Consolidated Financial Statements Together with
Report of Independent Certified Public Accountants

GIRL SCOUTS OF THE UNITED STATES OF AMERICA

September 30, 2014 and 2013

GIRL SCOUTS OF THE UNITED STATES OF AMERICA

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of the
Girl Scouts of the United States of America:

We have audited the accompanying consolidated financial statements of Girl Scouts of the United States of America (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2014, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Girl Scouts of the United States of America as of September 30, 2014, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Report on 2013 summarized comparative information

We have previously audited the Organization's 2013 consolidated financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 24, 2014. In our opinion, the accompanying summarized comparative information as of and for the year ended September 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant Thornton LLP

New York, New York
January 22, 2015

GIRL SCOUTS OF THE UNITED STATES OF AMERICA
Consolidated Statements of Financial Position
As of September 30, 2014 and 2013

ASSETS	2014	2013
Cash and cash equivalents	$ 12,648,000	$ 11,996,000
Accounts receivable, net of allowance for doubtful accounts of approximately $117,000 in 2014 and $166,000 in 2013	6,031,000	5,516,000
Investment receivables for redemption pending	-	2,303,000
Inventories, net	7,801,000	8,671,000
Prepaid expenses	1,908,000	1,273,000
Investments	141,670,000	135,397,000
Contributions and deferred gifts receivable, net	3,892,000	3,202,000
Funds held in trust for others	653,000	625,000
Property and equipment, net	25,016,000	16,699,000
Total assets	$ 199,619,000	$ 185,682,000
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	$ 12,095,000	$ 8,621,000
Pension liability	30,119,000	28,784,000
Funds held in trust for others	653,000	625,000
Deferred revenues:		
Membership dues	18,407,000	17,320,000
Other	1,946,000	28,000
Total liabilities	63,220,000	55,378,000
NET ASSETS		
Unrestricted:		
General fund	1,399,000	1,399,000
Pension fund	(34,949,000)	(32,755,000)
Property and equipment	20,754,000	23,550,000
Board-designated	102,485,000	95,714,000
	89,689,000	87,908,000
Temporarily restricted	24,394,000	21,067,000
Permanently restricted	22,316,000	21,329,000
Total net assets	136,399,000	130,304,000
Total liabilities and net assets	$ 199,619,000	$ 185,682,000

The accompanying notes are an integral part of this consolidated financial statement.

GIRL SCOUTS OF THE UNITED STATES OF AMERICA
Consolidated Statement of Activities
For the year ended September 30, 2014, with summarized comparative financial information for 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
OPERATING REVENUES					
Membership dues	$ 40,513,000	$ -	$ -	$ 40,513,000	$ 34,666,000
Girl Scout merchandise gross profit	21,513,000	-	-	21,513,000	23,608,000
Royalty Income	9,445,000	-	-	9,445,000	8,466,000
Gifts, grants and bequests	2,948,000	5,519,000	-	8,467,000	7,253,000
Training/meeting revenue	3,996,000	-	-	3,996,000	4,584,000
Investment income allocation	3,309,000	1,186,000	-	4,495,000	4,295,000
Other	863,000	22,000	-	885,000	761,000
Total operating revenue	82,587,000	6,727,000	-	89,314,000	83,633,000
Net assets released from restrictions	5,579,000	(5,579,000)	-	-	-
Total operating revenue	88,166,000	1,148,000	-	89,314,000	83,633,000
OPERATING EXPENSES					
Program services:					
Service delivery to local councils	25,474,000	-	-	25,474,000	30,517,000
Program development and training	36,517,000	-	-	36,517,000	38,766,000
Communications	12,437,000	-	-	12,437,000	12,522,000
International services	2,912,000	-	-	2,912,000	2,949,000
Total program expenses	77,340,000	-	-	77,340,000	84,754,000
Supporting services:					
Fundraising	3,248,000	-	-	3,248,000	3,228,000
Management and general	8,906,000	-	-	8,906,000	8,435,000
Total supporting services	12,154,000	-	-	12,154,000	11,663,000
Total operating expenses	89,494,000	-	-	89,494,000	96,417,000
Operating (deficit) surplus	(1,328,000)	1,148,000	-	(180,000)	(12,784,000)
NONOPERATING REVENUE, GAINS AND LOSSES					
Endowment contributions	-	-	968,000	968,000	1,105,000
Change in value of deferred gifts	-	18,000	10,000	28,000	33,000
Change in value of charitable gift annuities	1,000	-	-	1,000	-
Adjustment to Perpetual Trust held by third parties due to clarification of donor intent	-	-	-	-	(711,000)
Contributed advertising revenue	5,480,000	-	-	5,480,000	48,531,000
Contributed advertising expense	(5,480,000)	-	-	(5,480,000)	(48,531,000)
Net investment income in excess of income allocation	5,302,000	2,161,000	9,000	7,472,000	10,143,000
Pension related (expenses) gains other than net periodic pension cost	(2,194,000)	-	-	(2,194,000)	7,081,000
Total nonoperating revenue, gains and losses	3,109,000	2,179,000	987,000	6,275,000	17,651,000
Change in net assets	1,781,000	3,327,000	987,000	6,095,000	4,867,000
Net assets, beginning of year	87,908,000	21,067,000	21,329,000	130,304,000	125,437,000
Net assets, end of year	$ 89,689,000	$ 24,394,000	$ 22,316,000	$ 136,399,000	$ 130,304,000

The accompanying notes are an integral part of this consolidated financial statement.

GIRL SCOUTS OF THE UNITED STATES OF AMERICA
Consolidated Statement of Functional Expenses
For the year ended September 30, 2014, with summarized comparative financial information for 2013

	Program Services					Supporting Services				
	Service Delivery to Local Councils	Program Development and Training	Communications	International Services	Total	Fundraising	Management and General	Total	2014 Total	2013 Total
Salaries and related benefits	$ 10,051,000	$ 13,128,000	$ 6,052,000	$ 830,000	$ 30,061,000	$ 1,296,000	$ 4,476,000	$ 5,772,000	$ 35,833,000	$ 42,859,000
Travel and related expense	1,091,000	778,000	293,000	109,000	2,271,000	90,000	382,000	472,000	2,743,000	2,808,000
Nonstaff services	903,000	4,289,000	376,000	16,000	5,584,000	97,000	360,000	457,000	6,041,000	5,873,000
Professional services	1,911,000	4,986,000	2,654,000	141,000	9,692,000	426,000	1,031,000	1,457,000	11,149,000	10,316,000
Rent, occupancy and depreciation	1,622,000	3,514,000	880,000	69,000	6,085,000	474,000	370,000	844,000	6,929,000	6,851,000
Office, publishing and technology	3,901,000	3,426,000	1,240,000	80,000	8,647,000	794,000	807,000	1,601,000	10,248,000	11,917,000
Grants and scholarships	5,593,000	3,297,000	-	-	8,890,000	-	-	-	8,890,000	7,629,000
Other expenses	402,000	3,099,000	942,000	1,667,000	6,110,000	71,000	1,480,000	1,551,000	7,661,000	8,164,000
Total expenses before contributed advertising	$ 25,474,000	$ 36,517,000	$ 12,437,000	$ 2,912,000	$ 77,340,000	$ 3,248,000	$ 8,906,000	$ 12,154,000	$ 89,494,000	$ 96,417,000
Contributed advertising	-	-	5,480,000	-	5,480,000	-	-	-	5,480,000	48,531,000
Total expenses	$ 25,474,000	$ 36,517,000	$ 17,917,000	$ 2,912,000	$ 82,820,000	$ 3,248,000	$ 8,906,000	$ 12,154,000	$ 94,974,000	$ 144,948,000

The accompanying notes are an integral part of this consolidated financial statement.

GIRL SCOUTS OF THE UNITED STATES OF AMERICA
Consolidated Statements of Cash Flows
For the years ended September 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 6,095,000	$ 4,867,000
Adjustments to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Depreciation	2,492,000	2,162,000
Change in allowance for doubtful accounts	(49,000)	(5,000)
Provision for inventory obsolescence	132,000	478,000
Change in discount on contributions receivable	10,000	(3,000)
Change in deferred gifts receivable	(28,000)	(33,000)
Change in charitable gift annuity	(1,000)	-
Net realized gains on sales of investments	(7,737,000)	(8,658,000)
Net unrealized gains on investments	(3,421,000)	(4,643,000)
Contributions restricted for investment in permanently restricted net assets	(968,000)	(1,105,000)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(466,000)	592,000
Decrease (increase) in investment receivables for redemption pending	2,303,000	(2,303,000)
Decrease in inventories	738,000	3,001,000
Increase in prepaid expenses	(635,000)	(202,000)
Increase in contributions and deferred gifts receivable	(672,000)	(774,000)
Increase in funds held in trust for others	(28,000)	(5,000)
Increase (decrease) in pension liability	1,335,000	(7,900,000)
Increase (decrease) in accounts payable and accrued liabilities	2,700,000	(1,372,000)
Increase in funds held in trust for others	28,000	5,000
Increase in deferred revenues	3,005,000	4,033,000
Net cash provided by (used in) operating activities	4,833,000	(11,865,000)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(9,962,000)	(890,000)
Proceeds from sales of investments	48,573,000	203,800,000
Purchases of investments	(43,687,000)	(199,839,000)
Net cash (used in) provided by investing activities	(5,076,000)	3,071,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for investment in permanently restricted net assets	968,000	1,105,000
Principal payments on capital lease obligations	(73,000)	(204,000)
Net cash provided by financing activities	895,000	901,000
Increase (decrease) in cash and cash equivalents	652,000	(7,893,000)
Cash and cash equivalents, beginning of year	11,996,000	19,889,000
Cash and cash equivalents, end of year	$ 12,648,000	$ 11,996,000
Supplemental disclosure of cash flow information:		
Equipment acquired under capital lease obligations	$ 196,000	$ 23,000
Fixed asset purchases included in accounts payable and accrued liabilities	$ 847,000	$ -

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

1. NATURE OF OPERATIONS

Girl Scouts of the United States of America (GSUSA), headquartered in New York City, is a national nonprofit organization dedicated to building girls of courage, confidence, and character, who make the world a better place. Formed in 1912 in Savannah, Georgia, GSUSA is now in its second century of serving girls, with more than 2.7 million adult and girl members and 59 million alumnae.

GSUSA puts girls first, because when girls succeed, so does society. GSUSA believes that girls learn by doing and that they learn best in a safe, positive environment; that adult participation and mentorship are critical to the strength and capacity of our Movement; and that service to the community is a core human virtue.

GSUSA is committed to advancing diversity and pluralism across the Girl Scout Movement and the communities it serves. GSUSA is governed by a decisive and nimble democratic process that demonstrates the organization's leadership in response to a fast-changing world. It is a premier voice for girls as well as an expert on their growth and development.

The accompanying consolidated financial statements include the assets, liabilities, net assets, revenues, and expenses of Girl Scouts of the United States of America and its wholly owned subsidiary, New York Girl Scouts, Inc. (collectively referred to as the "Organization"). All significant intercompany transactions and balances have been eliminated in consolidation.

The purpose of the Organization is to promote the Girl Scout Movement. GSUSA received a congressional charter by a special act of the United States Congress in 1951, and Girl Scouts' 112 councils are granted charters by the National Board. Each Girl Scout council is separately incorporated but chartered by GSUSA with two primary responsibilities: to deliver the Girl Scout Leadership Experience to any girl in grades K–12 who meets the membership requirements, and to further the development of the Girl Scout Movement in the United States. The national organization provides services to its chartered councils. In providing these services, the Organization is exempt from federal income tax in accordance with Section 501(c)(3) of the Internal Revenue Code. The accompanying consolidated financial statements do not include the assets, liabilities, net assets, revenues, and expenses of the chartered councils, which are governed by separate boards of directors. Total sales to chartered councils were approximately $27,809,000 and $29,899,000 in fiscal 2014 and 2013, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies followed by the Organization:

Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations or the donor-imposed restrictions have expired. All gifts, grants and bequests are considered unrestricted unless specifically restricted by the donor. Unrestricted net assets include those net assets which have been designated by the Board of Directors for specific purposes as well as undesignated amounts for the working capital General Fund and the changes in the accounting for the pension plan.

Temporarily restricted net assets: Net assets that are subject to donor-imposed restrictions either for use during a specified time period and/or for a particular purpose. When a donor-imposed restriction is fulfilled or when a time restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

Permanently restricted net assets: Net assets that are subject to donor-imposed restrictions whereby the corpus must be maintained in perpetuity by the Organization. The donors of these assets allow the Organization to use all or part of the income earned on related investments for unrestricted or restricted purposes.

Revenue Recognition

Membership dues are recorded when received and are recognized as revenue during the applicable membership period. Membership dues collected prior to September 30 which relate to the next fiscal year are deferred until earned and are recorded as deferred membership dues on the accompanying consolidated statements of financial position. Lifetime membership dues are reflected as endowment contributions in the accompanying consolidated statement of activities and are intended to be held in perpetuity. Girl Scout Merchandise (“GSM”) sales are recorded when orders are shipped. Royalty income is recognized when earned. Contributions, including unconditional promises to give, are recognized as revenue in the year in which an unconditional promise to give is received and are considered to be available for unrestricted use unless specifically restricted by the donor. Restricted contributions are accounted for as temporarily restricted or permanently restricted net assets. The Organization acts as an agent for specific grants designated for local councils and, as such, does not recognize those amounts as revenue. Upon receipt of such funding, the Organization records an asset and related liability until the funds are transferred to the local councils in accordance with the grant provisions. Conference revenues and expenses are reported in the fiscal year in which the conference is held. Amounts received in advance from attendees or costs paid in advance by the Organization for conferences occurring in the following fiscal year are deferred.

Contributions Receivable

Unconditional promises to give that are expected to be collected within a year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at their estimated present value using a risk adjusted rate. An allowance is recorded for estimated uncollectible contributions based upon management’s judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors, as necessary.

Deferred Gifts Receivable and Funds Held in Trust for Others

The Organization has been named as the sole or participating beneficiary in several charitable remainder trusts and perpetual trusts held by third-party trustees. A charitable remainder trust is an arrangement in which a donor establishes a trust with specified distributions to be made to a designated beneficiary or beneficiaries over the trust’s term. The Organization will receive its share of the assets remaining upon the termination of the charitable remainder trust. A perpetual trust held by a third party is an arrangement in which a donor establishes and funds a perpetual trust administered by a third party other than the beneficiary or beneficiaries. Under the terms of the perpetual trust, the beneficiary or beneficiaries have the right to receive the income earned on the trust assets in perpetuity, but never receive the assets held in the trust.

The Organization has recorded the estimated fair value of its interests in the trusts’ assets as either temporarily or permanently restricted net assets, in accordance with the trusts’ terms.

The Organization is acting as an agent for funds held in trust for local councils associated with the pooled income fund and certain charitable remainder trusts. These funds are distributed to the local councils in accordance with donors' intentions.

The Organization enters into agreements with donors to accept and administer charitable gift annuities, which provide for payments to the donors or their beneficiaries based upon specified annuity amounts. Assets held under charitable gift annuities are included in investments. Contribution revenue is recognized at the date the annuity contract is established after recording the liability for the present value of the estimated future payments expected to be made to the donor and/or beneficiary. The liabilities are adjusted annually for changes in the life expectancy of the donor or beneficiary, amortization of the discount, and other changes in the estimates of future payments. The liabilities related to the Organization's charitable gift annuities totaled approximately $27,000 at September 30, 2014 and are included in accounts payable and accrued liabilities. The discount rate used to value new charitable gift annuities ranged from 7.0% to 7.2% at September 30, 2014.

Operating Measure

Operating revenues and expenses reflect the activities in which the Organization typically engages to fulfill its mission. The Organization utilizes a spending rate in making its annual investment allocation for support of operations. Investment income, including net realized and unrealized gains and losses, earned in excess of or less than the Organization's spending rate is recognized within non-operating revenue, gains and losses. Endowment contributions, the change in value of deferred gifts and charitable gift annuities, contributed advertising revenue and expense, pension related expenses other than net periodic pension costs, and other items considered to be unusual or nonrecurring in nature are recorded below the operating indicator on the accompanying consolidated statement of activities.

Fair Value Measurements

The Organization follows guidance that established a framework for measuring fair value by utilizing a fair value hierarchy based on the inputs used to measure fair value and enhancing disclosure requirements for fair value measurements. This guidance maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable. The nature of these securities include investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value (NAV) per share, or its equivalent, that may be redeemed at that NAV at the date of the statement of financial position or in the near term, which is generally considered to be within 90 days.

Level 3 - Securities that have little to no pricing observability. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Organization. The Organization considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Organization's perceived risk of that instrument (see Note 4).

The carrying amounts of cash and cash equivalents, receivables, other assets, accounts payable, accrued expenses and other liabilities reported in the accompanying consolidated statements of financial position approximate fair value.

Investments in mutual funds are valued based on published unit values. Investments in common stock are stated at quoted prices in an active market. Investments are pooled and the related investment income is allocated on a pro rata basis to the respective net asset classes.

Investments in private equity and hedge funds are stated at fair value based on valuations provided by the external investment managers or by the general partner or manager. Individual investment holdings within the alternative investments may include investments in both nonmarketable and market-traded securities. Fair value of the alternative investments is determined by management based on information provided by the investment manager or general partner.

Investments in real estate are carried at estimated fair value based upon valuations performed by the investment managers and upon appraisal reports prepared annually by independent real estate appraisers.

Accounts Receivable

Accounts receivable primarily represent amounts due from Girl Scouts councils and other vendors for Girl Scouts merchandise, and amounts due from Girl Scouts councils for membership dues payments. Allowances for doubtful accounts are established based on prior collection experience and current economic factors which, in management's judgment, could influence the ability of councils and other vendors to pay the amounts due.

At September 30, 2014 and 2013, accounts receivable consisted of the following:

	2014	2013
Accounts receivable	$ 6,148,000	$ 5,682,000
Less: allowance for doubtful accounts:		
Beginning of year	(166,000)	(171,000)
Writeoffs	146,000	58,000
Recoveries	(3,000)	-
(Decreases)/increases	(94,000)	(53,000)
End of year	(117,000)	(166,000)
Accounts receivable, net	$ 6,031,000	$ 5,516,000

Inventories

Inventories are stated at the lower of weighted-average cost or market value.

Property and Equipment

Property and equipment are included in the accompanying consolidated financial statements at cost or, if contributed, at the approximate fair value at the date of the gift. Depreciation is recorded on the straight-line basis over the estimated useful lives of the assets. The Organization capitalizes all property and equipment with a cost of at least $5,000 and an estimated useful life of more than one year. Software that has been purchased and developed for internal use and related upgrades and enhancements that result in additional functionality of the software are included in property and equipment. Related depreciation is recorded on a straight-line basis over the estimated useful lives of the software development costs.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and investments with maturities of three months or less, excluding cash and cash equivalents held as part of the investment portfolio.

The carrying amounts reported in the consolidated statements of financial position for cash and cash equivalents approximate fair value. At September 30, 2014, the majority of cash and cash equivalents were held by two major U.S. financial institutions.

Functional Expenses

The majority of expenses can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using bases determined by management to be reasonable.

For the year ended September 30, 2014, the Organization's total costs and expenses were approximately $112,925,000, consisting of program services expenses of approximately $100,368,000 (including GSM cost of sales of approximately $17,548,000), fundraising expenses of approximately $3,248,000 and management and general expenses of approximately $9,309,000 (including investment manager expenses of approximately $403,000).

For the year ended September 30, 2013, the Organization's total costs and expenses were approximately $160,688,000, consisting of program services expenses of approximately $148,668,000 (including GSM cost of sales of approximately $15,383,000), fundraising expenses of approximately $3,228,000 and management and general expenses of approximately $8,792,000 (including investment manager expenses of approximately $357,000).

Advertising Costs and Contributed Airtime

Advertising costs are expensed as incurred. Advertising costs totaled approximately $5,759,000 and $50,100,000 in fiscal 2014 and 2013, respectively. Of these advertising costs, approximately $279,000 and $1,569,000 was paid in cash in fiscal 2014 and 2013, respectively.

The Organization receives in-kind contributions primarily in the form of donated advertising on television, radio stations and in print. The fair value of such in-kind contributions, is determined by management using information provided by a third-party advertising service, and approximated $5,480,000 and $48,531,000 for the years ended September 30, 2014 and 2013, respectively. Such amounts are reflected in the accompanying consolidated financial statements as contributed advertising revenue and contributed advertising expense. The Organization's Marketing and Communications teams strive to use budget resources efficiently and make data-driven decisions. During fiscal 2014, the Organization shifted away from public service announcements/contributed media towards activities such as digital advertising and council marketing pilots for recruitment and retention that have a more measurable and meaningful return on investment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant management estimates and assumptions relate to the determination of allowances for doubtful accounts for merchandise sales, inventory obsolescence, and contributions receivable; the determination of year-end operating accruals; the useful lives assigned to property and equipment; actuarial assumptions used in estimating the pension liability; and the reported fair values of certain of the Organization's financial instruments, particularly non-marketable investments such as private equity, real estate, hedge fund, private bond fund, and collective trust fund investments. Actual results may differ from those estimates.

Concentration of Credit Risk

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market and credit risks. To minimize such risks, the Organization has a diversified portfolio in a variety of asset classes managed by independent investment managers. The Organization's cash, cash equivalents and investments were placed with high credit quality financial institutions. The Organization regularly evaluates its investments including performance thereof. Due to inherent risks and potential volatility in investment valuations, the amounts reported in the accompanying consolidated financial statements can vary substantially from year to year. The Organization maintains its cash in various bank deposit accounts that, at times, may exceed federally insured limits; however, the Organization has not experienced, nor does it anticipate, any losses in such accounts.

Income Taxes

The Organization follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement. This standard provides that the tax effects from an uncertain tax position can be recognized in the consolidated financial statements only if the position is "more-likely-than-not" to be sustained if the position were to be challenged by a taxing authority. The standard also provides guidance on measurement, classification, interest and penalties, and disclosure and had no material impact on the accompanying consolidated financial statements. The tax years ended 2011, 2012, 2013 and 2014 are still open to audit for both federal and state purposes. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year's presentation. Girl Scouts merchandise sales program and development expenses were reclassified from Girls Scouts merchandise sales and other income, net to program development and training expense. In addition, contributed airtime was reclassified from operating to nonoperating on the statement of activities. Such reclassifications did not change total assets, liabilities, or total net assets as reflected in the 2013 consolidated financial statements.

2013 Summarized Comparative Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements as of and for the year ended September 30, 2013, from which the summarized information was derived.

3. INVENTORIES

Inventories in warehouses and at suppliers were comprised approximately of the following at September 30, 2014 and 2013:

	2014	2013
Finished goods	$ 7,801,000	$ 8,671,000

Finished goods inventories are net of a reserve for obsolescence of approximately $1,598,000 and $1,556,000 at September 30, 2014 and 2013, respectively.

4. INVESTMENTS

Investments, at fair value were comprised approximately of the following at September 30, 2014 and 2013:

	2014	2013
Common stocks:		
Small capitalization equities	$ 6,727,000	$ 8,359,000
Mutual funds:		
Domestic	22,605,000	17,584,000
International	4,997,000	3,767,000
Private equity funds	5,770,000	5,169,000
Private bond fund	6,801,000	5,998,000
Fixed income fund	55,000	-
Commodity fund	3,000	-
Common collective trust	73,544,000	76,687,000
Hedge funds	15,466,000	14,356,000
Real estate	2,867,000	1,427,000
Money market funds	2,835,000	2,050,000
	$ 141,670,000	$ 135,397,000

Alternative investments represent hedge fund, limited partnership and similar interests held by the Organization in funds that invest in public and private securities and follow a variety of investment strategies. Terms and conditions of these investments, including liquidity provisions, are different for each fund. The Organization believes that the carrying amount of its alternative investments was a reasonable estimate of the fair value of such investments at September 30, 2014 and 2013. As is typical of investment portfolios of similar types of institutions, alternative investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed.

The Organization invests in hedge funds, which invest in a variety of investments through separate investment entities where an equity interest is acquired. While these investments may create indirect exposure to the Organization through trading in foreign currency forward contracts, the Organization's risk is limited to its capital balance in these investments.

The Organization utilizes a spending rate policy to make an annual investment income allocation for the support of operations of 4% of the average market value of the Organization's investment portfolio over the last four years.

Investment income has been reported as follows:

	2014				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2013 Total
Interest and dividends, net of investment manager expenses of approximately $403,000 and $357,000 in fiscal 2014 and 2013, respectively	$ 582,000	$ 227,000	$ -	$ 809,000	$ 1,137,000
Net realized gains on sale of investments	5,565,000	2,163,000	9,000	7,737,000	8,658,000
Net unrealized gains on investments	2,464,000	957,000	-	3,421,000	4,643,000
Total investment gains	8,611,000	3,347,000	9,000	11,967,000	14,438,000
Investment income allocation used for current operations	3,309,000	1,186,000	-	4,495,000	4,295,000
Net investment gain in excess of income allocation	$ 5,302,000	$ 2,161,000	$ 9,000	$ 7,472,000	$ 10,143,000

The fair values of the investment securities, classified by level, as of September 30, 2014 are as follows:

	Level 1	Level 2	Level 3	Total
Common Stock:				
Small capitalization equities	$ 6,717,000	$ 10,000	$ -	$ 6,727,000
Mutual Funds:				
Domestic	22,605,000	-	-	22,605,000
International	4,951,000	46,000	-	4,997,000
Private equity funds	-	-	5,770,000	5,770,000
Private bond fund	-	6,801,000	-	6,801,000
Fixed income fund	-	55,000	-	55,000
Commodity fund	-	3,000	-	3,000
Common collective trust	-	73,544,000	-	73,544,000
Hedge funds	-	-	15,466,000	15,466,000
Real estate	-	-	2,867,000	2,867,000
Money market funds	2,835,000	-	-	2,835,000
Total assets at fair value	$ 37,108,000	$ 80,459,000	$ 24,103,000	$ 141,670,000

The fair values of the investment securities, classified by level, as of September 30, 2013 are as follows:

	Level 1	Level 2	Level 3	Total
Common Stock:				
Small capitalization equities	$ 8,359,000	$ -	$ -	$ 8,359,000
Mutual Funds:				
Domestic	17,584,000	-	-	17,584,000
International	3,767,000	-	-	3,767,000
Private equity funds	-	-	5,169,000	5,169,000
Private bond fund	-	5,998,000	-	5,998,000
Common collective trust	-	76,687,000	-	76,687,000
Hedge funds	-	-	14,356,000	14,356,000
Real estate	-	-	1,427,000	1,427,000
Money market funds	2,050,000	-	-	2,050,000
Total assets at fair value	$ 31,760,000	$ 82,685,000	$ 20,952,000	$ 135,397,000

The following is a reconciliation of Level 3 assets as of September 30, 2014.

	Private Equity	Hedge Funds	Real Estate	Total
Balance, October 1, 2013	$ 5,169,000	$ 14,356,000	$ 1,427,000	$ 20,952,000
Realized gains	700,000	1,933,000	-	2,633,000
Unrealized gains (losses)	393,000	(506,000)	174,000	61,000
Purchases	325,000	9,556,000	1,266,000	11,147,000
Sales	(869,000)	(9,763,000)	-	(10,632,000)
Partnership income/(loss)	52,000	(110,000)	-	(58,000)
Balance, September 30, 2014	$ 5,770,000	$ 15,466,000	$ 2,867,000	$ 24,103,000

The following is a reconciliation of Level 3 assets as of September 30, 2013.

	Private Equity	Hedge Funds	Real Estate	Total
Balance, October 1, 2012	$ 4,799,000	$ 13,036,000	$ 2,107,000	$ 19,942,000
Realized gains (losses)	373,000	1,097,000	(961,000)	509,000
Unrealized gains	104,000	379,000	1,081,000	1,564,000
Purchases	236,000	26,000	1,503,000	1,765,000
Sales	(396,000)	(95,000)	(2,303,000)	(2,794,000)
Partnership income/(loss)	53,000	(87,000)	-	(34,000)
Balance, September 30, 2013	$ 5,169,000	$ 14,356,000	$ 1,427,000	$ 20,952,000

The Organization uses the Net Asset Value (NAV) to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their investees financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Per the accounting standard governing NAV as a practical expedient, the following tables list investments in other companies by major category as of September 30, 2014 and 2013:

2014

Type	Strategy	NAV in Funds	# of Funds	Remaining Life	$ Amount of Unfunded Commitments	Timing to Drawdown Commitments
Private Equities	Funds are focused on venture and buyout in the U.S, U.S. buyout primary partnerships, U.S. venture primary partnerships, and US credit primary partnerships.	$ 5,770,000	7	3 to 11 years	$ 2,367,000	1 to 5 years
Hedge Funds	Funds are focused on capital appreciation through direct and/or indirect investments, and credit strategies.	15,466,000	6	N/A	N/A	N/A
Collective Trust	Collective Investment fund focusing on generating attractive return, through investment in a diversified portfolio of emerging markets debt and currency instruments.	73,544,000	7	N/A	N/A	N/A
Private Bond Fund	Bond fund investing primarily in debt securities of non-investment grade (high yield) companies.	6,801,000	1	N/A	N/A	N/A
Real Estate	Focus is in specific markets, submarkets and properties with the potential for generating above average returns on a risk-adjusted basis.	2,867,000	2	N/A	4,340,000	N/A
Total		$ 104,448,000	23		$ 6,707,000	

2013

Type	Strategy	NAV in Funds	# of Funds	Remaining Life	$ Amount of Unfunded Commitments	Timing to Drawdown Commitments
Private Equities	Funds are focused on venture and buyout in the U.S., U.S. buyout primary partnerships, U.S. venture primary partnerships, and US credit primary partnerships.	$ 5,169,000	7	3 to 12 years	$ 3,041,000	1 to 5 years
Hedge Funds	Funds are focused on capital appreciation through direct and/or indirect investments, and credit strategies.	14,356,000	4	N/A	N/A	N/A
Collective Trust	Collective Investment fund focusing on generating attractive return, through investment in a diversified portfolio of emerging markets debt and currency instruments.	76,687,000	5	N/A	N/A	N/A
Private Bond Fund	Bond fund investing primarily in debt securities of non-investment grade (high yield) companies.	5,998,000	1	N/A	N/A	N/A
Real Estate	Focus is in specific markets, submarkets and properties with the potential for generating above average returns on a risk-adjusted basis.	1,427,000	1	N/A	N/A	N/A
Total		$ 103,637,000	18		$ 3,041,000	

The Private Equity funds have no redemption terms. The Hedge Fund investments have redemption terms ranging from 95 to 370 days notice and certain lockups range from 1 to 3 years. The Real Estate funds have a 65 day notice period and redemption restrictions are on a pro rata basis. The Collective Trust funds may be redeemed daily and have no redemption restrictions. The Private Bond fund's redemption terms require a written request 15 days before withdrawal.

5. CONTRIBUTIONS, DEFERRED GIFTS RECEIVABLE, AND GOVERNMENT CONTRACTS

Included in contributions and deferred gifts receivable, net, are contributions receivable of approximately $3,136,000 and $2,474,000 at September 30, 2014 and 2013, respectively. Contributions to be received over a period greater than one year are normally discounted using a risk adjusted rate based on the pledge period as of the date of the pledge and are not subsequently adjusted. At September 30, 2014, short-term contributions receivable are approximately $2,356,000, long-term contributions receivable are $790,000, and the discount on long-term contributions receivable is $10,000.

Included as deferred gifts receivable are remainder interests in several irrevocable trusts. The present value of the Organization's share of future interests in charitable remainder trusts, which amounted to approximately $527,000 and $509,000 has been recorded as deferred gifts receivable at September 30, 2014 and 2013, respectively, and, in accordance with the terms of the trusts, is included in temporarily restricted net assets. The present value of the trusts was calculated using a discount rate of 5.0%. Beneficial interests in perpetual third-party trusts of approximately $229,000 and $219,000 valued at the Organization's share of the fair value of the underlying trust assets are included in permanently restricted net assets at September 30, 2014 and 2013, respectively.

At September 30, 2014 and 2013, the Organization's beneficial interest in investments held by third-party trustees were classified as Level 3 within the fair value hierarchy.

The following tables summarize the changes in the Organization's Level 3 beneficial interests in investments held by third-party trustees for the years ended September 30, 2014 and 2013, included within contributions and deferred gifts receivable on the consolidated statements of financial position:

	Charitable Trusts	Perpetual Trusts	Total
Balance October 1, 2013	$ 509,000	$ 219,000	$ 728,000
Realized gains	3,000	5,000	8,000
Unrealized gains	29,000	5,000	34,000
Purchases	140,000	37,000	177,000
Sales	(154,000)	(37,000)	(191,000)
Balance September 30, 2014	$ 527,000	$ 229,000	$ 756,000

	Charitable Trusts	Perpetual Trusts	Total
Balance October 1, 2012	$ 494,000	$ 913,000	$ 1,407,000
Realized gains	3,000	4,000	7,000
Unrealized gains	25,000	21,000	46,000
Purchases	64,000	123,000	187,000
Sales	(77,000)	(842,000)	(919,000)
Balance September 30, 2013	$ 509,000	$ 219,000	$ 728,000

In addition, the Organization has been awarded several renewable cost-reimbursement grants from federal agencies. The Organization has recorded the following revenue included in gifts, grants and bequests on the accompanying consolidated statement of activities for the year ended September 30, 2014:

Federal Agency	2014 Revenue	Cumulative Revenue	Cumulative Federal Appropriation
Department of Agriculture	$ 191,000	$ 2,084,000	$ 2,711,000
	$ 191,000	$ 2,084,000	$ 2,711,000

6. PROPERTY AND EQUIPMENT

Property and equipment are comprised, approximately, of the following at September 30, 2014 and 2013:

	2014	2013	Estimated Useful Lives
Buildings and improvements	$ 53,997,000	$ 53,830,000	10 to 40 years
Furniture and equipment	18,227,000	17,898,000	3 to 10 years
Software development costs	17,313,000	7,000,000	3 to 5 years
	89,537,000	78,728,000	
Less accumulated depreciation	(64,898,000)	(62,406,000)	
	24,639,000	16,322,000	
Land	377,000	377,000	
	$ 25,016,000	$ 16,699,000	

Software development costs of $4,893,000 were placed in service subsequent to year end. This investment represents a new digital channel for selling cookies the Girl Scout movement's largest program. It will allow girls to create their own online businesses and advance their 21st century technology skills. Depreciation expense amounted to $2,492,000 and $2,162,000 for the years ended September 30, 2014 and 2013, respectively.

Included in property and equipment are assets acquired under capital lease arrangements with terms ranging from three to five years. At September 30, 2014 and 2013, computers and equipment acquired under such leases had a cost of approximately $1,381,000 and $1,185,000, respectively, with accumulated depreciation of approximately $1,122,000 and $1,054,000, respectively. Principal payments for the years ended September 30, 2014 and 2013 under all capital leases totaled approximately $73,000 and $204,000, respectively. Amounts outstanding under these capital leases are included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position at September 30, 2014 and 2013 and totaled approximately $257,000 and $134,000, respectively.

Net book value of properties by location is, approximately, as follows at September 30, 2014 and 2013:

	2014	2013
Land and buildings:		
Headquarters	$ 9,455,000	$ 10,662,000
Warehouse	286,000	210,000
National program and training centers	4,128,000	4,502,000
Furniture and equipment	623,000	806,000
Software development costs	10,524,000	519,000
	$ 25,016,000	$ 16,699,000

7. GIRL SCOUT MERCHANDISE (GSM)

GSM purchases uniforms and other products from manufacturers which it sells to councils and other customers on a wholesale and retail basis. GSM also licenses to manufacturers and other vendors the right to use the Organization's name and service marks on their products. Net revenue from GSM is used to further the program activities of the Organization. Summarized revenue and expenses relating to GSM are set forth below:

	2014	2013
Sales and other income	$ 39,061,000	$ 38,991,000
Less: cost of sales	(17,548,000)	(15,383,000)
Gross profit	21,513,000	23,608,000
Royalties	9,445,000	8,466,000
	30,958,000	32,074,000
Program development expenses	(13,122,000)	(13,196,000)
	$ 17,836,000	$ 18,878,000

Included in GSM program development expenses are redistributed charges, which are overhead operations costs for expenses allocated to GSM of approximately $4,432,000 and $4,906,000 for the years ended September 30, 2014 and 2013, respectively.

8. LINES OF CREDIT

The Organization has one $5,000,000 floating rate line of credit which is secured by certain of the Organization's investments, expiring on July 13, 2016, and one $5,000,000 unsecured line of credit expiring on July 10, 2015. There were no borrowings under these facilities during fiscal 2014.

9. BOARD-DESIGNATED UNRESTRICTED NET ASSETS

Board-designated unrestricted net assets are neither temporarily nor permanently restricted by donor stipulations, but were designated by the Board of Directors for specified purposes. Board-designated unrestricted net assets were comprised of the following at September 30, 2014 and 2013:

	2014	2013
Capital	$ 61,957,000	$ 56,932,000
Endowment	36,598,000	34,103,000
Other	3,930,000	4,679,000
Total	$ 102,485,000	$ 95,714,000

Additionally, the Board of Directors has designated $7,106,000 at September 30, 2014 ($7,051,000 at September 30, 2013) as a reserve for maintenance and repairs for property and equipment which is included in the property and equipment portion of unrestricted net assets.

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or are time restricted as follows at September 30, 2014 and 2013:

	2014	2013
Purpose restricted:		
Service delivery to local councils	$ 10,300,000	$ 8,597,000
Program development and training	11,981,000	10,516,000
International services	1,586,000	1,445,000
	23,867,000	20,558,000
Time restricted	527,000	509,000
	$ 24,394,000	$ 21,067,000

11. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are available for the purposes listed below. Income from permanently restricted net assets is expendable to support the following at September 30, 2014 and 2013:

	2014	2013
Program services:		
Service delivery to local councils	$ 18,140,000	$ 17,234,000
Program development and training	3,942,000	3,871,000
International services	5,000	5,000
	22,087,000	21,110,000
For general purposes	229,000	219,000
Total permanently restricted net assets	$ 22,316,000	$ 21,329,000

12. NET ASSETS RELEASED FROM RESTRICTIONS

Temporarily restricted net assets were released from donor restrictions by incurring expenses and/or time restrictions having lapsed satisfying the restricted purposes approximately as follows at September 30, 2014 and 2013:

	2014	2013
Purpose restrictions satisfied:		
Service delivery to local councils	$ 659,000	$ 657,000
Program development and training	4,819,000	5,019,000
International services	101,000	36,000
	$ 5,579,000	$ 5,712,000

13. ENDOWMENT FUND

The Organization follows the provisions of “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds.” This standard provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations subject to the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), passed by the District of Columbia, and also requires additional disclosures about endowments for both donor-restricted funds and board-designated funds.

The Organization has interpreted the District of Columbia UPMIFA 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 Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and the (c) accumulations to the permanent endowment made in accordance with the directions of the applicable donor gift instrument, at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted nets assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

A key component of this guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the purpose, duration, and preservation of the endowment fund; expected total return of investments; general economic conditions; other resources of the Organization; and the investment policy of the Organization.

The Organization has a policy of appropriating for distribution a certain percentage (4% in 2014 and 2013) of its endowment fund's average fair value over the prior four years. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate benchmarks without putting the assets at imprudent risk.

To satisfy its long-term objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The following table summarizes the changes in endowment net assets for the year ended September 30, 2014:

Composition of Endowment Net Assets by Type of Fund	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 17,876,000	$ 22,087,000	$ 39,963,000
Board-designated endowment funds	98,555,000	-	-	98,555,000
Total	$ 98,555,000	$ 17,876,000	$ 22,087,000	$ 138,518,000
Changes in Endowment Net Assets				
Endowment net assets, beginning of year	$ 91,035,000	$ 15,508,000	$ 21,110,000	$ 127,653,000
Investment return:				
Investment income	581,000	191,000	-	772,000
Net appreciation (realized and unrealized)	8,028,000	3,120,000	13,000	11,161,000
Contributions	-	-	968,000	968,000
Appropriation of endowment assets for expenditure	(2,163,000)	(943,000)	-	(3,106,000)
Other changes	1,074,000	-	(4,000)	1,070,000
Endowment net assets, end of year	$ 98,555,000	$ 17,876,000	$ 22,087,000	$ 138,518,000

The following table summarizes the changes in endowment net assets for the year ended September 30, 2013:

Composition of Endowment Net Assets by Type of Fund	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 15,508,000	$ 21,110,000	$ 36,618,000
Board-designated endowment funds	91,035,000	-	-	91,035,000
Total	$ 91,035,000	$ 15,508,000	$ 21,110,000	$ 127,653,000
Changes in Endowment Net Assets				
Endowment net assets, beginning of year	$ 88,967,000	$ 12,705,000	$ 19,993,000	$ 121,665,000
Investment return:				
Investment income	834,000	263,000	-	1,097,000
Net appreciation (realized and unrealized)	9,806,000	3,483,000	15,000	13,304,000
Contributions	7,000	-	1,106,000	1,113,000
Appropriation of endowment assets for expenditure	(2,605,000)	(943,000)	-	(3,548,000)
Other changes	(5,974,000)	-	(4,000)	(5,978,000)
Endowment net assets, end of year	$ 91,035,000	$ 15,508,000	$ 21,110,000	$ 127,653,000

Excluded from permanently restricted net assets from the tables above at September 30, 2014 and 2013 are approximately $229,000 and $219,000, respectively, of perpetual trusts held by third-parties.

14. BENEFIT PLANS

The Organization sponsors a noncontributory defined benefit retirement plan (the “Plan”) for its employees. The plan was amended on April 16, 2011 to cease accruals as of December 31, 2011 for employees participating in the plan and employees hired on or after January 1, 2012 may not enter the plan. Benefits are based on years of service and salary level. Contributions to the Plan are made based upon payment schedules provided by the actuaries of the Plan. Normal retirement age is 65, but provisions are made for early retirement.

The Plan's actuary performed the computations required for financial statement disclosure as of September 30, 2014 and 2013.

Plan assets, which are held by the Bank of New York/Mellon and the Metropolitan Life Insurance Company, are stated at fair value at September 30 and are composed primarily of investments in common stock, publicly traded debt and equity mutual funds, private equities, hedge funds, a collective trust, and real estate.

The following table sets forth the amounts reported in the Organization's consolidated statements of financial position and other information relative to the Plan as of and for the years ended September 30, 2014 and 2013:

	2014	**2013**
Net amounts recognized in the statements of financial position:		
Beginning of year	$ (28,784,000)	$ (36,684,000)
Service cost	(359,000)	(90,000)
Interest cost	(5,200,000)	(4,955,000)
Expected return on plan assets	5,311,000	5,336,000
Employer contributions	3,500,000	3,500,000
Net gain/(loss)	(4,587,000)	4,109,000
End of year	(30,119,000)	(28,784,000)
Reconciliation of benefit obligation:		
Obligation, beginning of year	$ 119,012,000	$ 126,922,000
Service cost including expenses	359,000	90,000
Interest cost	5,200,000	4,955,000
Actuarial (gain)/loss	9,825,000	(7,067,000)
Benefit payments and expected expenses	(6,973,000)	(5,888,000)
Obligation, end of year	127,423,000	119,012,000

	2014	2013
Reconciliation of fair value of plan assets:		
Fair value of Plan assets, beginning of year	$ 90,228,000	$ 90,238,000
Actual return on Plan assets	10,623,000	2,634,000
Employer contributions	3,500,000	3,500,000
Benefits payments and actual expenses	(7,047,000)	(6,144,000)
Fair value of Plan assets, end of year	97,304,000	90,228,000
Funded status	$ (30,119,000)	$ (28,784,000)
Amounts recognized in unrestricted net assets:		
Net loss	$ (34,949,000)	$ (32,755,000)
Components of net periodic benefit cost:		
Service cost	$ 359,000	$ 90,000
Interest cost	5,200,000	4,955,000
Expected return on Plan assets	(5,311,000)	(5,336,000)
Amortization of unrecognized prior service cost		
Amortization of net loss	2,394,000	2,972,000
Net periodic benefit cost	$ 2,642,000	$ 2,681,000
Other changes in assets and benefit obligations recognized in unrestricted net assets:		
Net (gain) / loss	$ 4,588,000	$ (4,109,000)
Amortization of net gain / (loss)	(2,394,000)	(2,972,000)
Total amount recognized in unrestricted net assets	$ 2,194,000	$ (7,081,000)
Weighted-average assumptions:		
Discount rate used to calculate benefit obligation	4.00 %	4.50%
Discount rate used to calculate net periodic benefit cost	4.00 %	4.00%
Expected long-term rate of return on Plan assets	6.00 %	6.00%
Average rate of increase in compensation levels	4.00 %	4.00%

The Organization's Investment Committee (the "Committee") monitors the target asset allocation (as approved by the Board of Directors) and asset performance. The Committee is in the process of implementing a shift in the asset allocation to longer duration fixed income consistent with the Board's approved statement of investment objectives. This investment strategy focuses on reducing return volatility while providing an expected return that supports the funding needs of the plan. The expected long-term rate of return is determined by using target asset allocation and historical returns for each asset class.

The fair values of the Plan's investment securities classified by level as of September 30, 2014 are as follows:

	Level 1	Level 2	Level 3	Total
Common stock:				
Small capitalization equities	$ 1,679,000	$ -	$ -	$ 1,679,000
Mutual funds:				
Domestic	21,592,000	-	-	21,592,000
International	1,837,000	-	-	1,837,000
Money market funds	3,131,000	-	-	3,131,000
Private Equity	-	-	3,825,000	3,825,000
Hedge funds	-	-	5,159,000	5,159,000
Real estate	-	-	3,123,000	3,123,000
Guaranteed Contract	-	69,000	-	69,000
Private Bond Fund	-	2,910,000	-	2,910,000
Collective Trust	-	53,979,000	-	53,979,000
Total assets at fair value	$ 28,239,000	$ 56,958,000	$ 12,107,000	$ 97,304,000

The fair values of the Plan's investment securities classified by level as of September 30, 2013 are as follows:

	Level 1	Level 2	Level 3	Total
Common stock:				
Small capitalization equities	$ 2,308,000	$ -	$ -	$ 2,308,000
Mutual funds:				
Domestic	18,173,000	-	-	18,173,000
International	1,732,000	-	-	1,732,000
Money market funds	3,318,000	-	-	3,318,000
Private Equity	-	-	3,431,000	3,431,000
Hedge funds	-	-	4,835,000	4,835,000
Real estate	-	-	1,888,000	1,888,000
Guaranteed Contract	-	72,000	-	72,000
Private Bond Fund	-	2,956,000	-	2,956,000
Collective Trust	-	51,515,000	-	51,515,000
Total assets at fair value	$ 25,531,000	$ 54,543,000	$ 10,154,000	$ 90,228,000

The following is a reconciliation of Level 3 investment securities as of September 30, 2014:

	Private Equity	Hedge Funds	Real Estate	Total
Balance, October 1, 2013	$ 3,431,000	$ 4,835,000	$ 1,888,000	$ 10,154,000
Realized gains (losses)	472,000	951,000	-	1,423,000
Unrealized gains (losses)	273,000	(435,000)	123,000	(39,000)
Purchases	233,000	6,269,000	3,000,000	9,502,000
Sales	(608,000)	(6,461,000)	(1,888,000)	(8,957,000)
Partnership Income	24,000	-	-	24,000
Balance, September 30, 2014	$ 3,825,000	$ 5,159,000	$ 3,123,000	$ 12,107,000

The following is a reconciliation of Level 3 investment securities as of September 30, 2013:

	Private Equity	Hedge Funds	Real Estate	Total
Balance, October 1, 2012	$ 3,210,000	$ 4,452,000	$ 1,745,000	$ 9,407,000
Realized gains (losses)	-	682,000	(16,000)	666,000
Unrealized gains (losses)	(344,000)	(299,000)	134,000	(509,000)
Purchases	565,000	2,483,000	51,000	3,099,000
Sales	-	(2,483,000)	(26,000)	(2,509,000)
Balance, September 30, 2013	$ 3,431,000	$ 4,835,000	$ 1,888,000	$ 10,154,000

Per the accounting standard governing NAV as a practical expedient, the following tables list the Plan's investment in other companies by major category and then by investment manager as of September 30, 2014 and 2013:

2014

Type	Strategy	NAV in Funds	# of Funds	Remaining Life	$ Amount of Unfunded Commitments	Timing to Drawdown Commitments
Private Equities	Funds are focused on venture and buyout in the U.S, U.S. buyout primary partnerships, U.S. venture primary partnerships, and US credit primary partnerships.	$ 3,825,000	9	3 to 11 years	$ 1,613,000	1 to 5 years
Hedge Funds	Funds are focused on capital appreciation through direct and/or indirect investments, and credit strategies.	5,159,000	2	N/A	N/A	N/A
Collective Trust	Collective Investment fund focusing on generating attractive return, through investment in a diversified portfolio of emerging markets debt and currency instruments.	53,979,000	7	N/A	N/A	N/A
Private Bond Fund	Bond fund investing primarily in debt securities of non-investment grade (high yield) companies.	2,910,000	1	N/A	N/A	N/A
Real Estate	Focus is in specific markets, submarkets and properties with the potential for generating above average returns on a risk-adjusted basis.	3,123,000	1	N/A	N/A	N/A
Total		$ 68,996,000	20		$ 1,613,000	

2013						
Type	Strategy	NAV in Funds	# of Funds	Remaining Life	$ Amount of Unfunded Commitments	Timing to Drawdown Commitments
Private Equities	Funds are focused on venture and buyout in the U.S, U.S. buyout primary partnerships, U.S. venture primary partnerships, and US credit primary partnerships.	$ 3,431,000	9	3 to 12 years	$ 4,972,000	1 to 5 years
Hedge Funds	Funds are focused on capital appreciation through direct and/or indirect investments, and credit strategies.	4,835,000	2	N/A	N/A	N/A
Collective Trust	Collective Investment fund focusing on generating attractive return, through investment in a diversified portfolio of emerging markets debt and currency instruments.	51,515,000	5	N/A	N/A	N/A
Private Bond Fund	Bond fund investing primarily in debt securities of non-investment grade (high yield) companies.	2,956,000	1	N/A	N/A	N/A
Real Estate	Focus is in specific markets, submarkets and properties with the potential for generating above average returns on a risk-adjusted basis.	1,888,000	1	N/A	N/A	N/A
Total		$ 64,625,000	18		$ 4,972,000	

The Private Equity funds have no redemption terms. The Hedge Fund investments have redemption terms ranging from 95 to 370 days' notice and certain lockups range from 1 to 3 years. The Real Estate funds have a 65 day notice period and redemption restrictions are on a pro rata basis. The Collective Trust funds may be redeemed daily and have no redemption restrictions. The Private Bond fund's redemption terms require a written request 15 days before withdrawal.

The percentages of the fair value of total Plan assets by asset category are as follows:

	September 30	
	2014	2013
Equities	24.3 %	31.9 %
Cash equivalents	3.3	3.6
Fixed income	60.0	53.2
Real estate	3.2	2.1
Alternative investments	9.2	9.2
Total	100.0 %	100.0 %

The following benefits which reflect expected future service, as appropriate, are expected to be paid approximately as follows:

Fiscal	
2015	$ 6,868,000
2016	6,935,000
2017	6,956,000
2018	7,208,000
2019	7,506,000
2020 - 2024	38,931,000

Contributions made to the Plan during the fiscal years ended September 30, 2014 and 2013 were $3,500,000 and $3,500,000, respectfully. A contribution of approximately $3,500,000 is expected to be made for fiscal year 2015.

Effective December 31, 2011, benefit accruals under the defined benefit retirement plan ceased. During fiscal 2011 the Organization amended its 401(k) plan, effective January 1, 2012, to make a base employer contribution of 2% of compensation up to Internal Revenue code limit, and a matching contribution of 100% of the first 1% of employee deferrals, plus 50% of the next 5% of employee deferrals (a maximum of 3.5% of compensation) subject to Internal Revenue Service limits. Employer contributions to the 401(k) for the fiscal year ended September 30, 2014 were $1,270,000 and for the fiscal year ended September 30, 2013 were $1,415,000.

15. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

In addition to providing pension benefits, the Organization provides certain postretirement health and supplemental benefits for retired employees. Substantially all of the Organization's salaried employees may become eligible for those benefits if they reach normal retirement age while working for the Organization for at least ten years.

The Organization funds its postretirement benefit costs on a pay-as-you-go basis; however, for financial reporting purposes, the Organization records these benefits as employees earn them. The related liability totaled approximately $113,000 and $157,000 in fiscal 2014 and 2013, respectively, and is included within accounts payable and accrued liabilities on the accompanying consolidated statements of financial position.

16. COMMITMENTS

The Organization has various operating leases covering property and equipment. In addition, certain long-term leases covering equipment are classified as capital leases. Accordingly, equipment is capitalized as leased property and amortized on a straight-line basis over the term of the lease. The corresponding obligation under the capital leases represents the present value of the rental payments. These leases are due to expire on various dates through fiscal 2015. The following is a schedule of future minimum rental payments required under the various operating leases as of September 30, 2014:

Fiscal	
2015	$ 98,000
2016	99,000
2017	100,000
2018	102,000
2019	60,000
	$ 459,000

Rental expense was approximately $80,000 and $98,000 for the years ended September 30, 2014 and 2013, respectively.

17. ALLOCATION OF JOINT COSTS

Direct appeal program joint costs incurred in connection with mailing educational and informational materials are allocated to program and supporting services on the basis of content of the respective materials. For the years ended September 30, 2014 and 2013, these costs we allocated as follows:

	2014	2013
Communications	$ 430,000	$ 451,000
Fundraising	411,000	160,000
	$ 841,000	$ 611,000

18. SUBSEQUENT EVENTS

The Organization evaluated its September 30, 2014 consolidated financial statements for subsequent events through January 22, 2015, the date the consolidated financial statements were available to be issued. The Organization is not aware of any subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.