

# Guide to Financial Statements

## AUDITOR'S REPORT

The first page of our financial statements is the Independent Auditor's Report, and the last paragraph contains the auditor's opinion on our financial statements. Based on standard procedures, the auditors issued an unmodified opinion or clean opinion for the Girl Scouts – Diamonds of Arkansas, Oklahoma and Texas. A clean opinion means that the financial records present a fair and accurate picture of the organization's finances.

## INVESTMENT BUDGET

For fiscal years 2014 – 2016, the Council has implemented an investment budget. That means the council is using its cash reserves to improve volunteer training and offer higher quality programs, which in turn leads to improved parent, volunteer and girl experiences. The council is also investing in the Customer Engagement Initiative, which is a nation-wide initiative mandated by Girl Scouts of America. This initiative allows for a more efficient registration process, a customer relationship management system, a more digital experience for girls, integration of several operating systems and more online resources for volunteers.

## KEY COMPONENTS

The **STATEMENT OF FINANCIAL POSITION** details the Council's assets, liabilities and net assets (equity in the corporate world) as of September 30, 2015. **ASSETS** represent what the Council owns, will be receiving, or has paid in advance. Approximately 43 percent of the Council's assets are in cash and investments. This allows the Council to have cash available on hand, but also allows for higher long-term return on assets. Approximately 53 percent of the Council's assets are in property and equipment. This includes all our camp and wilderness properties, which are listed on our website. **LIABILITIES** represent what the Council owes to others. It is important to note that the Council does not have any long-term liabilities and that all liabilities can be paid off by current assets.

**NET ASSETS** are the difference between assets and liabilities. They represent the overall financial health of an organization. The Council has significant positive net assets of approximately \$9.8 million from many years of revenue exceeding expenses. As noted, we are using these positive net assets to fund our investment budget. Net assets are separated into three buckets: unrestricted, temporarily restricted and permanently restricted. **TEMPORARILY RESTRICTED ASSETS** represent resources the Council has received that can only be used for a specific purpose (i.e. scholarships). **PERMANENTLY RESTRICTED ASSETS** represent resources the Council has received and for which only the earnings can be used. This means that the original amount given can never be used by the Council. These amounts are currently invested and the earnings are used by the Council. The remaining and most significant portion of net assets is **UNRESTRICTED ASSETS**, which means they fund the greatest needs of the Council.

The **STATEMENT OF ACTIVITIES** details the Council's revenue and expenses. The Council has several different **REVENUE** streams. They are broken down between support revenue, program revenue and other income. Other income, which totals approximately \$310,000, largely consists of the gain on the sale of the North Little Rock office. **EXPENSES** are broken down into three categories: program, management and general, and fundraising. Approximately 72 percent of our total expenses go directly into programmatic

expenses of approximately \$3.8 million and only had cookie revenue of approximately \$3.3 million. This means that the Council must find other means of funding these programmatic offerings or dip into our reserves (net assets).

We continue to evaluate our opportunities to find new revenue streams and look for areas where we can reduce expenses without sacrificing a quality experience for both girls and volunteers. We also look at the efficiency and effectiveness of our assets and keep liabilities at a minimum. All of this is part of our strategy to use our resources wisely.

## **CONTACT**

If you have questions related to the Council's financial statements, you are encouraged to call or email the Council's Chief Financial Officer, Marie Gieringer. She can be reached at (501) 758-1020 or [mgieringer@girlscoutsdiamonds.org](mailto:mgieringer@girlscoutsdiamonds.org).