARY INFORMATION

GIRL SCOUTS OF CALIFORNIA'S CENTRAL COAST
SCHEDULES OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED SEPTEMBER 30, 2010 AND 2009

(See notes to financial statements)

	2010				2009				
	Support Services		Total	Program Services	Support Services		Total		
	Management and General	Fundraising			Management and General	Fundraising			
EXPENSES									
Salaries and wages	\$ 1,300,078	\$ 107,066	\$ 122,361	\$ 1,529,505	\$ 1,265,840	\$ 158,230	\$ 158,230	\$ 1,582,300	
Employee benefits	260,266	21,434	24,496	306,196	141,715	17,714	17,714	177,143	
Payroll taxes and workers compensation	114,068	9,394	10,736	134,198	138,195	17,274	17,274	172,743	
Total salaries and related expenses	1,674,412	137,894	157,593	1,969,899	1,545,750	193,218	193,218	1,932,186	
Girl Scout program expenses	373,845	-	-	373,845	128,213	-	-	128,213	
Professional fees	122,189	10,063	11,500	143,752	123,293	15,412	15,412	154,117	
Depreciation	124,675	10,267	11,734	146,676	112,791	14,099	14,099	140,989	
Fundraising	25,713	38,569	64,282	128,564	17,075	25,613	42,687	85,375	
Occupancy	78,204	6,440	7,360	92,004	76,195	9,524	9,524	95,243	
Conferences	49,000	4,035	4,612	57,647	32,812	4,102	4,102	41,016	
Rent	46,797	3,854	4,404	55,055	32,082	4,010	4,010	40,102	
Telephone	43,944	3,619	4,136	51,699	42,507	5,313	5,313	53,133	
Insurance	43,035	3,544	4,050	50,629	59,654	7,457	7,457	74,568	
Equipment maintenance and repairs	41,015	3,378	3,860	48,253	12,257	16,343	12,257	40,857	
Printing and publications	38,156	3,142	3,591	44,889	44,965	5,621	5,621	56,207	
Travel	33,603	2,767	3,163	39,533	29,572	3,697	3,697	36,966	
Postage	22,538	1,856	2,121	26,515	17,193	2,149	2,149	21,491	
Bank fees	7,457	12,428	4,971	24,856	5,444	16,331	5,444	27,219	
Food and beverage	18,939	1,560	1,782	22,281	21,474	2,684	2,684	26,842	
Supplies	18,556	1,528	1,746	21,830	21,258	2,657	2,657	26,572	
Interest	6,433	10,722	4,289	21,444	1,985	9,261	1,985	13,231	
Miscellaneous	15,504	1,277	1,459	18,240	13,004	1,626	1,626	16,256	
Staff development	15,017	1,237	1,413	17,667	11,940	1,493	1,493	14,926	
Advertising	7,800	642	734	9,176	2,734	342	342	3,418	
Bad debt expense	6,812	-	-	6,812	-	-	-	-	
Information technology	1,777	2,962	1,185	5,924	22,329	4,785	4,785	31,899	
Recruiting	2,155	177	203	2,535	15,558	1,945	1,945	19,448	
Administration fees	862	71	81	1,014	369	1,106	369	1,844	
Merger related	353	29	33	415	32	4	4	40	
Total expenses	\$2,818,791	\$ 262,061	\$ 300,302	\$3,381,154	\$2,390,486	\$ 348,792	\$ 342,880	\$3,082,158	