

**MIDDLE TENNESSEE COUNCIL, INC.,
BOY SCOUTS OF AMERICA**

Financial Statements and Schedules

**December 31, 2009
(With Comparative Totals for 2008)**

(With Independent Auditors' Report Thereon)



LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

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LATTIMORE BLACK MORGAN & CAIN, PC
CERTIFIED PUBLIC ACCOUNTANTS AND BUSINESS ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Middle Tennessee Council, Inc.,
Boy Scouts of America:

We have audited the accompanying statement of financial position of Middle Tennessee Council, Inc., Boy Scouts of America ("Council") as of December 31, 2009, and the related statements of changes in net assets, functional expenses, and cash flows for the year 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 audit. The prior year summarized comparative information has been derived from the Council's 2008 financial statements and in our report dated April 23, 2009, we expressed an unqualified opinion on those financial statements.

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 financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Middle Tennessee Council, Inc., Boy Scouts of America as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying information on Schedules 1 and 2 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Lattimore Black Morgan & Cain, PC

Brentwood, Tennessee
April 27, 2010

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Financial Position

December 31, 2009
(With Comparative Amounts for 2008)

	<u>Assets</u>									
	Operating Fund		Capital Fund		Endowment Fund		Total All Funds			
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Current assets:										
Cash	\$ 508,343	\$ 819,842	\$ 1,885,041	\$ 459,723	\$ 44,174	\$ 18,911	\$ 2,437,558	\$ 1,298,476		
Accounts receivable	54,334	40,326	-	-	-	-	54,334	40,326		
Pledge contributions receivable, net	334,911	303,925	636,322	879,799	-	-	971,233	1,183,724		
Inventories	388,171	352,099	-	-	-	-	388,171	352,099		
Interfund loans	(40,752)	67,687	40,122	(69,683)	630	1,996	-	-		
Prepaid expenses	210,553	98,471	-	-	-	-	210,553	98,471		
Total current assets	1,455,560	1,682,350	2,561,485	1,269,839	44,804	20,907	4,061,849	2,973,096		
Land, buildings and equipment, net	-	-	10,598,747	10,438,171	-	-	10,598,747	10,438,171		
Investments	1,705,512	1,144,242	601,837	1,831,452	10,257,924	8,553,954	12,565,273	11,529,648		
Total noncurrent assets	1,705,512	1,144,242	11,200,584	12,269,623	10,257,924	8,553,954	23,164,020	21,967,819		
Total assets	\$ 3,161,072	\$ 2,826,592	\$ 13,762,069	\$ 13,539,462	\$ 10,302,728	\$ 8,574,861	\$ 27,225,869	\$ 24,940,915		
<u>Liabilities and Net Assets</u>										
Current liabilities:										
Accounts payable	\$ 110,852	\$ 101,607	\$ 10,356	\$ 27,150	\$ -	\$ -	\$ 121,208	\$ 128,757		
Camping, activity and other fees designated for future periods	188,875	32,872	-	-	-	-	188,875	32,872		
Registration fees payable to National Council	215,745	175,015	-	-	-	-	215,745	175,015		
Funds held for others	151,296	119,547	21,617	19,156	-	-	172,913	138,703		
Total current liabilities	666,768	429,041	31,973	46,306	-	-	698,741	475,347		
Net assets:										
Unrestricted net assets	2,093,922	2,055,516	10,791,151	10,703,633	(1,060,946)	(1,903,281)	11,824,127	10,855,868		
Temporarily restricted net assets	400,382	342,035	2,938,945	2,789,523	621,651	556,241	3,960,978	3,687,799		
Permanently restricted net assets	-	-	-	-	10,742,023	9,921,901	10,742,023	9,921,901		
Total net assets	2,494,304	2,397,551	13,730,096	13,493,156	10,302,728	8,574,861	26,527,128	24,465,568		
Total liabilities and net assets	\$ 3,161,072	\$ 2,826,592	\$ 13,762,069	\$ 13,539,462	\$ 10,302,728	\$ 8,574,861	\$ 27,225,869	\$ 24,940,915		

See accompanying notes to the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Changes in Net Assets

**Year ended December 31, 2009
(With Comparative Totals for 2008)**

	2009			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2009	2008
Changes in unrestricted net assets					
Public support and revenue:					
Direct public support:					
Friends of Scouting, including net assets released from expiration of time restriction of \$243,703 in 2009 and \$272,994 in 2008	\$ 2,271,441	\$ -	\$ -	\$ 2,271,441	\$ 2,582,254
Memorial contributions	-	-	24,502	24,502	14,341
Special events, net of direct costs of \$86,418 in 2009 and \$248,277 in 2008	155,292	-	-	155,292	180,692
Other direct support	<u>14,088</u>	<u>-</u>	<u>-</u>	<u>14,088</u>	<u>11,763</u>
Total direct public support	2,440,821	-	24,502	2,465,323	2,789,050
Indirect public support - United Way, including net assets released from expiration of time restriction of \$98,332 in 2009 and \$123,351 in 2008	<u>220,605</u>	<u>-</u>	<u>-</u>	<u>220,605</u>	<u>263,870</u>
Total public support	<u>2,661,426</u>	<u>-</u>	<u>24,502</u>	<u>2,685,928</u>	<u>3,052,920</u>
Other revenue:					
Sales of supplies, net of cost of goods sold of \$857,768 in 2009 and \$796,420 in 2008	437,658	-	-	437,658	371,203
Camping and related fees	912,172	-	-	912,172	887,848
Activity revenue	286,080	-	-	286,080	264,488
Product sales, net of cost of products sold of \$484,598 in 2009 and \$494,936 in 2008 and commissions paid of \$493,255 in 2009 and \$534,286 in 2008	550,060	-	-	550,060	606,163
Investment return designated for current operations	555,222	-	-	555,222	273,950
Investment income (loss) not designated	-	61,410	817,833	879,243	(2,601,315)
Miscellaneous revenue	<u>51,169</u>	<u>-</u>	<u>-</u>	<u>51,169</u>	<u>60,470</u>
Total other revenue	<u>2,792,361</u>	<u>61,410</u>	<u>817,833</u>	<u>3,671,604</u>	<u>(137,193)</u>
Net assets released from restrictions - restrictions satisfied by payments	<u>-</u>	<u>571,037</u>	<u>-</u>	<u>571,037</u>	<u>472,017</u>
Total public support and revenue	<u>5,453,787</u>	<u>632,447</u>	<u>842,335</u>	<u>6,928,569</u>	<u>3,387,744</u>

(Continued)

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Changes in Net Assets, Continued

**Year ended December 31, 2009
(With Comparative Totals for 2008)**

	<u>2009</u>			<u>Total All Funds</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2009</u>	<u>2008</u>
Changes in unrestricted net assets, continued					
Expenses:					
Program services	4,556,350	410,745	-	4,967,095	5,064,385
Management and general	221,867	19,998	-	241,865	283,457
Fundraising	573,288	69,575	-	642,863	597,549
Unallocated payments to National Council	63,876	-	-	63,876	62,251
Total operating expenses	<u>5,415,381</u>	<u>500,318</u>	<u>-</u>	<u>5,915,699</u>	<u>6,007,642</u>
Increase (decrease) in unrestricted net assets	<u>38,406</u>	<u>132,129</u>	<u>842,335</u>	<u>1,012,870</u>	<u>(2,619,898)</u>
Changes in temporarily restricted net assets					
Public support and revenue:					
Direct public support:					
Friends of Scouting	359,711	-	-	359,711	274,033
Less: Provision for uncollectible Friends of Scouting	(30,000)	-	-	(30,000)	(30,330)
Development campaign	-	675,848	-	675,848	769,342
Total direct public support	<u>329,711</u>	<u>675,848</u>	<u>-</u>	<u>1,005,559</u>	<u>1,013,045</u>
Indirect public support - United Way	<u>70,671</u>	<u>-</u>	<u>-</u>	<u>70,671</u>	<u>98,332</u>
Total public support	<u>400,382</u>	<u>675,848</u>	<u>-</u>	<u>1,076,230</u>	<u>1,111,377</u>
Investment income (loss)	<u>-</u>	<u>-</u>	<u>65,410</u>	<u>65,410</u>	<u>(135,073)</u>
Net assets released from restrictions:					
Expiration of time restriction	(342,035)	-	-	(342,035)	(396,828)
Restrictions satisfied by payments	-	(571,037)	-	(571,037)	(472,017)
Total net assets released from restrictions	<u>(342,035)</u>	<u>(571,037)</u>	<u>-</u>	<u>(913,072)</u>	<u>(868,845)</u>
Increase in temporarily restricted net assets	<u>58,347</u>	<u>104,811</u>	<u>65,410</u>	<u>228,568</u>	<u>107,459</u>

(Continued)

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Changes in Net Assets, Continued

**Year ended December 31, 2009
(With Comparative Totals for 2008)**

	<u>2009</u>			<u>Total All Funds</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2009</u>	<u>2008</u>
Changes in permanently restricted net assets:					
Direct public support	-	-	322,408	322,408	55,386
Investment income (loss)	-	-	497,714	497,714	(636,727)
Increase (decrease) in permanently restricted net assets	-	-	820,122	820,122	(581,341)
Increase (decrease) in net assets	96,753	236,940	1,727,867	2,061,560	(3,093,780)
Net assets at beginning of year	<u>2,397,551</u>	<u>13,493,156</u>	<u>8,574,861</u>	<u>24,465,568</u>	<u>27,559,348</u>
Net assets at end of year	<u>\$ 2,494,304</u>	<u>\$ 13,730,096</u>	<u>\$ 10,302,728</u>	<u>\$ 26,527,128</u>	<u>\$ 24,465,568</u>

See accompanying notes to the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Functional Expenses

Year ended December 31, 2009
(With Comparative Totals for 2008)

	2009				Total All Funds	
	Program Services	Supporting Services		Total	2009	2008
		Management and General	General Fundraising			
Employee compensation:						
Salaries	\$ 2,243,176	\$ 104,916	\$ 365,021	\$ 469,937	\$ 2,713,113	\$ 2,628,362
Employment benefits	379,331	17,751	61,760	79,511	458,842	446,555
Payroll taxes	<u>186,584</u>	<u>8,541</u>	<u>29,716</u>	<u>38,257</u>	<u>224,841</u>	<u>208,482</u>
Total compensation expenses	2,809,091	131,208	456,497	587,705	3,396,796	3,283,399
 Professional fees	37,971	59,385	7,982	67,367	105,338	127,560
Supplies and general expenses	787,335	4,487	15,612	20,099	807,434	888,989
Telephone	46,992	1,985	6,905	8,890	55,882	54,201
Postage and shipping	43,802	1,681	5,848	7,529	51,331	60,169
Occupancy expenses	374,223	7,076	24,618	31,694	405,917	362,064
Equipment rental and maintenance	94,188	3,311	11,521	14,832	109,020	111,628
Printing and publications	25,812	278	968	1,246	27,058	29,136
Travel and field operating expenses	185,322	9,370	32,601	41,971	227,293	238,640
Conference and meetings	27,505	1,498	5,212	6,710	34,215	73,151
Specific assistance	69,952	-	-	-	69,952	77,204
Recognition awards	21,529	623	2,166	2,789	24,318	37,614
Insurance	117,432	3,141	10,930	14,071	131,503	115,222
Interest expense	-	-	-	-	-	238
Provision for uncollectible pledges	-	-	-	-	-	30,330
Miscellaneous expenses	<u>38,749</u>	<u>261</u>	<u>906</u>	<u>1,167</u>	<u>39,916</u>	<u>87,371</u>
Total expenses before depreciation	4,679,903	224,304	581,766	806,070	5,485,973	5,576,916
 Depreciation of buildings and equipment	<u>287,192</u>	<u>17,561</u>	<u>61,097</u>	<u>78,658</u>	<u>365,850</u>	<u>368,475</u>
	<u>\$ 4,967,095</u>	<u>\$ 241,865</u>	<u>\$ 642,863</u>	<u>\$ 884,728</u>	<u>\$ 5,851,823</u>	<u>\$ 5,945,391</u>

See accompanying notes to the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statements of Cash Flows

Year ended December 31, 2009
(With Comparative Totals for 2008)

	<u>2009</u>			<u>Total All Funds</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:					
Increase (decrease) in net assets	\$ <u>96,753</u>	\$ <u>236,940</u>	\$ <u>1,727,867</u>	\$ <u>2,061,560</u>	\$ <u>(3,093,780)</u>
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:					
Depreciation	-	365,850	-	365,850	368,475
Provision for uncollectible pledges	30,000	-	-	30,000	30,330
Gain on disposal of equipment	-	-	-	-	(4,950)
Unrealized losses (gains) on investments	(153,002)	(27,352)	(1,744,866)	(1,925,220)	2,765,133
Contributions restricted for endowment purposes	-	-	(322,408)	(322,408)	(55,386)
Contributions restricted for capital improvements	-	(675,848)	-	(675,848)	(769,342)
Changes in operating assets and liabilities:					
Pledges and accounts receivable	(74,994)	-	-	(74,994)	35,903
Inventories	(36,072)	-	-	(36,072)	(9,949)
Interfund loans	108,439	(109,805)	1,366	-	-
Prepaid expenses	(112,082)	-	-	(112,082)	(16,022)
Accounts payable	9,245	(16,794)	-	(7,549)	(232,245)
Camping, activity and other fees designated for future periods	156,003	-	-	156,003	13,386
Registration fees payable to National Council	40,730	-	-	40,730	13,611
Funds held for others	<u>31,749</u>	<u>2,461</u>	<u>-</u>	<u>34,210</u>	<u>(9,711)</u>
Net cash provided (used) by operating activities	<u>96,769</u>	<u>(224,548)</u>	<u>(338,041)</u>	<u>(465,820)</u>	<u>(964,547)</u>
Cash flows from investing activities:					
Proceeds from sales of investments	116,074	1,256,967	484,914	1,857,955	1,191,459
Purchases of investments	(524,342)	-	(444,018)	(968,360)	(1,761,681)
Proceeds from sale of equipment	-	-	-	-	29,360
Additions to land, buildings and equipment	<u>-</u>	<u>(526,426)</u>	<u>-</u>	<u>(526,426)</u>	<u>(472,007)</u>
Net cash provided (used) by investing activities	<u>(408,268)</u>	<u>730,541</u>	<u>40,896</u>	<u>363,169</u>	<u>(1,012,869)</u>

(continued)

See accompanying notes to the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statements of Cash Flows

**Year ended December 31, 2009
(With Comparative Totals for 2008)**

	<u>2009</u>			<u>Total All Funds</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2009</u>	<u>2008</u>
Cash flows from financing activities:					
Collection of endowment fund support	-	-	322,408	322,408	55,386
Collection of development campaign support	<u>-</u>	<u>919,325</u>	<u>-</u>	<u>919,325</u>	<u>1,782,803</u>
Net cash provided by financing activities	<u>-</u>	<u>919,325</u>	<u>322,408</u>	<u>1,241,733</u>	<u>1,838,189</u>
Net increase (decrease) in cash	(311,499)	1,425,318	25,263	1,139,082	(139,227)
Cash at beginning of year	<u>819,842</u>	<u>459,723</u>	<u>18,911</u>	<u>1,298,476</u>	<u>1,437,703</u>
Cash at end of year	<u>\$ 508,343</u>	<u>\$ 1,885,041</u>	<u>\$ 44,174</u>	<u>\$ 2,437,558</u>	<u>\$ 1,298,476</u>

See accompanying notes to the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2009 and 2008

(1) Nature of Organization

The Middle Tennessee Council, Inc., Boy Scouts of America (the "Council"), operates in Nashville, Tennessee, including 37 counties of Middle Tennessee, and Fort Campbell, Kentucky. The Council has five camping facilities. The Council is a not-for-profit organization devoted to promoting, within the territory covered by the charter from time to time granted it by the Boy Scouts of America and in accordance with the congressional program, the ability of boys, young men, and women to do things for themselves and others, training them in Scoutcraft, and teaching them patriotism, courage, and self-reliance. The Council also prepares them to make ethical choices over their lifetimes and achieve their full potential using the methods which are now in common use by the Boy Scouts of America.

The Council's programs are classified as follows:

Tiger Cubs—One-year, family-oriented program for a group of teams, each consisting of a first-grade (or 7-year-old) boy and an adult partner (usually a parent). A tiger cub den is part of the Cub Scout pack.

Cub Scouts—Family and community-centered approach to learning citizenship, compassion, and courage through service projects, ceremonies, games, and other activities promoting character development and physical fitness.

Boy Scouting—With the Scout Oath and Scout Law as guides, and the support of parents and religious and neighborhood organizations, Scouts develop an awareness and appreciation of their role in their community and become well-rounded young men through the advancement of the program. Scouts progress in rank through achievements, gain additional knowledge and responsibilities, and earn merit badges that introduce a lifelong hobby or a rewarding career.

Varsity Scouting—Program for young men ages 14–17 that provides options for those who are looking for rugged high adventure or challenging sporting activities and still want to be a part of a Scouting program that offers the advancement opportunities and values of the Boy Scouts of America. There are five fields of emphasis, including advancement, high adventure/sports, personal development, service, and special programs and events.

Venturing—Provides experiences to help young men and women, ages 14–20, become mature, responsible, caring adults. Young teens learn leadership skills and participate in challenging outdoor activities, including having access to Boy Scout camping properties, a recognition program, and youth-protection training.

Learning for Life—Program to enable young people to become responsible individuals by teaching positive character traits, career development, leadership, and life skills so they can make ethical choices and achieve their full potential.

The Council's website address is www.mtcbsa.org.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2009 and 2008

(2) Summary of significant accounting policies

(a) Fund accounting

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Council are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives.

The Council also prepares financial statements in accordance with FASB Accounting Standards Codification (ASC) 958-205 and subsections (formerly Statement of Financial Accounting Standards ["SFAS"] No. 117, *Financial Statements of Not-for-Profit Organizations* ["SFAS 117"]). Under SFAS 117, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Council is required to present a statement of cash flows.

(b) Contributions

Pledges receivable for contributions are recognized upon notification of a donor's unconditional promise to give to the Council. An allowance for uncollectible promises to give is recorded based on an analysis of collection histories and on reviews of the credit worthiness of major donors. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of changes in net assets as assets released from restrictions.

(c) Donated materials and services

Donated land, buildings, equipment, investments and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Council reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Donated materials amounted to \$61,207 in 2009 and \$65,460 in 2008.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2009 and 2008

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Council's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

(d) Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising for 2009 and 2008 amounted to approximately \$47,796 and \$46,184, respectively.

(e) Investments

Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts. The Council accounts for investments in accordance with FASB ASC 958-320 and subsections (formerly SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations* ["SFAS 124"]). This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. Investment income shown in the statement of changes in net assets includes interest, dividends, and realized and unrealized gains and losses, net of investment expenses. Investment income that is restricted by the donor is reported as an increase in unrestricted net assets if the restrictions are met or expire in the year in which the income is recognized. All other donor-restricted investment income is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

(f) Investment policy

The Council's investment policy intends for the Council to invest in assets that would produce results exceeding the investment's purchase price and incur a significant yield of return, while assuming a moderate level of investment risk. The Council expects its Endowment Fund, over time, to provide a reasonable rate of return. To satisfy the long-term rate-of-return objective, the Council 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 Council targets a diversified asset allocation that places a greater emphasis on marketable equity and debt securities and money-market accounts to achieve its long-term return objectives within prudent risk constraints.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

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(g) Spending policy

On October 18, 2008, the Board of Directors (through the Executive Committee) approved an endowment spending policy. The policy defines the total funds available from the Endowment Fund in a given year (the distributable income) as up to 4 percent of the Endowment Fund's average market value over the preceding three years. The Endowment Fund is to have returns greater than the proposed distribution plus management and trustee fees. If the market value of the Endowment Fund falls to or below the amount of the fund's donor restricted gifts, then the spending policy may be amended in accordance with the guidelines not to exceed the actual earnings of the fund. The Executive Committee (subject to the Board of Director's approval) may amend this spending policy.

(h) Accounts receivable

Accounts receivable are recorded primarily for product sales stated at estimated realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. No allowance for doubtful accounts was considered necessary as of December 31, 2009 and 2008.

(i) Inter-fund loans

The Inter-fund loans at December 31, 2009 and 2008, result from the Endowment Fund and Capital Fund making advances of surplus cash funds to the Operating Fund for operating purposes.

(j) Inventories

Inventories consist of Scouting and other items available for resale and is stated at the lower of cost or market. Cost is determined using the average cost method.

(k) Land, buildings, and equipment

Land, buildings, and equipment purchased by the Council are stated at cost. Donated land, buildings, and equipment are recorded at the approximate fair market value of the asset on the date of donation. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently.

Construction in progress represents costs incurred on the construction of assets that have not been completed or placed in service as of the end of the year.

Beginning in 2008, the Council adopted the practice of capitalizing only expenditures for land, buildings, and equipment in excess of \$10,000. Depreciation of physical properties is provided over the estimated useful lives of the respective assets on a straight-line basis. Annual depreciation is charged to the Capital Fund.

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Notes to the Financial Statements

December 31, 2009 and 2008

(l) **Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

(m) **Functional allocation of expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Council providing those services. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payment of the charter fee to the National Council is not allocated as a functional expense.

(n) **Revenue recognition**

Revenue from product and supply sales is recognized when the transaction occurs. Camping and activity revenue is deferred and recognized when the activity takes place.

(o) **Realization of long-lived assets**

Management evaluates the recoverability of the investment in long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

(p) **Income taxes**

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Council currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

(q) **Memorandum totals**

The financial statements include certain prior year summarized comparative information in total but not by fund or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

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December 31, 2009 and 2008

(r) Recent accounting pronouncements

In June 2009, The Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 168, *The FASB Accounting Standards Codification (ASC) and the Hierarchy of Generally Accepted Accounting Principles: a replacement of FASB Statement No. 162*. On July 1, 2009, *The Hierarchy of Generally Accepted Accounting Principles* was rendered irrelevant, and the FASB ASC became the source of authoritative U.S. Generally Accepted Accounting Principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. On the effective date of this statement, the ASC superseded all then-existing non-SEC accounting and reporting standards, effective for financial statements issued for interim and annual periods ending after September 15, 2009.

The Council adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ["FIN 48"]) on January 1, 2009. Under FIN 48, an organization must recognize the tax benefit associated with a tax position taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of FIN 48 had no impact on the Council's financial statements. The Council does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any asset or liability for unrecognized tax benefits. No interest or penalties were accrued as of January 1, 2009, as a result of the adoption of FIN 48. For the year ended December 31, 2009, there were no interest or penalties recorded or included in its financial statements. The Council is subject to U.S. Federal tax examination for years ended after December 31, 2005.

In accordance with FASB ASC 958-205 and subsections (formerly FASB Staff Position No. 117-1 ["FAS 117-1"], *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*), the Council has determined it is subject to the Uniform Prudent Management of Institutional Funds Act of 2006, which requires the Council to classify a portion of a donor-restricted endowment fund of perpetual duration as permanently restricted net assets, unless stated otherwise in the gift instrument by the donor. These gift instruments are donor-restricted assets until appropriated for expenditure by the Council. FAS 117-1 is retroactively applied to all years presented in the accompanying consolidated financial statements.

(s) Events occurring after reporting date

The Council has evaluated events and transactions that occurred between December 31, 2009 and April 27, 2010 which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2009 and 2008

(3) Credit risk and other concentrations

The Council generally maintains cash at financial institutions in excess of the federally insured amount. The Council has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk related to its cash held at financial institutions.

The majority of the Council's public support and revenues are from donors and others in Middle Tennessee. Accordingly, substantially all pledges and accounts receivables are due from such individuals, companies, and organizations. The Council generally does not require collateral to secure receivables.

(4) Assets and liabilities measured at fair value

During 2009 and 2008, the Council adopted the accounting standards for fair value, which define fair value, establish a framework for measuring fair value, and expand disclosures about fair value measurements for both financial and non-financial assets and liabilities. These standards apply to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, fair value accounting standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity including quoted market prices in active markets for identical assets (Level 1), or significant other observable inputs (Level 2) and the reporting entity's own assumptions about market participant assumptions (Level 3).

(a) Financial instruments

The carrying amount of financial instruments, consisting of cash, accounts receivable, pledge contributions receivable, accounts payable and other current liabilities, approximate their fair value due to their relatively short maturities.

(b) Non-financial assets

The Council's non-financial assets, which include land, buildings and equipment, are not required to be measured at fair value on a recurring basis. However, if certain triggering events occur, or if an annual impairment test is required and the Council is required to evaluate the non-financial instrument for impairment, a resulting asset impairment would require that the non-financial asset be recorded at its fair value. During the year ended December 31, 2009, there were no triggering events that prompted an asset impairment test of the Council's non-financial assets. Accordingly, the Council did not measure any non-financial assets or recognize any amounts in earnings related to changes in fair value for non-financial assets for the year ended December 31, 2009.

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December 31, 2009 and 2008

See also note 7 for presentation of the levels of investments.

(5) Pledges receivable

A summary of pledges and accounts receivable as of December 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Friends of Scouting	\$ 294,240	\$ 227,014
United Way allocations	70,671	101,524
Development campaign	823,755	1,137,302
Other	<u>54,334</u>	<u>43,721</u>
	1,243,000	1,509,561
Less allowance for unamortized discount and doubtful accounts	<u>217,433</u>	<u>285,511</u>
	<u>\$ 1,025,567</u>	<u>\$ 1,224,050</u>

A discount rate of 5.00% is used to reflect the present value of expected future collections due after one year. Pledges and accounts receivable are due within one year except for the development campaign pledges receivable. The development campaign pledges receivable are due as follows:

	<u>2009</u>	<u>2008</u>
Receivable in less than one year	\$ 321,005	\$ 27,590
Receivable in one to five years	<u>502,750</u>	<u>1,109,712</u>
	<u>\$ 823,755</u>	<u>\$ 1,137,302</u>

In addition to the development campaign pledges receivable shown above, the Council has been named as a beneficiary of certain estates and life insurance policies in the approximate amount of \$650,000 as of December 31, 2009. Because these are not unconditional promises to give they are not recorded on the books of the Council.

(6) Investments

A summary of investments as of December 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Short-term investments	\$ 881,832	\$ 1,387,759
Equities and equity funds	9,489,237	4,572,049
Bonds and bond funds	1,680,323	4,602,420
Certificate of deposit	200,000	761,319
Real estate	311,780	204,000
Notes receivable - Rock Island	<u>2,101</u>	<u>2,101</u>
	<u>\$ 12,565,273</u>	<u>\$ 11,529,648</u>

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Notes to the Financial Statements

December 31, 2009 and 2008

The following schedule summarizes the investment income included in the statements of activities for 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Interest and dividend income	\$ 343,824	\$ 263,814
Net gains (losses)	1,710,802	(3,290,144)
Investment expenses	<u>(57,037)</u>	<u>(72,835)</u>
	\$ <u>1,997,589</u>	\$ <u>(3,099,165)</u>

The above investment income is classified in the statement of activities for 2009 and 2008 as follows:

	<u>2009</u>	<u>2008</u>
Unrestricted	\$ 1,434,465	\$ (2,327,365)
Temporarily restricted	65,410	(135,073)
Permanently restricted	<u>497,714</u>	<u>(636,727)</u>
	\$ <u>1,997,589</u>	\$ <u>(3,099,165)</u>

(7) Fair value measurements

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

- (i) *Short-term investments, equities and equity funds, bonds and bond funds and certificates of deposit:* Valued at the closing price reported on the active market on which the individual securities are traded.
- (ii) *Real estate:* Valued at the estimated fair market price determined by third party appraisal.
- (iii) *Note receivable:* Valued at the outstanding balance, which approximates fair value.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Council's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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December 31, 2009 and 2008

The following table sets forth by level, within the fair value hierarchy, the Council's assets and liabilities measured at fair value on a recurring basis as of December 31, 2009:

Fair Value Measurements as of December 31, 2009 using the following inputs

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Cash and cash equivalents	\$ 2,437,558	\$ 2,437,558	\$ -	\$ -
Short-term investments	881,832	881,832	-	-
Equities and equity fund	9,489,237	9,489,237	-	-
Bonds and bond fund	1,680,323	1,680,323	-	-
Certificate of deposit	200,000	200,000	-	-
Real estate	311,780	-	-	311,780
Note receivable - Rock Island	<u>2,101</u>	<u>-</u>	<u>-</u>	<u>2,101</u>
Total financial assets	\$ <u>15,002,831</u>	\$ <u>14,688,950</u>	\$ <u>-</u>	\$ <u>313,881</u>

The following table provides a summary of changes in fair value of the Council's Level 3 assets for the year ended December 31, 2009:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Balance at December 31, 2008	\$ 206,101
Unrealized gain at reporting date	<u>107,780</u>
Balance at December 31, 2009	<u>\$ 313,881</u>

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Notes to the Financial Statements

December 31, 2009 and 2008

(8) Land, buildings, and equipment

A summary of land, buildings and equipment as of December 31, 2009 and 2008 is as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 4,436,754	\$ 4,436,754
Council office building	2,989,238	2,989,238
Buildings - Boxwell Reservation, Canoe Base and High Adventure	5,939,454	5,589,447
Roads - Boxwell Reservation	929,760	929,760
Furniture, fixtures and equipment:		
Council office	442,831	442,831
Boxwell Reservation	819,629	798,619
Motor Vehicles	203,653	203,653
Construction in progress	<u>566,273</u>	<u>410,866</u>
	16,327,592	15,801,168
Accumulated depreciation	<u>(5,728,845)</u>	<u>(5,362,997)</u>
	<u>\$ 10,598,747</u>	<u>\$ 10,438,171</u>

(9) Line of credit

The Council had a \$2,000,000 revolving line of credit available with a bank at December 31, 2008. The line of credit matured in March 2009 and was not renewed.

(10) Employee benefit plans

Retirement Plan

The Boy Scouts of America has a defined benefit multiemployer retirement plan that covers eligible employees of the National Council and this council and is administered by the National Council. Eligible employees contribute 2% of compensation and the council contributes an additional 6.25% to the plan. Pension expenses for the years ending December 31, 2009 and 2008 were approximately \$115,000 and \$109,000, respectively. The Council funds pension cost accrued. There is no unfunded initial past service cost or unfunded additional prior service cost under the valuation method.

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The Plan is a multi-employer plan, and the individual information for each employer is not available. The actuarial information for the multi-employer plan as of February 1, 2009, indicates that it is in compliance with ERISA regulations regarding funding, and the Plan's net assets available for benefits exceed the present value of both vested and nonvested accumulated benefits. The assumed rate of return used in determining actuarial present values of accumulated benefits was 7.75 percent. The actuarial information stated that there was a change from the prior year in actuarial assumptions, cost method, treatment of actuarial gains and losses, and amortization of past or prior service cost. In 2009, the unit credit method, as required under the Pension Protection Act of 2006, is used in the actuarial valuation; amortization of gains and losses is over seven years; and the amortization of past or prior service cost is seven years. The actuarial valuation includes all Plan amendments as of February 1, 2009.

Thrift Plan

The Council has established a Thrift Plan covering substantially all of the employees of the Council. Participants in the Thrift Plan may elect to make voluntary before-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Internal Revenue Code of 1986, as amended. The Council has elected to match employee contributions to the Thrift Plan up to 50 percent of contributions from each participant, limited to 3 percent of each employee's gross pay. The Council contributed approximately \$35,000 and \$28,000 to the Thrift Plan in 2009 and 2008, respectively.

Healthcare Plan

The Council's employees participate in a healthcare plan provided by the Boy Scouts of America. The Council pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2009 and 2008, the Council remitted approximately \$216,000 and \$209,000, respectively, on behalf of its employees to the National Council related to the healthcare plan.

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Notes to the Financial Statements

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(11) Net assets

Temporarily restricted net assets are available for the following purposes at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Development campaign expenditures	\$ 2,938,945	\$ 2,754,150
Wildlife conservation	-	35,373
Scouting activities:		
Camperships	91,361	89,724
Low income exploring	92,787	92,787
Property maintenance	44,611	44,611
Navigator scholarship	358,934	309,131
Laura Miller scholarship program	34,785	20,942
Connelly scholarship program	(827)	(954)
Friends of Scouting and other for future periods	329,711	243,703
United Way allocations for future periods	<u>70,671</u>	<u>98,332</u>
	<u>\$ 3,960,978</u>	<u>\$ 3,687,799</u>

Permanently restricted net assets consist of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Investments in perpetuity, the income from which is expendable to support:		
Scouting activities	\$ 642,615	\$ 512,268
Property maintenance	297,853	247,945
Camp Craig property maintenance	27,730	22,943
Laura Miller scholarship program	355,376	301,690
Connelly scholarship program	23,180	21,970
Any activities of the Council	<u>9,395,269</u>	<u>8,815,085</u>
	<u>\$ 10,742,023</u>	<u>\$ 9,921,901</u>

(12) Endowment

The Council's Endowment Fund includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets, identified by the Council's Board of Directors to be used for future investment and growth, are included in unrestricted net assets—board designated.

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The Council has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") 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 gifts donated to the permanent endowment, (b) the original value of subsequent gifts 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. 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 SPMIFA. In accordance with SPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Council and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Council
- (7) The investment policies of the Council

The endowment pool market value to net asset analysis as of December 31, 2009 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment pool:				
Donor-restricted	\$ -	\$ 621,651	\$ 10,742,023	\$ 11,363,674
Board-designated	<u>(1,105,750)</u>	<u>-</u>	<u>-</u>	<u>(1,105,750)</u>
	(1,105,750)	621,651	10,742,023	10,257,924
Other net assets	<u>44,804</u>	<u>-</u>	<u>-</u>	<u>44,804</u>
Total	\$ <u>(1,060,946)</u>	\$ <u>621,651</u>	\$ <u>10,742,023</u>	\$ <u>10,302,728</u>

The endowment pool market value to net asset analysis as of December 31, 2008 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment pool:				
Donor-restricted	\$ -	\$ 556,241	\$ 9,921,901	\$ 10,478,142
Board-designated	<u>(1,924,188)</u>	<u>-</u>	<u>-</u>	<u>(1,924,188)</u>
	(1,924,188)	556,241	9,921,901	8,553,954
Other net assets	<u>20,907</u>	<u>-</u>	<u>-</u>	<u>20,907</u>
Total	\$ <u>(1,903,281)</u>	\$ <u>556,241</u>	\$ <u>9,921,901</u>	\$ <u>8,574,861</u>

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Changes in endowment net assets as of December 31, 2009 are as follows:

	<u>Total Net Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Endowment Assets</u>
Endowment net assets, beginning of year	\$ (1,903,281)	\$ 556,241	\$ 9,921,901	\$ 8,574,861
Contributions	24,502	-	322,408	346,910
Investment income	191,816	(104,817)	497,714	584,713
Net appreciation	1,044,441	185,133	-	1,229,574
Amounts appropriated for expenditures	-	(14,906)	-	(14,906)
Investment fees	(36,780)	-	-	(36,780)
Transfers	<u>(381,644)</u>	<u>-</u>	<u>-</u>	<u>(381,644)</u>
Endowment net assets, end of year	\$ <u>(1,060,946)</u>	\$ <u>621,651</u>	\$ <u>10,742,023</u>	\$ <u>10,302,728</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor or SPMIFA requires the Organization to retain as permanently restricted. Deficiencies of this nature result from unfavorable market fluctuations and would be included in unrestricted net assets. As shown above, deficiencies of \$1,060,946 existed at December 31, 2009.

(13) Operating leases

The Council has entered into various operating leases for a fleet of automobiles and certain office equipment. The automobile leases are noncancelable, contain certain mileage restrictions and are for three year terms.

A summary of approximate future minimum payments under these equipment leases as of December 31, 2009 is as follows:

	<u>Amount</u>
2010	\$ 145,000
2011	21,000
2012	14,000
2013	<u>7,000</u>
	\$ <u>187,000</u>

Lease expense amounted to approximately \$139,000 in 2009 and \$141,000 in 2008. It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases; thus, it is anticipated that future lease payments will not be less than the commitments for 2010.

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Notes to the Financial Statements

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(14) Commitments

The Council entered into a commitment for land improvements to the Latimer High Adventure Camp in the amount of \$875,265. As of December 31, 2009, \$413,392 of the commitment has been expended for the construction in progress of these improvements.

(15) Related party transactions

Board members of the Council are employed at banks and investment firms where the Council maintains significant account balances. As of December 31, 2009 and 2008, deposits with the banks were \$2,426,572 and \$1,248,268, respectively. As of December 31, 2009 and 2008, investments were \$12,565,273 and \$11,529,648 , respectively.

The Council receives commissions on internet sales at a rate of 6% from the National Council. During 2009 and 2008, the Council received commissions amounting to \$1,906 and \$2,252, respectively.

Changes in Unrestricted Net Assets (Operating Fund Only) Compared to Budget

Year ended December 31, 2009

	<u>Operating Fund</u>	<u>Budget (Unaudited)</u>	<u>Over (Under) Budget</u>
Public support and revenue:			
Direct public support:			
Friends of Scouting	\$ 2,271,441	\$ 2,859,750	\$ (588,309)
Special events, net of direct costs	155,292	215,000	(59,708)
Other direct support	<u>14,088</u>	<u>100,000</u>	<u>(85,912)</u>
Total direct public support	2,440,821	3,174,750	(733,929)
Indirect public support - United Way	<u>220,605</u>	<u>300,000</u>	<u>(79,395)</u>
Total public support	<u>2,661,426</u>	<u>3,474,750</u>	<u>(813,324)</u>
Other revenue:			
Sales of supplies, net of cost of goods sold	437,658	383,682	53,976
Camping and related fees	912,172	958,593	(46,421)
Activity revenue	286,080	306,950	(20,870)
Product sales, net of cost of products sold	550,060	555,000	(4,940)
Investment income	555,222	475,000	80,222
Miscellaneous revenue	<u>51,169</u>	<u>80,000</u>	<u>(28,831)</u>
Total other revenue	<u>2,792,361</u>	<u>2,759,225</u>	<u>33,136</u>
Total public support and revenue	<u>5,453,787</u>	<u>6,233,975</u>	<u>(780,188)</u>
Expenses:			
Employee compensation:			
Salaries	2,660,671	2,944,030	(283,359)
Employment benefits	454,235	525,100	(70,865)
Payroll taxes	<u>212,122</u>	<u>247,924</u>	<u>(35,802)</u>
Total compensation expenses	3,327,028	3,717,054	(390,026)
Professional fees	104,887	189,440	(84,553)
Supplies and general expenses	797,563	916,677	(119,114)
Telephone	55,882	52,200	3,682
Postage and shipping	51,331	80,000	(28,669)
Occupancy expenses	358,442	330,400	28,042
Equipment rental and maintenance	105,408	106,438	(1,030)
Printing and publication	27,058	27,300	(242)
Travel and field operating expenses	227,293	336,664	(109,371)
Conference and meetings	34,215	55,750	(21,535)
Specific assistance	69,952	93,500	(23,548)
Recognition award	24,318	66,000	(41,682)
Insurance	131,503	143,230	(11,727)
Miscellaneous expenses	36,625	50,725	(14,100)
Unallocated payments to National Council	<u>63,876</u>	<u>67,035</u>	<u>(3,159)</u>
Total expenses	<u>5,415,381</u>	<u>6,232,413</u>	<u>(817,032)</u>
Increase in unrestricted net assets	\$ <u>38,406</u>	\$ <u>1,562</u>	\$ <u>36,844</u>

Changes in Unrestricted Net Assets (Operating Fund Only)

Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Public support and revenue:		
Direct public support:		
Friends of Scouting	\$ 2,271,441	\$ 2,582,254
Special events, net of direct costs	155,292	180,692
Other direct support	<u>14,088</u>	<u>11,763</u>
Total direct public support	2,440,821	2,774,709
Indirect public support - United Way	<u>220,605</u>	<u>263,870</u>
Total public support	<u>2,661,426</u>	<u>3,038,579</u>
Other revenue:		
Sales of supplies, net of cost of goods sold	437,658	371,203
Camping and related fees	912,172	887,848
Activity revenue	286,080	264,488
Product sales, net of cost of products sold	550,060	606,163
Investment income	555,222	273,950
Miscellaneous revenue	<u>51,169</u>	<u>60,470</u>
Total other revenue	2,792,361	2,464,122
Total public support and revenue	<u>5,453,787</u>	<u>5,502,701</u>
Expenses:		
Program services	4,556,350	4,569,956
Supporting services:		
Management and general	221,867	274,908
Fundraising	573,288	567,807
Unallocated payments to National Council	<u>63,876</u>	<u>62,251</u>
Total expenses	<u>5,415,381</u>	<u>5,474,922</u>
Increase in unrestricted net assets	\$ <u>38,406</u>	\$ <u>27,779</u>

See accompanying independent auditors' report.