

***Girl Scouts of Central and  
Western Massachusetts, Inc.***

*Financial Statements for the Years Ended  
December 31, 2010 and 2009 and  
Independent Auditors' Report*

# GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

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**STOWE & DEGON LLC**  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Girl Scouts of Central and Western Massachusetts, Inc.  
Worcester, Massachusetts

We have audited the accompanying statements of financial position of Girl Scouts of Central and Western Massachusetts, Inc. (the "Council"; a non-profit Council) as of December 31, 2010 and 2009 and the related statements of activities, cash flows and functional expenses 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 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 Central and Western Massachusetts, Inc. as of December 31, 2010 and 2009, 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.

*Stowe & Degon LLC*

March 8, 2011

# GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

## STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2010 AND 2009

|   | 2010                | 2009                |
|---|---------------------|---------------------|
| <b>ASSETS</b>                             |                     |                     |
| Current Assets:                           |                     |                     |
| Cash and cash equivalents                 | \$ 309,394          | \$ 99,035           |
| Short-term investments                    | 1,024,433           | 1,468,138           |
| Accounts receivable                       | 148,598             | 70,406              |
| Inventory                                 | 66,849              | 77,166              |
| Prepaid expenses and other current assets | 7,402               | 17,912              |
| Total Current Assets                      | <u>1,556,676</u>    | <u>1,732,657</u>    |
| Land, buildings and equipment, net        | 2,576,815           | 2,670,330           |
| Beneficial interest in trust              | 424,777             | 388,473             |
| Long-term investments                     | 2,432,705           | 2,215,989           |
| Cash surrender value of life insurance    | 49,834              | 46,590              |
| Total Assets                              | <u>\$ 7,040,807</u> | <u>\$ 7,054,039</u> |
| <b>LIABILITIES AND NET ASSETS</b>         |                     |                     |
| Current Liabilities:                      |                     |                     |
| Accounts payable                          | \$ 89,890           | \$ 168,426          |
| Accrued expenses                          | 59,804              | 56,762              |
| Deferred revenue                          | 4,777               | 3,417               |
| Total Liabilities                         | <u>154,471</u>      | <u>228,605</u>      |
| Net Assets:                               |                     |                     |
| Unrestricted:                             |                     |                     |
| Available for general activities          | (6,760)             | (22,557)            |
| Board designated                          | 2,407,566           | 2,598,182           |
| Invested in property and equipment        | <u>2,576,815</u>    | <u>2,677,043</u>    |
| Total Unrestricted                        | 4,977,621           | 5,252,668           |
| Temporarily restricted                    | 200,479             | 152,546             |
| Permanently restricted                    | 1,708,236           | 1,420,220           |
| Total Net Assets                          | <u>6,886,336</u>    | <u>6,825,434</u>    |
| Total Liabilities and Net Assets          | <u>\$ 7,040,807</u> | <u>\$ 7,054,039</u> |

See independent auditors' report and notes to financial statements.

# GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2010

|   | Board              |            |           |              |            | Total<br>Unrestricted | Temporarily<br>Restricted | Permanently<br>Restricted | Total |
|---|--------------------|------------|-----------|--------------|------------|-----------------------|---------------------------|---------------------------|-------|
|   | General Activities | Designated | Property  | Unrestricted | Restricted |                       |                           |                           |       |
| <b>PUBLIC SUPPORT AND REVENUE:</b>  |                    |            |           |              |            |                       |                           |                           |       |
| Public Support:   |                    |            |           |              |            |                       |                           |                           |       |
| Annual giving campaign  | \$ 86,395          | \$ -       | \$ -      | \$ 86,395    | \$ -       | \$ -                  | \$ -                      | \$ 86,395                 |       |
| Legacies and bequests   | 128,984            | 16,079     | -         | 145,063      | -          | -                     | -                         | 145,063                   |       |
| United Way allocations  | 104,733            | -          | -         | 104,733      | -          | -                     | -                         | 104,733                   |       |
| Special events (net of direct costs of \$16,627)  | 87,936             | -          | -         | 87,936       | -          | -                     | -                         | 87,936                    |       |
| Contributions and other receipts  | 3,415              | -          | 4,950     | 8,365        | 100,717    | 152,907               | -                         | 261,989                   |       |
| Total public support  | 411,463            | 16,079     | 4,950     | 432,492      | 100,717    | 152,907               | -                         | 686,116                   |       |
| Revenue:  |                    |            |           |              |            |                       |                           |                           |       |
| Program fees and camping events   | 646,985            | 2,523      | -         | 649,508      | -          | 579                   | -                         | 650,087                   |       |
| Cookie sales (net of direct costs of \$1,315,916)   | 2,367,428          | -          | -         | 2,367,428    | -          | -                     | -                         | 2,367,428                 |       |
| Fall product sales (net of direct costs of \$186,297)   | 265,232            | -          | -         | 265,232      | -          | -                     | -                         | 265,232                   |       |
| Girl Scout store (net of direct costs of \$244,829)   | 163,346            | -          | -         | 163,346      | -          | -                     | -                         | 163,346                   |       |
| Dividend and interest income  | 27,876             | 52,543     | -         | 80,419       | 4,173      | 1,103                 | -                         | 85,695                    |       |
| Miscellaneous income  | 48,915             | -          | 6,350     | 55,265       | -          | -                     | -                         | 55,265                    |       |
| Net assets released from restriction  | 56,557             | -          | 400       | 56,957       | (56,957)   | -                     | -                         | -                         |       |
| Total revenue   | 3,576,339          | 55,066     | 6,750     | 3,638,155    | (52,784)   | 1,682                 | -                         | 3,587,053                 |       |
| Total public support and revenue  | 3,987,802          | 71,145     | 11,700    | 4,070,647    | 47,933     | 154,589               | -                         | 4,273,169                 |       |
| Operating expenses:   |                    |            |           |              |            |                       |                           |                           |       |
| Program services:   |                    |            |           |              |            |                       |                           |                           |       |
| Comprehensive youth development   | 1,802,581          | -          | 77,012    | 1,879,593    | -          | -                     | -                         | 1,879,593                 |       |
| Camping services  | 1,174,602          | -          | 50,182    | 1,224,784    | -          | -                     | -                         | 1,224,784                 |       |
| Outreach  | 236,489            | -          | 10,103    | 246,592      | -          | -                     | -                         | 246,592                   |       |
| Supporting services:  |                    |            |           |              |            |                       |                           |                           |       |
| Management and general  | 711,027            | 9,834      | 30,798    | 751,659      | -          | -                     | -                         | 751,659                   |       |
| Fundraising   | 339,780            | -          | 14,516    | 354,296      | -          | -                     | -                         | 354,296                   |       |
| Total operating expenses  | 4,264,479          | 9,834      | 182,611   | 4,456,924    | -          | -                     | -                         | 4,456,924                 |       |
| Change in net assets before realized and unrealized gain (loss) on investments and change in beneficial interest in trust | (276,677)          | 61,311     | (170,911) | (386,277)    | 47,933     | 154,589               | -                         | (183,755)                 |       |
| Realized and unrealized gain on investments and property  | -                  | 110,823    | 407       | 111,230      | -          | 97,123                | -                         | 208,353                   |       |
| Change in beneficial interest in trust  | -                  | -          | -         | -            | -          | 36,304                | -                         | 36,304                    |       |
| Change in net assets  | (276,677)          | 172,134    | (170,504) | (275,047)    | 47,933     | 288,016               | -                         | 60,902                    |       |
| Transfers:  |                    |            |           |              |            |                       |                           |                           |       |
| Board designated to property  | -                  | (70,276)   | 70,276    | -            | -          | -                     | -                         | -                         |       |
| Board designated to operations  | 292,474            | (292,474)  | -         | -            | -          | -                     | -                         | -                         |       |
| Net Assets, January 1, 2010   | (22,557)           | 2,598,182  | 2,677,043 | 5,252,668    | 152,546    | 1,420,220             | -                         | 6,825,434                 |       |
| Net Assets, December 31, 2010   | (6,760)            | 2,407,566  | 2,576,815 | 4,977,621    | 200,479    | 1,708,236             | -                         | 6,886,336                 |       |

See independent auditors' report and notes to financial statements.

**GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

|   | General Activities | Board Designated    | Property            | Total Unrestricted  | Temporarily Restricted | Permanently Restricted | Total               |
|---|--------------------|---------------------|---------------------|---------------------|------------------------|------------------------|---------------------|
| <b>PUBLIC SUPPORT AND REVENUE:</b>  |                    |                     |                     |                     |                        |                        |                     |
| Public Support:   |                    |                     |                     |                     |                        |                        |                     |
| Annual giving campaign  | \$ 79,579          | \$ -                | \$ -                | \$ 79,579           | \$ -                   | \$ -                   | \$ 79,579           |
| Legacies and bequests   | 32,759             | 6,823               | -                   | 39,582              | -                      | -                      | 39,582              |
| United Way allocations  | 136,319            | -                   | -                   | 136,319             | -                      | -                      | 136,319             |
| Special events (net of direct costs of \$29,326)  | 55,678             | -                   | -                   | 55,678              | -                      | -                      | 55,678              |
| Contributions and other receipts  | 7,000              | -                   | -                   | 7,000               | 93,215                 | 8,275                  | 108,490             |
| Total public support  | <u>311,335</u>     | <u>6,823</u>        | -                   | <u>318,158</u>      | <u>93,215</u>          | <u>8,275</u>           | <u>419,648</u>      |
| Revenue:  |                    |                     |                     |                     |                        |                        |                     |
| Program fees and camping events   | 702,057            | 1,351               | -                   | 703,408             | -                      | 413                    | 703,821             |
| Cookie sales (net of direct costs of \$1,265,379)   | 1,995,153          | -                   | -                   | 1,995,153           | -                      | -                      | 1,995,153           |
| Fall product sales (net of direct costs of \$201,724)   | 260,969            | -                   | -                   | 260,969             | -                      | -                      | 260,969             |
| Girl Scout store (net of direct costs of \$287,915)   | 179,634            | -                   | -                   | 179,634             | -                      | -                      | 179,634             |
| Dividend and interest income  | 54,313             | 52,379              | -                   | 106,692             | 4,237                  | 3,388                  | 114,317             |
| Miscellaneous income  | 100,108            | -                   | -                   | 100,108             | -                      | -                      | 100,108             |
| Net assets released from restriction  | 67,355             | -                   | 7,400               | 74,755              | (74,755)               | -                      | -                   |
| Total revenue   | <u>3,359,589</u>   | <u>53,730</u>       | <u>7,400</u>        | <u>3,420,719</u>    | <u>(70,518)</u>        | <u>3,801</u>           | <u>3,354,002</u>    |
| Total public support and revenue  | <u>3,670,924</u>   | <u>60,553</u>       | <u>7,400</u>        | <u>3,738,877</u>    | <u>22,697</u>          | <u>12,076</u>          | <u>3,773,650</u>    |
| Operating expenses:   |                    |                     |                     |                     |                        |                        |                     |
| Program services:   |                    |                     |                     |                     |                        |                        |                     |
| Comprehensive youth development   | 1,869,960          | -                   | 91,503              | 1,961,463           | -                      | -                      | 1,961,463           |
| Camping services  | 1,113,870          | -                   | 54,505              | 1,168,375           | -                      | -                      | 1,168,375           |
| Outreach  | 205,016            | -                   | 10,032              | 215,048             | -                      | -                      | 215,048             |
| Supporting services:  |                    |                     |                     |                     |                        |                        |                     |
| Management and general  | 677,290            | 12,743              | 33,730              | 723,763             | -                      | -                      | 723,763             |
| Fundraising   | 312,641            | -                   | 15,299              | 327,940             | -                      | -                      | 327,940             |
| Total operating expenses  | <u>4,178,777</u>   | <u>12,743</u>       | <u>205,069</u>      | <u>4,396,589</u>    | -                      | -                      | <u>4,396,589</u>    |
| Change in net assets before realized and unrealized gain (loss) on investments and change in beneficial interest in trust | (507,853)          | 47,810              | (197,669)           | (657,712)           | 22,697                 | 12,076                 | (622,939)           |
| Realized and unrealized gain on investments and property  | -                  | 182,211             | (5,349)             | 176,862             | -                      | 105,378                | 282,240             |
| Change in beneficial interest in trust  | -                  | -                   | -                   | -                   | -                      | 56,504                 | 56,504              |
| Change in net assets  | (507,853)          | 230,021             | (203,018)           | (480,850)           | 22,697                 | 173,958                | (284,195)           |
| Transfers:  |                    |                     |                     |                     |                        |                        |                     |
| Board designated to property  | -                  | (16,480)            | 16,480              | -                   | -                      | -                      | -                   |
| Net Assets, January 1, 2009   | 485,296            | 2,384,641           | 2,863,581           | 5,733,518           | 129,849                | 1,246,262              | 7,109,629           |
| Net Assets, December 31, 2009   | <u>\$ (22,557)</u> | <u>\$ 2,598,162</u> | <u>\$ 2,677,043</u> | <u>\$ 5,252,668</u> | <u>\$ 152,546</u>      | <u>\$ 1,420,220</u>    | <u>\$ 6,825,434</u> |

See independent auditors' report and notes to financial statements.

GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2010

|   | Program Services                |                  |            | Supporting Services    |                        |              | Total Operating Expenses |                           |
|---|---------------------------------|------------------|------------|------------------------|------------------------|--------------|--------------------------|---------------------------|
|   | Comprehensive Youth Development | Camping Services | Outreach   | Total Program Services | Management and General | Fund-raising |                          | Total Supporting Services |
| Salaries and wages                                | \$ 1,082,285                    | \$ 579,355       | \$ 159,870 | \$ 1,821,510           | \$ 501,693             | \$ 220,699   | \$ 722,392               | \$ 2,543,902              |
| Employee benefits                                 | 207,781                         | 111,227          | 30,692     | 349,700                | 96,316                 | 42,371       | 138,687                  | 488,387                   |
| Payroll taxes and workers' compensation insurance | 101,313                         | 54,234           | 14,965     | 170,512                | 46,964                 | 20,660       | 67,624                   | 238,136                   |
| Total salaries and related expenses               | 1,391,379                       | 744,816          | 205,527    | 2,341,722              | 644,973                | 283,730      | 928,703                  | 3,270,425                 |
| Professional fees                                 | 98,746                          | 26,147           | 5,768      | 130,661                | 20,418                 | 11,536       | 31,954                   | 162,615                   |
| Camp and office supplies                          | 39,553                          | 90,603           | 3,090      | 133,246                | 7,417                  | 6,180        | 13,597                   | 146,843                   |
| Telephone   | 8,014                           | 5,554            | 626        | 14,194                 | 1,503                  | 1,252        | 2,755                    | 16,949                    |
| Postage and shipping                              | 20,180                          | 3,728            | 1,577      | 25,485                 | 3,783                  | 3,153        | 6,936                    | 32,421                    |
| Occupancy costs                                   | 32,828                          | 202,826          | 2,565      | 238,219                | 6,157                  | 5,129        | 11,286                   | 249,505                   |
| Equipment rental and maintenance                  | 41,492                          | 7,165            | 3,242      | 51,899                 | 7,780                  | 6,482        | 14,262                   | 66,161                    |
| Printing and publications                         | 16,868                          | 3,553            | 1,318      | 21,739                 | 3,162                  | 2,636        | 5,798                    | 27,537                    |
| Travel and transportation                         | 54,496                          | 66,476           | 4,258      | 125,230                | 10,217                 | 8,515        | 18,732                   | 143,962                   |
| Conferences, conventions and meetings             | 10,053                          | 2,027            | 785        | 12,865                 | 1,884                  | 1,571        | 3,455                    | 16,320                    |
| Specific assistance to individuals                | 6,384                           | 1,898            | 1,694      | 9,976                  | -                      | -            | -                        | 9,976                     |
| Membership dues                                   | 2,694                           | 3,134            | 210        | 6,038                  | 504                    | 422          | 926                      | 6,964                     |
| Miscellaneous                                     | 79,894                          | 16,675           | 5,829      | 102,398                | 13,063                 | 9,174        | 22,237                   | 124,635                   |
| Total unrestricted fund expenses                  | 1,802,581                       | 1,174,602        | 236,489    | 3,213,672              | 720,861                | 339,780      | 1,060,641                | 4,274,313                 |
| Depreciation and amortization                     | 77,012                          | 50,182           | 10,103     | 137,297                | 30,798                 | 14,516       | 45,314                   | 182,611                   |
| Total expenses                                    | \$ 1,879,593                    | \$ 1,224,784     | \$ 246,592 | \$ 3,350,969           | \$ 751,659             | \$ 354,296   | \$ 1,105,955             | \$ 4,456,924              |

See independent auditors' report and notes to financial statements.

**GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

|   | Program Services                |                  |            | Supporting Services    |                        |              | Total Operating Expenses |
|---|---------------------------------|------------------|------------|------------------------|------------------------|--------------|--------------------------|
|   | Comprehensive Youth Development | Camping Services | Outreach   | Total Program Services | Management and General | Fund-raising |                          |
| Salaries and wages                                | \$ 1,144,828                    | \$ 604,460       | \$ 137,191 | \$ 1,886,479           | \$ 474,866             | \$ 189,119   | \$ 2,550,464             |
| Employee benefits                                 | 183,345                         | 96,805           | 21,971     | 302,121                | 76,050                 | 30,288       | 408,459                  |
| Payroll taxes and workers' compensation insurance | 107,658                         | 56,842           | 12,901     | 177,401                | 44,656                 | 17,784       | 239,841                  |
| Total salaries and related expenses               | 1,435,831                       | 758,107          | 172,063    | 2,366,001              | 595,572                | 237,191      | 3,198,764                |
| Professional fees                                 | 72,595                          | 23,440           | 4,246      | 100,281                | 13,712                 | 8,491        | 122,484                  |
| Camp and office supplies                          | 27,807                          | 85,943           | 2,172      | 115,922                | 5,214                  | 4,345        | 125,481                  |
| Telephone   | 13,139                          | 7,952            | 1,026      | 22,117                 | 2,463                  | 2,053        | 26,633                   |
| Postage and shipping                              | 17,605                          | 7,208            | 1,375      | 26,188                 | 3,301                  | 2,751        | 32,240                   |
| Occupancy costs                                   | 109,138                         | 110,281          | 3,839      | 223,258                | 35,384                 | 31,508       | 290,150                  |
| Equipment rental and maintenance                  | 36,538                          | 6,644            | 2,855      | 46,037                 | 6,851                  | 5,709        | 58,597                   |
| Printing and publications                         | 19,346                          | 10,320           | 1,512      | 31,178                 | 3,628                  | 3,023        | 37,829                   |
| Travel and transportation                         | 57,771                          | 82,635           | 4,513      | 144,919                | 10,832                 | 9,027        | 164,778                  |
| Conferences, conventions and meetings             | 8,410                           | 2,443            | 657        | 11,510                 | 1,576                  | 1,314        | 14,400                   |
| Specific assistance to individuals                | 14,844                          | 2,087            | 6,262      | 23,193                 | -                      | -            | 23,193                   |
| Membership dues                                   | 2,250                           | 2,936            | 176        | 5,362                  | 422                    | 352          | 6,136                    |
| Miscellaneous                                     | 54,686                          | 13,874           | 4,320      | 72,880                 | 11,078                 | 6,877        | 90,835                   |
| Total unrestricted fund expenses                  | 1,869,960                       | 1,113,870        | 205,016    | 3,188,846              | 690,033                | 312,641      | 4,191,520                |
| Depreciation and amortization                     | 91,503                          | 54,505           | 10,032     | 156,040                | 33,730                 | 15,299       | 205,069                  |
| Total expenses                                    | \$ 1,961,463                    | \$ 1,168,375     | \$ 215,048 | \$ 3,344,886           | \$ 723,763             | \$ 327,940   | \$ 4,396,589             |

See independent auditors' report and notes to financial statements.

# GIRL SCOUTS OF CENTRAL AND WESTERN MASSACHUSETTS, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

|   | 2010              | 2009             |
|---|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:   |                   |                  |
| Change in net assets  | \$ 60,902         | \$ (284,195)     |
| Adjustments to reconcile change in net assets to net cash used in operating activities: |                   |                  |
| Depreciation and amortization   | 182,611           | 205,069          |
| Gain on sale of property, net   | -                 | (54,130)         |
| Stock donation  | 4,948             | -                |
| Realized and unrealized (gain) loss on investments                                      | (208,353)         | (228,110)        |
| Change in beneficial interest in trust  | (36,304)          | (56,504)         |
| Contributions for endowment   | (152,907)         | (8,275)          |
| Changes in operating assets and liabilities:  |                   |                  |
| (Increase) decrease in:   |                   |                  |
| Accounts receivable   | (78,192)          | 13,382           |
| Inventory   | 10,317            | 16,438           |
| Prepaid expenses and other current assets   | 10,510            | 8,778            |
| Accounts payable  | (78,536)          | (283,722)        |
| Accrued expenses  | 3,042             | 10,744           |
| Deferred revenue  | 1,360             | (9,254)          |
| Dues payable to Girl Scouts of the U.S.A.   | -                 | (92,981)         |
| Net cash used in operating activities   | <u>(280,602)</u>  | <u>(762,760)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES:   |                   |                  |
| Property improvements and equipment purchases   | (89,096)          | (158,721)        |
| Proceeds from sale of property  | -                 | 194,289          |
| Investment purchases  | (569,346)         | (3,687,203)      |
| Proceeds from sale of investments   | 999,740           | 4,075,404        |
| Increase in cash surrender value of life insurance                                      | <u>(3,244)</u>    | <u>(1,764)</u>   |
| Net cash provided by investing activities   | <u>338,054</u>    | <u>422,005</u>   |
| CASH FLOWS FROM FINANCING ACTIVITIES:   |                   |                  |
| Contributions restricted for investment in endowment                                    | <u>152,907</u>    | <u>8,275</u>     |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS                                    | 210,359           | (332,480)        |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR  | <u>99,035</u>     | <u>431,515</u>   |
| CASH AND CASH EQUIVALENTS, END OF YEAR  | <u>\$ 309,394</u> | <u>\$ 99,035</u> |

See independent auditors' report and notes to financial statements.

# GIRL SCOUTS CENTRAL AND WESTERN MASSACHUSETTS, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

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### 1. MERGER AND NATURE OF ACTIVITIES

Girl Scouts of Central and Western Massachusetts, Inc. ("The Council") was incorporated on January 1, 2008 through the merger of Girl Scouts of Montachusett Council, Inc., Girl Scouts of Pioneer Valley, Inc. and Girl Scouts of Western Massachusetts, Inc. The Council is chartered by Girl Scouts of the U.S.A. and provides programs and services to a diverse population of 14,563 girls, ages 5 to 17 (or from kindergarten through high school) in cities and towns throughout Central and Western Massachusetts. The Council's goal of enabling every girl within its jurisdiction to become a responsible family member, job holder and community citizen and serve her community with the highest ideals of character, conduct, patriotism and service is strengthened by the enthusiasm and dedication of 5,203 trained adult volunteer members. The Council, through its volunteers and staff, provides educationally stimulating programs designed to address contemporary and sensitive issues facing a diverse population of young women by giving each girl the skills and guidance necessary for her to reach her own greatest potential.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Method of Accounting** – The financial statements of the Council have been prepared on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation** – The net assets of the Council and changes therein are reported in three net assets categories as follows:

**Unrestricted Net Assets** – Included in unrestricted net assets are amounts that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The board of directors has discretionary control over all of these assets. The board may elect to designate such resources for specific purposes. These designations may be removed at the board's discretion. Unrestricted net assets of the Council consist of the following:

*Available for General Activities* – These net assets are available for the general obligations of the Council.

*Board Designated* – These net assets are to be used for specific purposes including investments in property and equipment and special assistance to members.

*Property and equipment* – These net assets reflect the total carrying value after accumulated depreciation of all land, buildings, and equipment used in the Council, less directly related liabilities, as well as reserves for maintenance and development.

**Temporarily Restricted Net Assets** – Temporarily restricted net assets include amounts resulting from contributions and other inflows of assets whose use by the Council is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Council pursuant to those stipulations. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Permanently Restricted Net Assets*** – Permanently restricted net assets of the Council (Endowment Funds) are amounts resulting from contributions and other inflows of assets whose use by the Council is restricted by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Council. Interest and dividend income earned on endowment funds may be spent for specific or general operating activities of the Council. The Board of Directors has adopted a policy requiring the preservation of the endowment funds including realized and unrealized appreciation unless explicit donor stipulations specify how much appreciation may be used.

***Contributions, Gifts and Grants*** – Contributions, gifts and grants are recorded as receivables and revenues. The Council distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give. Fund campaign contributions are recorded as revenue when the pledge is verified or received. Such contributions are considered to be available for unrestricted use unless specifically restricted by the donor or grantor. Contributions of assets other than cash are recorded at their fair value at the date of the gift. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor, are recognized when the conditions on which they depend are substantially met.

***Cash and Cash Equivalents*** – For purposes of the statement of cash flows, the Council considers all highly liquid deposits to be cash and cash equivalents.

***Short-term Investments*** – Short-term investments consists of money market accounts and short-term certificates of deposit.

***Investments*** – Investments are recorded at fair value using quoted market prices, and gains or losses from the sales of investments are accounted for within the net asset category owning the investments based on per unit allocations. Unrealized gains and losses are included in the change in net assets.

***Inventory*** – Inventory consists of merchandise available for sale in the Girl Scout stores and is stated at the lower of cost (first in, first-out method) or market value. Inventories of supplies are considered to be expenses at the time of purchase and are not included in the statement of financial position.

***Land, Buildings and Equipment*** – Land, buildings and equipment are recorded at cost. Expenditures for maintenance, repairs and renewals are charged to expense as incurred whereas major betterments in excess of \$1,000 are capitalized as additions to property. Depreciation is computed on the straight-line method over the following useful lives of the assets:

|                            | <u>YEARS</u> |
|----------------------------|--------------|
| Buildings and improvements | 5 – 40       |
| Equipment                  | 3 – 10       |

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Income Tax Status*** – The Council is exempt from federal income taxes as an organization formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is required.

As of January 1, 2009, the Council adopted the recognition requirements for uncertain income tax positions as required by accounting principles generally accepted in the U.S. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Council believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Council's financial condition, reported activity, or cash flows. The Council is subject to audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Council believes it is no longer subject to income tax examinations for years prior to 2006.

***Retirement Plan*** – The Council established a retirement plan under the provisions of Section 401(k) of the Internal Revenue Code covering all eligible employees. Employees who have attained the age of 21 and have met the minimum service requirement of one year of service are eligible to receive the discretionary 50% employer match contribution on deferrals up to 6% of their salary. During 2009, the Council suspended the discretionary employer match contribution for the last quarter of 2009. The match contribution was not reinstated for 2010. The amount of expense for the 401(k) plan charged to operations for the years ended December 31, 2010 and 2009 was \$0 and \$23,516, respectively.

***Functional Allocation of Expenses*** – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are allocated between fundraising, management and general or the appropriate program based on evaluations of the related benefits. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Council.

***Donated Services*** – Several unpaid volunteers have made significant contributions of their time in the furtherance of the Council's programs. During the years ended December 31, 2010 and 2009, the dollar value of contributed services, although great in intangible value to the Council, did not meet the accounting requirements for recognition in the financial statements and, therefore, this value has not been recorded.

***Codification*** – Effective July 1, 2009, the Financial Accounting Standards Board's Accounting Standards Codification (ASC) became the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles (GAAP) and the historical GAAP hierarchy was eliminated. The Association's accounting policies were not affected by the conversion to ASC.

### 3. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consist of the following as of December 31:

|  | 2010                | 2009                |
|--|---------------------|---------------------|
| Land   | \$ 391,465          | \$ 385,465          |
| Land improvements                              | 393,650             | 380,849             |
| Buildings and improvements                     | 4,945,145           | 4,915,094           |
| Equipment                                      | <u>2,441,468</u>    | <u>2,401,224</u>    |
| Total  | 8,171,728           | 8,082,632           |
| Less accumulated depreciation and amortization | <u>(5,594,913)</u>  | <u>(5,412,302)</u>  |
| Land, buildings and equipment, net             | <u>\$ 2,576,815</u> | <u>\$ 2,670,330</u> |

### 4. CASH SURRENDER VALUE OF LIFE INSURANCE

The Council is the owner and beneficiary of two whole-life insurance policies. Both policies are carried at their cash surrender value which approximates the fair value.

### 5. LONG-TERM INVESTMENTS

Long-term investments consisted of the following:

|                             | 2010                |                     | 2009                |                     |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
|                             | Cost                | Market              | Cost                | Market              |
| Money market funds          | \$ 35,062           | \$ 35,062           | \$ 21,610           | \$ 21,610           |
| U.S. government securities  | 598,285             | 620,971             | 548,410             | 559,042             |
| Corporate and foreign bonds | 51,012              | 53,444              | 126,917             | 129,312             |
| Equity securities           | 624,732             | 813,529             | 589,461             | 699,827             |
| Mutual funds                | <u>828,214</u>      | <u>909,699</u>      | <u>807,226</u>      | <u>806,198</u>      |
|                             | <u>\$ 2,137,305</u> | <u>\$ 2,432,705</u> | <u>\$ 2,093,624</u> | <u>\$ 2,215,989</u> |

The following is a summary of realized and unrealized gains for the years ended December 31:

|  | 2010              | 2009              |
|--|-------------------|-------------------|
| Unrealized gain for year                                     | \$ 173,035        | \$ 342,006        |
| Net realized gain (loss) for year (based upon original cost) | <u>35,318</u>     | <u>(119,245)</u>  |
| Total net gain for year                                      | <u>\$ 208,353</u> | <u>\$ 222,761</u> |

Investment and related custodial fees charged to operations amounted to \$12,574 and \$11,179 for years ended December 31, 2010 and 2009.

## 5. LONG-TERM INVESTMENTS (CONTINUED)

The long-term investments portfolio is a pooled income fund consisting of permanently restricted endowment funds and board designated investment funds.

The Board of Directors of the Council has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), enacted in Massachusetts, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with donor stipulations, the Council has classified as permanently restricted net assets the realized and unrealized gains and losses attributable to the permanently restricted investments.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Council considers the Council's long and short-term needs, the duration and preservation of the fund, the purposes of the Council and the donor-restricted endowment fund, expected total return on its investments, the possible effect of inflation and deflation, general economic conditions, other resources of the Council and the investment policies of the Council.

The Council spending requirement is determined by the Board of Directors each year. Distributions may include a combination of income and principal, if needed, to support these spending requirements.

Long-term investments composition as of December 31, 2010:

|                                  | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|----------------------------------|---------------------|---------------------------|---------------------------|---------------------|
| Donor-restricted endowment funds | \$ -                | \$ -                      | \$ 1,103,097              | \$ 1,103,097        |
| Board-designated endowment funds | 1,329,608           | -                         | -                         | 1,329,608           |
| <b>Total Funds</b>               | <u>\$ 1,329,608</u> | <u>\$ -</u>               | <u>\$ 1,103,097</u>       | <u>\$ 2,432,705</u> |

Long-term investments composition as of December 31, 2009:

|                                  | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|----------------------------------|---------------------|---------------------------|---------------------------|---------------------|
| Donor-restricted endowment funds | \$ -                | \$ -                      | \$ 997,719                | \$ 997,719          |
| Board-designated endowment funds | 1,218,270           | -                         | -                         | 1,218,270           |
| <b>Total Funds</b>               | <u>\$ 1,218,270</u> | <u>\$ -</u>               | <u>\$ 997,719</u>         | <u>\$ 2,215,989</u> |

5. LONG-TERM INVESTMENTS (CONTINUED)

Change in long-term investments for year ended December 31, 2010:

|  | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|--|---------------------|---------------------------|---------------------------|---------------------|
| Endowment Net Assets,<br>beginning of year                   | \$ 1,218,270        | \$ -                      | \$ 997,719                | \$ 2,215,989        |
| Contributions  | 108                 | -                         | 7,152                     | 7,260               |
| Investment Return:   |                     |                           |                           |                     |
| Investment Income  | 56,944              | 4,173                     | 1,103                     | 62,220              |
| Net appreciation/(depreciation)<br>(realized and unrealized) | <u>111,230</u>      | <u>-</u>                  | <u>97,123</u>             | <u>208,353</u>      |
| Total investment return                                      | 168,174             | 4,173                     | 98,226                    | 270,573             |
| Appropriation of endowment<br>assets for expenditure         | <u>(56,944)</u>     | <u>(4,173)</u>            | <u>-</u>                  | <u>(61,117)</u>     |
| Endowment Net Assets,<br>end of year                         | <u>\$ 1,329,608</u> | <u>\$ -</u>               | <u>\$ 1,103,097</u>       | <u>\$ 2,432,705</u> |

Change in long-term investments for year ended December 31, 2009:

|  | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |
|--|---------------------|---------------------------|---------------------------|---------------------|
| Endowment Net Assets,<br>beginning of year                   | \$ 1,099,125        | \$ -                      | \$ 855,637                | \$ 1,954,762        |
| Contributions  | -                   | -                         | 33,366                    | 33,366              |
| Investment Return:   |                     |                           |                           |                     |
| Investment Income  | 52,432              | 4,237                     | 3,338                     | 60,007              |
| Net appreciation/(depreciation)<br>(realized and unrealized) | <u>117,383</u>      | <u>-</u>                  | <u>105,378</u>            | <u>222,761</u>      |
| Total investment return                                      | 169,815             | 4,237                     | 108,716                   | 282,768             |
| Appropriation of endowment<br>assets for expenditure         | <u>(50,670)</u>     | <u>(4,237)</u>            | <u>-</u>                  | <u>(54,907)</u>     |
| Endowment Net Assets,<br>end of year                         | <u>\$ 1,218,270</u> | <u>\$ -</u>               | <u>\$ 997,719</u>         | <u>\$ 2,215,989</u> |

**6. BOARD DESIGNATED NET ASSETS**

The Board has designated unrestricted net assets for the following special purposes as of December 31:

|                                   | <b>2010</b>         | <b>2009</b>         |
|-----------------------------------|---------------------|---------------------|
| Board designated cash             | \$ 1,057,224        | \$ 1,352,301        |
| Endowment                         | 1,315,524           | 1,204,700           |
| Insurance policy                  | 34,818              | 32,295              |
| Prepaid expenses                  | -                   | 8,886               |
| Total board designated net assets | <u>\$ 2,407,566</u> | <u>\$ 2,598,182</u> |

**7. UNRESTRICTED NET ASSETS – INVESTED IN PROPERTY AND EQUIPMENT**

As of December 31, 2010 and 2009, unrestricted net assets invested in property and equipment reflects the total net value of all land, buildings and equipment of \$2,576,815 and \$2,670,330, respectively as well as cash of \$0 and \$6,713, respectively segregated to be used for land, buildings and equipment.

**8. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes as of December 31:

|   | <b>2010</b>       | <b>2009</b>       |
|---|-------------------|-------------------|
| Camperships                             | \$ 9,277          | \$ 7,068          |
| Sailing program                         | 9,144             | 9,144             |
| Troop activities                        | 3,979             | 3,979             |
| Camp Marion White projects              | 7,000             | 7,000             |
| Shepherds Hollow                        | 4,825             | 4,825             |
| Other restricted grants                 | <u>166,254</u>    | <u>120,530</u>    |
| Total temporarily restricted net assets | <u>\$ 200,479</u> | <u>\$ 152,546</u> |

**9. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets were restricted for the following purposes as of December 31:

|   | <b>2010</b>         | <b>2009</b>         |
|---|---------------------|---------------------|
| Investments                             | \$ 1,103,098        | \$ 996,491          |
| Cash                                    | 73,791              | 20,961              |
| Receivable                              | 91,553              | -                   |
| Christine L. Beck Trust                 | 163,903             | 146,322             |
| Grace Noyes Trust                       | 260,874             | 242,151             |
| Life insurance                          | <u>15,017</u>       | <u>14,295</u>       |
| Total permanently restricted net assets | <u>\$ 1,708,236</u> | <u>\$ 1,420,220</u> |

## 10. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions, during 2010 and 2009, by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors as follows:

|   | 2010             | 2009             |
|---|------------------|------------------|
| Outreach programs                           | \$ 13,649        | \$ 15,500        |
| Campership fund                             | 22,484           | 23,772           |
| Land, buildings and equipment               | 400              | 7,400            |
| Handicap access/camperships                 | -                | 28,083           |
| Other restricted grants                     | <u>20,424</u>    | <u>-</u>         |
| Total net assets released from restrictions | <u>\$ 56,957</u> | <u>\$ 74,755</u> |

## 11. CONCENTRATIONS OF CREDIT AND MARKET RISK

The Council maintains its cash and short-term investments in bank deposit accounts, which at times may exceed federally insured limits. The Council has not experienced any losses in such accounts. The Council believes it is not exposed to any significant credit risk on cash or short-term investments as the funds are held in accredited financial institutions.

## 12. PENSION EXPENSE

Girl Scouts of Central and Western Massachusetts, Inc. participates in the National Girl Scout Council Retirement Plan (the 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 rate of contribution was 9% and 3.8% of covered payroll in 2010 and 2009, respectively. The Council's pension expense and contributions to this plan for fiscal 2010 and 2009 were \$171,632 and \$75,231, 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 practical 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. The Plan is accounted for in accordance with U.S. generally accepted accounting principles and is considered a multiemployer plan. Accordingly, the Plan is only subject to certain minimum reporting requirements. Due to unfavorable market conditions, as of January 1, 2010 (the most recent date of determination for the plan) and January 1, 2009, the actuarial present value of accumulated plan benefits exceeded net plan assets available for plan benefits by \$80,199,440 and 73,801,639, respectively. The following is a schedule of plan benefits and assets of the National Girl Scout Council Retirement Plan as of January 1:

|  | 2010                  | 2009                  |
|--|-----------------------|-----------------------|
| Actuarial present value of accumulated plan benefits | <u>\$ 481,789,124</u> | <u>\$ 432,077,077</u> |
| Net assets available for benefits                    | <u>\$ 401,589,684</u> | <u>\$ 358,275,438</u> |

## 12. PENSION EXPENSE (CONTINUED)

Due to the accumulated plan benefits in excess of net plan assets available, management estimates the contribution rate will increase to 15.5% of covered payroll in 2011. The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was eight percent.

## 13. BENEFICIAL INTEREST IN TRUST

The Council is a 5% designated beneficiary in the Christine L. Beck Trust and a 14% designated beneficiary in the Grace Noyes Trust. As stated in the Trust documents the principal investments are to be held in perpetuity by the Trusts and the income is distributed annually to each named beneficiary. In accordance with U.S. generally accepted accounting principles for non-profit organizations the Council has recorded the fair value of its designated percentage of the trusts as permanently restricted net assets in the statement of financial position. The Council does not have access to the principal of the reported assets; however, income generated from these assets will be distributed to the Council annually and in perpetuity.

The interest and dividend income included in the statement of activities, as unrestricted revenue was \$15,149 and \$9,460 for the years ended December 31, 2010 and 2009. The market value of the beneficial interest as of December 31, 2010 and 2009 was \$424,777 and \$388,473, respectively. The unrealized change in reported fair value of \$36,304 in 2010 and \$56,504 in 2009 has been reflected in the statement of activity as permanently restricted activity.

## 14. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) provides the framework for measuring fair value. That framework 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Input prices quoted in an active market for identical financial assets or liabilities.
- Level 2: Inputs other than prices quoted in Level 1, such as prices quoted for similar financial assets and liabilities in active markets, prices for identical assets and liabilities in markets that are not active or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Input prices quoted that are significant to the fair value of the financial assets or liabilities which are not observable nor supported by an active market.

The asset 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 maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation method used for assets measured at fair value. There have been no changes in the method used at December 31, 2010 and 2009.

*Money market and certificates of deposit:* valued at fair value by discounting the related cash flows based on current yields of similar instruments considering the credit-worthiness of the issuer.

*U.S. government securities:* valued at the closing price reported on the active market on which the individual securities are traded.

#### 14. FAIR VALUE MEASUREMENTS (CONTINUED)

*Corporate and foreign bonds:* corporate and foreign bonds for which there is no active market are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

*Equity securities:* valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* valued at the net asset value of shares held by the Council at year end.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Council believes its valuation method is appropriate and consistent, the use of different methodologies or assumptions could result in a different fair value measurement at the reporting date.

The following items are measured at fair value on a recurring basis at December 31:

|                              | 2010                |                     |                   |                     |
|------------------------------|---------------------|---------------------|-------------------|---------------------|
|                              | <u>Level 1</u>      | <u>Level 2</u>      | <u>Level 3</u>    | <u>Total</u>        |
| Money market                 | \$ -                | \$ 641,222          | \$ -              | \$ 641,222          |
| Certificates of deposit      | -                   | 418,273             | -                 | 418,273             |
| U.S. government securities   | 620,971             | -                   | -                 | 620,971             |
| Corporate and foreign bonds  | -                   | 53,444              | -                 | 53,444              |
| Equity securities:           |                     |                     |                   |                     |
| Basic materials              | 137,217             | -                   | -                 | 137,217             |
| Conglomerates                | 25,406              | -                   | -                 | 25,406              |
| Consumer goods               | 77,996              | -                   | -                 | 77,996              |
| Financial                    | 131,666             | -                   | -                 | 131,666             |
| Healthcare                   | 65,993              | -                   | -                 | 65,993              |
| Industrial goods             | 71,742              | -                   | -                 | 71,742              |
| Services                     | 124,360             | -                   | -                 | 124,360             |
| Technology                   | 165,442             | -                   | -                 | 165,442             |
| Utilities                    | 13,707              | -                   | -                 | 13,707              |
| Total equity securities      | 813,529             | -                   | -                 | 813,529             |
| Mutual funds:                |                     |                     |                   |                     |
| Fixed income funds           | 573,611             | -                   | -                 | 573,611             |
| Growth and income funds      | 22,574              | -                   | -                 | 22,574              |
| Balance index funds          | 135,850             | -                   | -                 | 135,850             |
| Equity mutual funds          | 177,664             | -                   | -                 | 177,664             |
| Total mutual funds           | 909,699             | -                   | -                 | 909,699             |
| Beneficial interest in trust | -                   | -                   | 424,777           | 424,777             |
|                              | <u>\$ 2,344,199</u> | <u>\$ 1,112,939</u> | <u>\$ 424,777</u> | <u>\$ 3,881,915</u> |

14. FAIR VALUE MEASUREMENTS (CONTINUED)

The following items are measured at fair value on a recurring basis at December 31:

|                              | <b>2009</b>         |                     |                   |                     |
|------------------------------|---------------------|---------------------|-------------------|---------------------|
|                              | <u>Level 1</u>      | <u>Level 2</u>      | <u>Level 3</u>    | <u>Total</u>        |
| Money market                 | \$ -                | \$ 507,729          | \$ -              | \$ 507,729          |
| Certificates of deposit      | -                   | 982,019             | -                 | 982,019             |
| U.S. government securities   | 559,042             | -                   | -                 | 559,042             |
| Corporate and foreign bonds  | -                   | 129,312             | -                 | 129,312             |
| Equity securities:           |                     |                     |                   |                     |
| Basic materials              | 95,985              | -                   | -                 | 95,985              |
| Conglomerates                | 28,233              | -                   | -                 | 28,233              |
| Consumer goods               | 86,680              | -                   | -                 | 86,680              |
| Financial                    | 101,067             | -                   | -                 | 101,067             |
| Healthcare                   | 59,485              | -                   | -                 | 59,485              |
| Industrial goods             | 43,981              | -                   | -                 | 43,981              |
| Services                     | 98,393              | -                   | -                 | 98,393              |
| Technology                   | 179,161             | -                   | -                 | 179,161             |
| Utilities                    | 6,842               | -                   | -                 | 6,842               |
| Total equity securities      | 699,827             | -                   | -                 | 699,827             |
| Mutual funds:                |                     |                     |                   |                     |
| Fixed income funds           | 160,985             | -                   | -                 | 160,985             |
| Growth and income funds      | 19,769              | -                   | -                 | 19,769              |
| Balance index funds          | 119,912             | -                   | -                 | 119,912             |
| Equity mutual funds          | 505,532             | -                   | -                 | 505,532             |
| Total mutual funds           | 806,198             | -                   | -                 | 806,198             |
| Beneficial interest in trust | -                   | -                   | 388,473           | 388,473             |
|                              | <u>\$ 2,065,067</u> | <u>\$ 1,619,060</u> | <u>\$ 388,473</u> | <u>\$ 4,072,600</u> |

The table below sets forth a summary of changes in the fair value of the Plan's level 3 assets for the years ended December 31, 2010 and 2009:

|  | <u>Beneficial interest in trust</u> |                   |
|--|-------------------------------------|-------------------|
|  | <b>2010</b>                         | <b>2009</b>       |
| Balance, beginning of year                                   | \$ 388,473                          | \$ 331,969        |
| Earnings and investment gains/losses, net of investment fees | 36,304                              | 56,504            |
| Balance, end of year   | <u>\$ 424,777</u>                   | <u>\$ 388,473</u> |

**15. SUBSEQUENT EVENTS**

Management made an offer to purchase property with the intentions of consolidating the service centers located in western Massachusetts for \$120,000 prior to December 31, 2010. The offer was accepted, but the purchase will not be finalized until 2011. The Council paid a deposit of \$6,000 which is included in land, buildings and equipment, net at December 31, 2010.

The Board of Directors voted to reinstate the 401(k) Plan discretionary employer match contribution effective January 1, 2011.

Management has evaluated subsequent events through March 8, 2011, the date the financial statements were available to be issued.

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