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**GIRL SCOUTS OF MACOMB COUNTY -
OTSIKITA COUNCIL**

FINANCIAL STATEMENTS

Years Ended August 31, 2008 And 2007

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL

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INDEPENDENT AUDITOR'S REPORT

To The Board Of Directors

Girl Scouts of Macomb County - Otsikita Council

We have audited the accompanying statements of financial position of Girl Scouts of Macomb County - Otsikita Council, a nonprofit corporation, as of August 31, 2008 and 2007, and the related statements of changes in net assets, activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. 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 Macomb County - Otsikita Council as of August 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Godfrey Hammel, Danneels & Company, P.C.

St. Clair Shores, Michigan
February 11, 2009

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
STATEMENTS OF FINANCIAL POSITION
August 31, 2008 And 2007

	2008						2007 Total	
	Unrestricted			Total Unrestricted	Temporarily Restricted	Permanently Restricted		Total
	Undesignated	Board Designated	Land, Buildings And Equipment					
<u>ASSETS</u>								
Cash And Cash Equivalents	\$ 1,212,635	\$ -	\$ -	\$ 1,212,635	\$ -	\$ -	\$ 1,212,635	\$ 1,022,977
Investments (Notes 1 And 2)	641,520	1,952,693	-	2,594,213	-	13,026	2,607,239	2,887,000
Grants And Pledges Receivable (Note 3)	-	-	-	-	76,793	-	76,793	215,652
Other Receivables	54,814	-	-	54,814	50,614	-	105,428	53,651
Inventory (Resale) (Note 1)	123,542	-	-	123,542	-	-	123,542	111,561
Prepaid Expenses	19,578	-	-	19,578	-	-	19,578	33,822
Land, Buildings And Equipment - Net (Note 4)	-	-	6,011,228	6,011,228	-	-	6,011,228	6,505,411
Total Assets	\$ 2,052,089	\$ 1,952,693	\$ 6,011,228	\$ 10,016,010	\$ 127,407	\$ 13,026	\$ 10,156,443	\$ 10,830,074
<u>LIABILITIES AND NET ASSETS</u>								
Liabilities:								
Accounts payable and accrued expenses	\$ 165,015	\$ -	\$ -	\$ 165,015	\$ -	\$ -	\$ 165,015	\$ 130,191
Unfunded pension obligation	714,849	-	-	714,849	-	-	714,849	435,000
Amounts held for the account of others	2,531	-	-	2,531	-	-	2,531	3,314
Total Liabilities	882,395	-	-	882,395	-	-	882,395	568,505
Net Assets	1,449,543	1,952,693	6,011,228	9,133,615	127,407	13,026	9,274,048	10,261,569
Total Liabilities And Net Assets	\$ 2,331,938	\$ 1,952,693	\$ 6,011,228	\$ 10,016,010	\$ 127,407	\$ 13,026	\$ 10,156,443	\$ 10,830,074

See accompanying notes.

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
STATEMENTS OF CHANGES IN NET ASSETS
For The Years Ended August 31, 2008 And 2007

	2008	2007
Unrestricted Net Assets:		
Beginning balance	\$ 10,033,341	\$ 9,943,977
Increase (decrease) in net assets	(899,726)	89,364
Ending Balance	9,133,615	10,033,341
Temporarily Restricted Net Assets:		
Beginning balance	215,652	271,103
Decrease in net assets	(88,245)	(55,451)
Ending Balance	127,407	215,652
Permanently Restricted Net Assets:		
Beginning balance	12,576	8,462
Increase in net assets	450	4,114
Ending Balance	13,026	12,576
Total Net Assets	\$ 9,274,048	\$ 10,261,569

See accompanying notes.

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
STATEMENTS OF ACTIVITIES
For The Years Ended August 31, 2008 And 2007

2008

	<u>Unrestricted And Board Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>	<u>2007 Total</u>
Public Support And Revenue:					
Public support:					
Grants	\$ 74,408	\$ 1,108	\$ -	\$ 75,516	\$ 70,603
United Way	1,546	-	-	1,546	94,694
Annual giving	55,769	-	-	55,769	101,510
Other gifts	23,270	-	450	23,720	41,790
	<u>154,993</u>	<u>1,108</u>	<u>450</u>	<u>156,551</u>	<u>308,597</u>
Contributions and net revenue from special events:					
Special event revenue	19,940	-	-	19,940	20,740
Less: Costs of direct benefits to donors	(6,791)	-	-	(6,791)	(2,380)
Net revenue	<u>13,149</u>	<u>-</u>	<u>-</u>	<u>13,149</u>	<u>18,360</u>
Contributions and sponsorships	27,755	-	-	27,755	24,570
Contributions and net revenue from special events	<u>40,904</u>	<u>-</u>	<u>-</u>	<u>40,904</u>	<u>42,930</u>
Net assets released from restrictions - net	<u>89,353</u>	<u>(89,353)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support	<u>285,250</u>	<u>(88,245)</u>	<u>450</u>	<u>197,455</u>	<u>351,527</u>

See accompanying notes.

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
STATEMENTS OF ACTIVITIES
For The Years Ended August 31, 2008 And 2007

	2008			2007 Total
	Unrestricted And Board Designated	Temporarily Restricted	Permanently Restricted	
Revenue:				
Program services - cookie sale - net (Note 7)	\$ 1,479,913	\$ -	\$ -	\$ 1,479,913
- publication sale - net (Note 7)	51,087	-	-	51,087
- camping	277,716	-	-	277,716
- training	18,385	-	-	18,385
- activities and events	27,177	-	-	27,177
Girl Scout equipment - resale (net of direct expenses)	125,609	-	-	125,609
Investment return (loss) (Note 2)	(181,560)	-	-	(181,560)
Loss on disposition of property	(1,550)	-	-	(1,550)
Rental income	20,564	-	-	20,564
Miscellaneous income	931	-	-	931
Total Revenue	<u>1,818,272</u>	<u>-</u>	<u>-</u>	<u>1,818,272</u>
Total Public Support And Revenue	<u>2,103,522</u>	<u>(88,245)</u>	<u>450</u>	<u>2,015,727</u>
Expenses:				
Program services - program	2,549,435	-	-	2,549,435
Support services:				
Management and general	326,840	-	-	326,840
Fund raising	126,973	-	-	126,973
Total support services	<u>453,813</u>	<u>-</u>	<u>-</u>	<u>453,813</u>
Total Expenses	<u>3,003,248</u>	<u>-</u>	<u>-</u>	<u>3,003,248</u>
Increase (Decrease) In Net Assets	<u>\$ (899,726)</u>	<u>\$ (88,245)</u>	<u>\$ 450</u>	<u>\$ 38,027</u>

See accompanying notes.

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
STATEMENTS OF FUNCTIONAL EXPENSES
For The Years Ended August 31, 2008 And 2007

	2008				2007			
	Program Services	Manage- ment & General	Fund Raising	Total	Program Services	Manage- ment & General	Fund Raising	Total
Total Expenses Before Depreciation:								
Staff salaries and other services:								
Staff salaries	\$ 1,031,701	\$ 141,703	\$ 69,609	\$ 1,243,013	\$ 969,598	\$ 198,892	\$ 74,584	\$ 1,243,074
Staff health and retirement benefits (Note 9)	87,703	12,623	9,440	109,766	102,992	14,892	12,448	130,332
Unfunded pension expense (benefit) (Note 9)	223,880	39,180	16,789	279,849	(69,600)	(12,180)	(5,220)	(87,000)
Unemployment benefits	6,489	934	698	8,121	3,208	365	73	3,646
Payroll taxes	80,530	9,243	1,738	91,511	84,821	9,638	1,928	96,387
Total employee compensation	<u>1,430,303</u>	<u>203,683</u>	<u>98,274</u>	<u>1,732,260</u>	<u>1,091,019</u>	<u>211,607</u>	<u>83,813</u>	<u>1,386,439</u>
General insurance	73,569	12,451	1,666	87,686	80,441	13,406	1,915	95,762
Professional services	28,592	22,399	619	51,610	18,447	12,067	360	30,874
Realignment expenses	10,296	10,855	344	21,495	-	-	-	-
Supplies	175,806	1,330	12,924	190,060	184,366	1,940	7,763	194,069
Telephone	8,939	813	49	9,801	7,673	328	103	8,104
Postage and shipping	11,941	852	213	13,006	14,629	13	259	14,901
Occupancy	230,141	20,945	1,262	252,348	250,520	25,052	2,784	278,356
Rental and maintenance of office equipment	7,192	1,324	144	8,660	22,825	2,029	507	25,361
Printing and publication	52,486	4,724	1,108	58,318	53,361	4,670	1,107	59,138
Travel	23,673	567	419	24,659	30,890	816	509	32,215
Conferences, conventions and meetings	10,206	4,299	(187)	14,318	8,712	7,003	1	15,716
Specific assistance to individual girls	(2,740)	-	-	(2,740)	44,160	-	-	44,160
Dues for memberships in other organizations	2,060	154	20	2,234	1,733	68	17	1,818
Bad debt expense	20,986	-	-	20,986	7,317	-	-	7,317
Miscellaneous	14,446	2,307	84	16,837	7,354	6,265	-	13,619
Total Expenses Before Depreciation	<u>2,097,896</u>	<u>286,703</u>	<u>116,939</u>	<u>2,501,538</u>	<u>1,823,447</u>	<u>285,264</u>	<u>99,138</u>	<u>2,207,849</u>
Depreciation Of Land, Bldgs. And Equip.	451,539	40,137	10,034	501,710	454,167	40,370	10,093	504,630
	<u>\$ 2,549,435</u>	<u>\$ 326,840</u>	<u>\$ 126,973</u>	<u>\$ 3,003,248</u>	<u>\$ 2,277,614</u>	<u>\$ 325,634</u>	<u>\$ 109,231</u>	<u>\$ 2,712,479</u>

See accompanying notes.

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
STATEMENTS OF CASH FLOWS
For The Years Ended August 31, 2008 And 2007

	2008	2007
Cash Flows From Operating Activities:		
Increase (decrease) in net assets	\$ (987,521)	\$ 38,027
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	501,710	504,630
Net unrealized and realized (gains) losses on investments	386,608	(237,798)
Loss on disposition of property	1,550	2,019
(Increase) decrease in:		
Grants and contributions receivable	138,859	51,387
Other receivables	(51,777)	(19,573)
Inventory	(11,981)	1,741
Prepaid expenses	14,244	(6,534)
Increase (decrease) in:		
Accounts payable and accrued expenses	314,673	(117,856)
Amounts held for the account of others	(783)	512
Net Cash Provided By Operating Activities	305,582	216,555
Cash Flows From Investing Activities:		
Purchase of investments	(420,714)	(2,157,295)
Proceeds from sale of investments	313,865	2,853,823
Purchase of fixed assets	(9,075)	(411,845)
Net Cash Provided (Used) By Investing Activities	(115,924)	284,683
Net Increase In Cash And Cash Equivalents	189,658	501,238
Cash And Cash Equivalents At Beginning Of Year	1,022,977	521,739
Cash And Cash Equivalents At End Of Year	\$ 1,212,635	\$ 1,022,977

See accompanying notes.

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 And 2007

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

Nature Of Activities

Girl Scouts of Macomb County - Otsikita Council (the Council) provides scouting opportunities to girls in Macomb County. The Council is supported primarily through donor contributions, grants and the United Way.

Accounting Method

The accompanying financial statements have been prepared on the accrual method of accounting, with revenues being recorded when earned and expenses when incurred. The report has been prepared in accordance with standards established by the American Institute of Certified Public Accountants and the Girl Scouts of America.

Cash And Cash Equivalents

For the purposes of the statements of financial position and cash flows, the Council considers all cash accounts including petty cash, checking, savings, money market funds and certificates of deposit, with an original maturity of ninety days or less, to be the total cash and cash equivalents at the beginning and end of the period. Money market funds designated for long-term operating reserves are included in the investment accounts.

Grants And Pledges Receivable

The Council provides an allowance for uncollectible accounts based on a review of the current status and age of the existing pledges receivable.

Inventory

Inventory of equipment and supplies held for resale, are valued at the lower of cost or market (FIFO) as determined by physical count.

Depreciation

The Council's properties are valued on the balance sheets at cost. The Council maintains a detailed record of the fixed assets with a capitalized cost greater than \$1,000 on a current basis with a physical review annually. Buildings and equipment are being depreciated, on a straight-line basis, over their useful lives.

Investments

Investments in various mutual funds are valued at net asset value as of August 31, 2008 and 2007, which approximates fair value. Realized gains and losses on the disposition of mutual fund shares are calculated on an average cost basis. Both realized and unrealized gains and losses are reported on the statement of activities.

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 And 2007

Note 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Realized gains and losses are measured based on the difference between net selling price and original cost or other basis. Unrealized gains and losses are calculated using the difference between fair market value at the beginning of the year, and end of the year for investments held for the entire year and the difference between cost and fair market value at the end of the year for investments purchased during the year.

Income Taxes

The Organization received a determination letter from the Internal Revenue Service indicating that it is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Concentrations Of Credit Risk

The Council places its cash and temporary cash investments with high credit quality institutions. At times such deposits and investments may be in excess of FDIC and/or SPIC insurance limits. Brokerage accounts are insured by the SPIC up to \$500,000 (\$100,000 for money market accounts and certificates of deposit). The Council's uninsured cash balances at August 31, 2008 totaled \$1,091,469.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Financial Information

The 2008 financial statements include certain prior year information presented in summarized form. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended August 31, 2007 from which the summarized information was derived.

Reclassifications

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

Restricted Contributions

Contributions whose restrictions were met in the same accounting period are reported as unrestricted contributions

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 And 2007

Note 2 - INVESTMENTS

Investments include the following at August 31,

	<u>2008</u>		<u>2007</u>	
	Original Cost	Fair Value	Original Cost	Fair Value
Annuity	\$ 206,768	\$ 212,159	\$ 262,621	\$ 292,338
Mutual Funds	2,968,962	3,045,999	1,601,753	2,064,712
Certificates Of Deposit	<u>500,000</u>	<u>540,550</u>	<u>500,000</u>	<u>529,950</u>
	<u>\$ 3,675,730</u>	<u>\$ 3,798,708</u>	<u>\$ 2,364,374</u>	<u>\$ 2,887,000</u>

Investment return includes:

	<u>2008</u>	<u>2007</u>
Dividends	\$ 189,971	\$ 169,191
Interest	15,077	13,847
Realized and unrealized gains (losses) - net	<u>(386,608)</u>	<u>237,798</u>
Net Investment Return (Loss)	<u>\$ (181,560)</u>	<u>\$ 420,836</u>

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 And 2007

Note 3 - GRANTS AND PLEDGES RECEIVABLE

Grants Receivable -

	<u>2008</u>	<u>2007</u>
As of August 31, the organization has grants receivable as follows -		
Due within 1 year	\$ 1,108	\$ 105,569

Pledges Receivable -

As of August 31, the organization has pledges
receivable as follows:

Due within 1 year	\$ 37,212	\$ 63,455
Due within 2 years	19,190	29,805
Due within 3 years	17,135	20,170
Due within 4 years	14,345	15,185
Due within 5 years	4,695	8,765
Due within 6 years	5,995	5,140
Due within 7 years	5,020	3,020
Due within 8 years	<u>-</u>	<u>2,520</u>
	103,592	148,060
Present value discount (3 year average prime rate)	(17,477)	(24,112)
Allowance for uncollectible accounts	<u>(10,430)</u>	<u>(13,865)</u>
Pledges receivable	<u>75,685</u>	<u>110,083</u>
 Total Grants And Pledges Receivable	 <u>\$ 76,793</u>	 <u>\$ 215,652</u>

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 And 2007

Note 4 - LAND, BUILDINGS AND EQUIPMENT

	2008	2007
Land	\$ 503,102	\$ 503,102
Buildings and improvements	9,896,119	9,891,682
Camp equipment	372,971	375,468
Office equipment	<u>297,322</u>	<u>297,322</u>
Total	11,069,514	11,067,574
Less: Accumulated depreciation	<u>5,058,286</u>	<u>4,562,163</u>
Net Book Value	<u>\$ 6,011,228</u>	<u>\$ 6,505,411</u>

Note 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of August 31, are available for the following purposes or periods:

	2008	2007
United Way for periods after fiscal year end	\$ -	\$ 78,912
Pledges receivable for periods after fiscal year end	75,685	110,083
Building For The Future	50,614	26,657
Grant receivable	<u>1,108</u>	<u>-</u>
	<u>\$ 127,407</u>	<u>\$ 215,652</u>

Note 6 - PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at August 31, are restricted to:

	2008	2007
Endowment Fund	\$ 8,462	\$ 8,462
Richard P. & Elaine T. Marcotte Memorial Fund	<u>4,564</u>	<u>4,114</u>
	<u>\$ 13,026</u>	<u>\$ 12,576</u>

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 And 2007

Note 7 - PROGRAM SERVICES REVENUE

Program services revenue and direct expenses for the cookie and publication sales are as follows for the years ended August 31,

	2008	2007
Cookie sale revenue	\$ 2,102,316	\$ 2,195,722
Less direct costs	622,403	649,246
	\$ 1,479,913	\$ 1,546,476
Publication sale revenue	\$ 114,470	\$ 128,304
Less direct costs	63,383	67,640
	\$ 51,087	\$ 60,664

Note 8 - STATEMENT OF FUNCTIONAL EXPENSES

This statement is prepared on the basis of percentages developed by the Council along with actual expenses attributed to certain functions. These percentages are evaluated by the Council's management on an annual basis so as to properly reflect the current changes in cost allocations.

Note 9 - EMPLOYEE BENEFIT PROGRAMS

Prior to March 15, 2005, the Council participated in a non-contributory multi-employer defined contribution pension plan that covered substantially all employees. Contributions to the plan were based on a percentage of the employee's gross payroll and were nondiscretionary. Benefits and enrollment for new participants was frozen as of March 15, 2005.

GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 And 2007

Note 9 - EMPLOYEE BENEFIT PROGRAMS (CONTINUED)

In November, 2005 the Council filed notice with the Plan Administrator of its intent to disaffiliate from this plan effective December 31, 2005. Under this provision, the Council established a new defined benefit plan and the assets and liabilities from the former plan will be transferred to the new plan in accordance with IRS and ERISA rules, as if the former plan were terminated. At the time of withdrawal, the Council will be required to contribute its share of the plan's unfunded benefit obligation. The Council's actuaries have advised that the Council's estimated liability as of August 31, 2008 and 2007 was \$714,849 and \$435,000, respectively. Accordingly, a provision for these amounts has been accrued in the accompanying statements of financial position for years ended August 31, 2008 and 2007.

Beginning June 1, 2005, the Council adopted a 403(b) plan covering all employees who are at least 21 years of age, have completed one year of service, and have worked 1,000 hours during the first 12 months of employment. The Council will match 100% of participants' salary deferrals, not to exceed 3% of pay. The plan allows the Council to make additional discretionary contributions as determined by the Board of Directors. For the years ended August 31, 2008 and 2007, the employer matching contributions were \$25,835 and \$27,240, respectively. No additional discretionary contributions were made.

In addition, the Council sponsors a life insurance and disability benefit program for its employees based on a percentage of the employee's gross wages.

Note 10 - LEASE AGREEMENT

In July, 2008, the Council entered into an agreement, as lessor, to lease certain office space for a period of one year beginning September 1, 2008 at a monthly rent of \$1,744.

Minimum lease payments to be received as of August 31, 2008 are as follows:

August 31, 2009	<u>\$ 20,928</u>
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GIRL SCOUTS OF MACOMB COUNTY - OTSIKITA COUNCIL
NOTES TO FINANCIAL STATEMENTS
August 31, 2008 And 2007

Note 11 - SUBSEQUENT EVENT

Effective January 1, 2009, the Girl Scouts of Macomb County has merged with four other councils to become the Girl Scouts of Southeastern Michigan, with the Girl Scouts of Macomb County retaining their tax identification number. The merger will strengthen the infrastructure and resources of the organization at all levels.