

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

Financial Statements and Schedules

**December 31, 2015
(With Comparative Totals for 2014)**

(With Independent Auditors' Report Thereon)

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Changes in Net Assets	4 - 6
Statement of Functional Expenses	7
Statement of Cash Flows	8 - 9
Notes to the Financial Statements	10 - 25
Schedules:	
Changes in Unrestricted Net Assets (Operating Fund Only) Compared to Budget	26
Changes in Unrestricted Net Assets (Operating Fund Only)	27

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Middle Tennessee Council, Inc., Boy Scouts of America ("Council") (a not-for-profit organization) which are comprised of the statement of financial position as of December 31, 2015, and the related statements of changes in net assets, 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 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, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Council's 2014 financial statements, and our report dated April 15, 2015 expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying information in the schedules on pages 25 and 26 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and, except for the information discussed below, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The budget information on page 25 marked as "unaudited" is the responsibility of management and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on that information.

Handwritten signature in black ink, appearing to read "LBM, PC".

Brentwood, Tennessee

April 13, 2016

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Financial Position

December 31, 2015
(With Comparative Amounts for 2014)

Assets

	<u>Operating Fund</u>		<u>Capital Fund</u>		<u>Endowment Fund</u>		<u>Total All Funds</u>	
	2015	2014	2015	2014	2015	2014	2015	2014
Current assets:								
Cash	\$ 1,106,722	\$ 532,729	\$ 281,390	\$ 63,088	\$ 151,166	\$ 133,583	\$ 1,539,278	\$ 729,400
Accounts receivable	73,538	27,405	-	-	-	-	73,538	27,405
Pledge contributions receivable, net	436,974	186,800	93,735	105,629	-	-	530,709	292,429
Inventories	358,963	287,929	-	-	-	-	358,963	287,929
Interfund loans	228,981	370,630	(251,446)	(390,947)	22,465	20,317	-	-
Prepaid expenses	166,488	244,528	-	-	-	-	166,488	244,528
Total current assets	2,371,666	1,650,021	123,679	(222,230)	173,631	153,900	2,668,976	1,581,691
Land, buildings and equipment, net	-	-	15,369,386	15,677,562	-	-	15,369,386	15,677,562
Long-term portion of pledges receivable	-	-	291,819	385,554	-	-	291,819	385,554
Investments	1,891,694	2,299,156	-	99,311	12,869,955	13,770,054	14,761,649	16,168,521
Total noncurrent assets	1,891,694	2,299,156	15,661,205	16,162,427	12,869,955	13,770,054	30,422,854	32,231,637
Total assets	\$ 4,263,360	\$ 3,949,177	\$ 15,784,884	\$ 15,940,197	\$ 13,043,586	\$ 13,923,954	\$ 33,091,830	\$ 33,813,328

Liabilities and Net Assets

Current liabilities:								
Accounts payable	\$ 116,383	\$ 390,293	\$ 4,286	\$ 6,579	\$ 2,514	\$ -	\$ 123,183	\$ 396,872
Camping, activity and other fees designated for future periods	44,073	51,251	-	-	-	-	44,073	51,251
Other accrued liabilities	109,517	-	-	-	-	-	109,517	-
Registration fees payable to National Council	159,406	170,015	-	-	-	-	159,406	170,015
Funds held for others	200,654	171,460	15,722	15,727	18,622	18,636	234,998	205,823
Total current liabilities	630,033	783,019	20,008	22,306	21,136	18,636	671,177	823,961
Net assets:								
Unrestricted net assets	3,077,983	2,969,908	15,494,802	15,750,315	963,143	1,418,810	19,535,928	20,139,033
Temporarily restricted net assets	555,344	196,250	270,074	167,576	633,568	791,215	1,458,986	1,155,041
Permanently restricted net assets	-	-	-	-	11,425,739	11,695,293	11,425,739	11,695,293
Total net assets	3,633,327	3,166,158	15,764,876	15,917,891	13,022,450	13,905,318	32,420,653	32,989,367
Total liabilities and net assets	\$ 4,263,360	\$ 3,949,177	\$ 15,784,884	\$ 15,940,197	\$ 13,043,586	\$ 13,923,954	\$ 33,091,830	\$ 33,813,328

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, 2015 (With Comparative Totals for 2014)

	2015			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2015	2014
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 \$85,245 in 2015 and \$213,103 in 2014 and net of bad debts of \$275,394 in 2015 and \$159,540 in 2014	\$ 2,349,818	\$ -	\$ -	\$ 2,349,818	\$ 2,235,080
Memorial contributions	-	-	82,467	82,467	398,334
Special events, net of direct costs of \$59,577 in 2015 and \$53,726 in 2014	174,709	-	-	174,709	174,370
Other direct support	5,058	-	-	5,058	8,163
Total direct public support	2,529,585	-	82,467	2,612,052	2,815,947
Indirect public support - United Way, including net assets released from expiration of time restriction of \$62,285 in 2015 and \$61,519 in 2014	140,700	-	-	140,700	156,583
Total public support	2,670,285	-	82,467	2,752,752	2,972,530
Other revenue:					
Sales of supplies, net of cost of goods sold of \$684,020 in 2015 and \$730,745 in 2014	443,636	-	-	443,636	436,301
Camping and related fees	1,546,395	-	-	1,546,395	1,512,223
Activity revenue	262,295	-	-	262,295	291,004
Product sales, net of cost of products sold of \$323,955 in 2015 and \$340,492 in 2014, commissions paid of \$436,917 in 2015 and \$429,507 in 2014 and cost of camp cards of \$18,690 in 2015 and \$18,394 in 2014	623,914	-	-	623,914	593,064
Investment return designated for current operations	412,681	-	-	412,681	678,353
Investment loss not designated	-	(1,030)	(538,134)	(539,164)	227,283
Miscellaneous revenue	32,050	-	-	32,050	33,839
Total other revenue	3,320,971	(1,030)	(538,134)	2,781,807	3,772,067
Net assets released from restrictions - restrictions satisfied by payments	-	286,164	-	286,164	762,764
Total public support and revenue	5,991,256	285,134	(455,667)	5,820,723	7,507,361

(Continued)

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Changes in Net Assets, Continued

Year ended December 31, 2015
(With Comparative Totals for 2014)

	2015			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2015	2014
Changes in unrestricted net assets, continued					
Expenses:					
Program services	4,886,955	494,398	-	5,381,353	5,406,464
Management and general	287,929	44,511	-	332,440	226,414
Fundraising	537,506	101,738	-	639,244	607,827
Unallocated payments to National Council	70,791	-	-	70,791	70,786
Total operating expenses	5,783,181	640,647	-	6,423,828	6,311,491
Increase (decrease) in unrestricted net assets	208,075	(355,513)	(455,667)	(603,105)	1,195,870
Changes in temporarily restricted net assets					
Public support and revenue:					
Direct public support:					
Friends of Scouting	344,901	-	-	344,901	131,199
Development campaign	-	388,662	-	388,662	211,014
Total direct public support	344,901	388,662	-	733,563	342,213
Indirect public support - United Way	46,129	-	-	46,129	65,051
Total public support	391,030	388,662	-	779,692	407,264
Investment income	-	-	6,667	6,667	30,118
Net assets released from restrictions:					
Expiration of time restriction	(196,250)	-	-	(196,250)	(271,397)
Restrictions satisfied by payments	-	(286,164)	-	(286,164)	(762,764)
Total net assets released from restrictions	(196,250)	(286,164)	-	(482,414)	(1,034,161)
Increase (decrease) in temporarily restricted net assets	194,780	102,498	6,667	303,945	(596,779)

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MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Changes in Net Assets, Continued

Year ended December 31, 2015 (With Comparative Totals for 2014)

	2015			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2015	2014
Changes in permanently restricted net assets:					
Direct public support	-	-	350	350	5,875
Investment loss	-	-	(269,904)	(269,904)	54,671
Increase (decrease) in permanently restricted net assets	-	-	(269,554)	(269,554)	60,546
Increase (decrease) in net assets	402,855	(253,015)	(718,554)	(568,714)	659,637
Net assets at beginning of year	3,166,158	15,917,891	13,905,318	32,989,367	32,329,730
Transfers between funds	64,314	100,000	(164,314)	-	-
Net assets at end of year	<u>\$ 3,633,327</u>	<u>\$ 15,764,876</u>	<u>\$ 13,022,450</u>	<u>\$ 32,420,653</u>	<u>\$ 32,989,367</u>

See accompanying notes to the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Functional Expenses

Year ended December 31, 2015
(With Comparative Totals for 2014)

	2015					Total All Funds	
	Program Services	Supporting Services		Management and General	Fundraising	Total	
Employee compensation:							
Salaries	\$ 2,228,291	\$ 150,248	\$ 343,425	\$ 493,673	\$ 2,721,964	\$ 2,496,407	
Employment benefits	423,209	29,565	67,577	97,142	520,351	542,738	
Payroll taxes	<u>179,402</u>	<u>12,513</u>	<u>28,602</u>	<u>41,115</u>	<u>220,517</u>	<u>196,186</u>	
Total compensation expenses	2,830,902	192,326	439,604	631,930	3,462,832	3,235,331	
Professional fees	4,488	53,176	932	54,108	58,596	60,153	
Supplies and general expenses	953,242	1,566	3,579	5,145	958,387	995,868	
Telephone	58,479	2,621	5,990	8,611	67,090	66,267	
Postage and shipping	22,969	1,287	2,941	4,228	27,197	37,774	
Occupancy expenses	487,268	10,837	24,770	35,607	522,875	608,330	
Equipment rental and maintenance	61,112	4,404	10,066	14,470	75,582	100,256	
Printing and publications	10,263	62	141	203	10,466	21,959	
Travel and field operating expenses	151,205	10,655	24,355	35,010	186,215	232,263	
Conference and meetings	28,657	1,922	4,392	6,314	34,971	35,798	
Specific assistance	58,638	-	-	-	58,638	94,897	
Recognition awards	20,923	697	1,594	2,291	23,214	40,007	
Insurance	157,484	8,655	19,784	28,439	185,923	151,633	
Miscellaneous expenses	<u>78,080</u>	<u>2,628</u>	<u>6,001</u>	<u>8,629</u>	<u>86,709</u>	<u>85,426</u>	
Total expenses before depreciation	4,923,710	290,836	544,149	834,985	5,758,695	5,765,962	
Depreciation and amortization of buildings and equipment	<u>457,643</u>	<u>41,604</u>	<u>95,095</u>	<u>136,699</u>	<u>594,342</u>	<u>474,743</u>	
	\$ 5,381,353	\$ 332,440	\$ 639,244	\$ 971,684	\$ 6,353,037	\$ 6,240,705	

See accompanying notes to the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Cash Flows

Year ended December 31, 2015
(With Comparative Totals for 2014)

	2015			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2015	2014
Cash flows from operating activities:					
Increase (decrease) in net assets	\$ 402,855	\$ (253,015)	\$ (718,554)	\$ (568,714)	\$ 659,637
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:					
Depreciation and amortization	-	594,342	-	594,342	474,743
Amortization of discount on pledges receivable	-	(7,990)	-	(7,990)	(42,032)
Net unrealized (gains) losses on investments	100,992	3,920	794,653	899,565	(511,046)
Contributions restricted for endowment purposes	-	-	(305)	(305)	(5,875)
Contributions restricted for capital improvements	-	(388,662)	-	(388,662)	(168,982)
Changes in operating assets and liabilities:					
Pledges and accounts receivable	(296,307)	113,619	-	(182,688)	131,524
Inventories	(71,034)	-	-	(71,034)	74,016
Prepaid expenses	78,040	-	-	78,040	(53,085)
Interfund loans	141,649	(139,501)	(2,148)	-	-
Accounts payable and other liabilities	(164,393)	(2,293)	2,514	(164,172)	91,742
Camping, activity and other fees designated for future periods	(7,178)	-	-	(7,178)	14,942
Registration fees payable to National Council	(10,609)	-	-	(10,609)	(12,099)
Funds held for others	29,194	(5)	(14)	29,175	49,057
Net cash provided (used) by operating activities	203,209	(79,585)	76,146	199,770	702,542
Cash flows from investing activities:					
Proceeds from sales of investments	450,084	95,860	448,035	993,979	989,246
Purchases of investments	(143,614)	(469)	(342,589)	(486,672)	(1,546,079)
Additions to land, buildings and equipment	-	(286,166)	-	(286,166)	(733,424)
Net cash provided (used) by investing activities	306,470	(190,775)	105,446	221,141	(1,290,257)

(Continued)

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Cash Flows, Continued

Year ended December 31, 2015
(With Comparative Totals for 2014)

	2015			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2015	2014
Cash flows from financing activities:					
Collection of endowment fund support	-	-	305	305	5,875
Collection of development campaign support	-	388,662	-	388,662	168,982
Proceeds from (payments of) transfers between funds	64,314	100,000	(164,314)	-	-
Net cash provided (used) by financing activities	64,314	488,662	(164,009)	388,967	174,857
Net increase (decrease) in cash	573,993	218,302	17,583	809,878	(412,858)
Cash at beginning of year	532,729	63,088	133,583	729,400	1,142,258
Cash at end of year	\$ 1,106,722	\$ 281,390	\$ 151,166	\$ 1,539,278	\$ 729,400

See accompanying notes to the financial statements.

Notes to the Financial Statements

December 31, 2015 and 2014

(1) Nature of Organization

The Middle Tennessee Council, Inc., Boy Scouts of America (the "Council"), provides service to young men ages 7–21, and young women ages 14–21, and operates in Nashville, Tennessee, including 37 counties of Middle Tennessee, and Fort Campbell, Kentucky. The Council has four 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.

Notes to the Financial Statements

December 31, 2015 and 2014

STEM (Science, Technology, Engineering, and Mathematics)—Program designed to teach young people subject areas such as mathematics and science by incorporating technology and engineering into regular curriculum.

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

(2) Summary of significant accounting policies

(a) Prior-period information

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, 2014, from which the summarized information was derived.

(b) Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the accounts of the Council are reported in the following net asset categories:

Unrestricted Net Assets - Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Temporarily Restricted Net Assets - Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure and also include accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

Permanently Restricted Net Assets - Permanently restricted net assets represent resources that have donor-imposed restrictions requiring that the principal be maintained in perpetuity but permit the nonprofit organization to expend all or part of the income earned thereon.

(c) 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.

Notes to the Financial Statements

December 31, 2015 and 2014

The Council prepares financial statements in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements* ("ASC 958-205"), and subsections. Under ASC 958-205, 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.

(d) 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 which 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.

(e) 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, 2015 and 2014.

(f) 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.

(g) 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, *Investments - Debt and Equity Securities*, and subsections. 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.

Notes to the Financial Statements

December 31, 2015 and 2014

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.

(h) 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.

(i) Spending policy

The Board of Directors (through the Executive Committee) has 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.

(j) 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 and amortization, are eliminated from the accounts in the year of disposal. Gains or losses resulting from disposals of land, buildings, and equipment 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.

Notes to the Financial Statements

December 31, 2015 and 2014

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

(k) Inter-fund loans

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

(l) 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.

(m) Contributions

Pledges receivable for contributions are recognized upon notification of a donor's unconditional promise to give to the Council. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value because that amount results in a reasonable estimate of fair value. 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.

(n) 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 totaled \$36,572 in 2015 and \$34,094 in 2014.

Notes to the Financial Statements

December 31, 2015 and 2014

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.

(o) 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.

(p) 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 which 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.

(q) Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising for 2015 and 2014 amounted to approximately \$6,000 and \$8,000, respectively.

(r) 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.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The Council had no material uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of December 31, 2015 or 2014. It is the Council's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Council files U.S. Federal income tax returns. The Council is currently open to audit under the statute of limitations for the years ended after December 31, 2011.

Notes to the Financial Statements

December 31, 2015 and 2014

(s) Events occurring after reporting date

The Council has evaluated events and transactions that occurred between December 31, 2015 and April 13, 2016 which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(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

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).

See Note 7 for presentation of the fair value measurement levels of investments.

Notes to the Financial Statements

December 31, 2015 and 2014

(5) Pledges receivable

A summary of pledges receivable as of December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Friends of Scouting	\$ 384,777	\$ 121,245
United Way allocations	52,197	65,555
Development campaign	<u>400,000</u>	<u>513,611</u>
	836,974	700,411
Less allowance for unamortized discount and doubtful accounts	<u>14,446</u>	<u>22,428</u>
Total pledges receivable	822,528	677,983
Less current portion of pledges receivable	<u>(530,709)</u>	<u>(292,429)</u>
Long-term portion of pledges receivable	<u>\$ 291,819</u>	<u>\$ 385,554</u>

Pledges receivable at December 31, 2015 are due within one year, excluding approximately \$300,000 of the development campaign pledges receivable which are due within three years. Development campaign pledges at December 31, 2015 consist of pledges from one major donor. Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of approximately 1.85%.

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. As these do not meet the definition of unconditional promises to give they are not recorded as an asset of the Council.

(6) Investments

A summary of investments as of December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Short-term investments	\$ 469,488	\$ 354,775
Equities and equity funds	11,716,393	13,210,516
Bonds and bond funds	2,359,467	2,289,349
Real estate	214,200	311,780
Notes receivable - Rock Island	<u>2,101</u>	<u>2,101</u>
	<u>\$ 14,761,649</u>	<u>\$ 16,168,521</u>

Notes to the Financial Statements

December 31, 2015 and 2014

The following schedule summarizes the investment income included in the statement of changes in net assets for 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Interest and dividend income	\$ 415,422	\$ 449,715
Net gains (losses)	(704,601)	633,589
Investment expenses	<u>(100,541)</u>	<u>(92,879)</u>
	<u>\$ (389,720)</u>	<u>\$ 990,425</u>

The above investment income is classified in the statement of changes in net assets for 2015 and 2014 as follows:

	<u>2015</u>	<u>2014</u>
Unrestricted	\$ (126,483)	\$ 905,636
Temporarily restricted	6,667	30,118
Permanently restricted	<u>(269,904)</u>	<u>54,671</u>
	<u>\$ (389,720)</u>	<u>\$ 990,425</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, 2015 and 2014.

- (i) *Short-term investments, equities and equity funds, and bonds and bond funds:* 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 principal 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.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2015 and 2014

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, 2015 and 2014:

**Fair Value Measurements as of
December 31, 2015 using the following inputs**

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Short-term investments	\$ 469,488	\$ 469,488	\$ -	\$ -
Equities and equity fund	11,716,393	11,716,393	-	-
Bonds and bond fund	2,359,467	2,359,467	-	-
Real estate	214,200	-	-	214,200
Note receivable - Rock Island	<u>2,101</u>	<u>-</u>	<u>-</u>	<u>2,101</u>
Total financial assets	\$ <u>14,761,649</u>	\$ <u>14,545,348</u>	\$ <u>-</u>	\$ <u>216,301</u>

**Fair Value Measurements as of
December 31, 2014 using the following inputs**

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Short-term investments	\$ 354,775	\$ 354,775	\$ -	\$ -
Equities and equity fund	13,210,516	13,210,516	-	-
Bonds and bond fund	2,289,349	2,289,349	-	-
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>16,168,521</u>	\$ <u>15,854,640</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, 2015:

**Fair Value Measurements Using Significant
Unobservable Inputs (Level 3)**

Balance at December 31, 2014	\$ 313,881
Unrealized loss at reporting date	<u>(97,580)</u>
Balance at December 31, 2015	\$ <u>216,301</u>

Notes to the Financial Statements

December 31, 2015 and 2014

(8) Land, buildings, and equipment

A summary of land, buildings and equipment as of December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Land	\$ 5,602,486	\$ 5,602,486
Council office building	2,989,238	2,989,238
Buildings - Camps	12,573,271	11,959,354
Roads - Boxwell Reservation	929,760	929,760
Furniture, fixtures and equipment:		
Council office	336,652	336,652
Camps	1,050,813	1,050,813
Motor Vehicles	309,281	249,463
Construction in progress	<u>1,804</u>	<u>389,375</u>
	23,793,305	23,507,141
Accumulated depreciation	<u>(8,423,919)</u>	<u>(7,829,579)</u>
	<u>\$ 15,369,386</u>	<u>\$ 15,677,562</u>

(9) Employee benefit plans*Retirement Plan*

The National Council has a qualified defined benefit multiemployer retirement plan that covers eligible employees of the National Council and this Council and is administered by the National Council. The plan name is the *Boy Scouts of America Retirement Plan for Employees* (the "Plan") and the Plan's three-digit plan number and its Employer Identification Number are 001 EIN 22-1576300. The risks of participating in the multiemployer plan are different from a single employer plan in that the assets contributed to a multiemployer plan may be used to provide benefits to employees of other participating employers (i.e. other local councils). And, if a participating employer stops contributing to the plan, the unfunded obligations of the plan will be borne by the remaining participating employers.

Eligible employees contribute 2% of compensation and the Council contributes an additional 7.00% to the Plan. Pension expenses for the years ending December 31, 2015 and 2014 totaled \$121,345 and \$104,467, respectively, and covered current service costs. The actuarial information for the Plan as of February 1, 2015, indicated that the Plan is in compliance with the Employee Retirement Income Security Act of 1974 ("ERISA") regulations requiring funding.

Notes to the Financial Statements

December 31, 2015 and 2014

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% of contributions from each participant, limited to 3% of each employee's gross pay. The Council contributed \$36,283 and \$38,558 to the Thrift Plan in 2015 and 2014, respectively.

Healthcare Plan

The Council's employees participate in a healthcare plan provided by the National Council. 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, 2015 and 2014, the Council remitted \$237,005 and \$217,515, respectively, on behalf of its employees to the National Council related to the healthcare plan.

(10) Net assets

Although restricted contributions typically are reported as support that increases restricted net assets, they may be reported as unrestricted support if the restrictions are met in the same reporting period, the policy is followed consistently, and it is disclosed. Temporarily restricted net assets are available for the following purposes at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Development campaign	\$ 270,074	\$ 167,576
Scouting activities:		
Camperships	415,115	156,841
Low income exploring	92,787	92,787
Property maintenance	44,611	44,611
Navigator scholarship	164,314	418,873
Laura Miller scholarship program	77,022	74,633
Connelly scholarship program	4,033	3,470
Friends of Scouting and other for future periods	344,901	131,199
United Way allocations for future periods	<u>46,129</u>	<u>65,051</u>
	<u>\$ 1,458,986</u>	<u>\$ 1,155,041</u>

Notes to the Financial Statements

December 31, 2015 and 2014

Permanently restricted net assets consist of the following at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Investments in perpetuity, the income from which is expendable to support:		
Scouting activities	\$ 883,383	\$ 945,461
Property maintenance	345,915	368,918
Camp Craig property maintenance	39,986	39,986
Laura Miller scholarship program	443,401	468,317
Connelly scholarship program	49,076	52,063
Any activities of the Council	<u>9,663,978</u>	<u>9,820,548</u>
	<u>\$ 11,425,739</u>	<u>\$ 11,695,293</u>

(11) 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.

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

Notes to the Financial Statements

December 31, 2015 and 2014

The endowment pool market value to net asset analysis as of December 31, 2015 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment pool:				
Donor-restricted	\$ -	\$ 633,568	\$ 11,425,739	\$ 12,059,307
Board-designated	<u>789,512</u>	<u>-</u>	<u>-</u>	<u>789,512</u>
	789,512	633,568	11,425,739	12,848,819
Other net assets	<u>173,631</u>	<u>-</u>	<u>-</u>	<u>173,631</u>
Total	<u>\$ 963,143</u>	<u>\$ 633,568</u>	<u>\$ 11,425,739</u>	<u>\$ 13,022,450</u>

The endowment pool market value to net asset analysis as of December 31, 2014 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment pool:				
Donor-restricted	\$ -	\$ 791,215	\$ 11,695,293	\$ 12,486,508
Board-designated	<u>1,264,910</u>	<u>-</u>	<u>-</u>	<u>1,264,910</u>
	1,264,910	791,215	11,695,293	13,751,418
Other net assets	<u>153,900</u>	<u>-</u>	<u>-</u>	<u>153,900</u>
Total	<u>\$ 1,418,810</u>	<u>\$ 791,215</u>	<u>\$ 11,695,293</u>	<u>\$ 13,905,318</u>

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2015 and 2014

Changes in endowment net assets as of December 31, 2015 and 2014 are as follows:

	<u>Total Net Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Endowment Assets</u>
Endowment net assets, December 31, 2013	\$ 795,198	\$ 761,097	\$ 11,634,747	\$ 13,191,042
Contributions	398,334	-	5,875	404,209
Investment income	97,743	84,445	54,671	236,859
Net appreciation (depreciation)	255,388	(3,479)	-	251,909
Amounts appropriated for expenditures	-	(50,848)	-	(50,848)
Investment fees	(60,266)	-	-	(60,266)
Transfers	<u>(67,587)</u>	<u>-</u>	<u>-</u>	<u>(67,587)</u>
Endowment net assets, December 31, 2014	1,418,810	791,215	11,695,293	13,905,318
Contributions	82,467	-	350	82,817
Investment income	81,563	107,127	-	188,690
Net appreciation (depreciation)	(398,195)	-	(269,904)	(668,099)
Amounts appropriated for expenditures	-	(100,460)	-	(100,460)
Investment fees	(59,579)	-	-	(59,579)
Transfers	<u>(161,923)</u>	<u>(164,314)</u>	<u>-</u>	<u>(326,237)</u>
Endowment net assets, December 31, 2015	\$ <u>963,143</u>	\$ <u>633,568</u>	\$ <u>11,425,739</u>	\$ <u>13,022,450</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 Council 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, no such deficiencies existed as of December 31, 2015 or 2014.

Notes to the Financial Statements

December 31, 2015 and 2014

(12) 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, 2015 is as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 108,000
2017	108,000
2018	99,000
2019	12,000
2020	<u>8,000</u>
	<u>\$ 335,000</u>

Lease expense amounted to approximately \$141,000 in 2015 and \$123,000 in 2014. Leases which expire are likely to be renewed or replaced by other leases; thus, it is anticipated future lease payments will not be less than the expense for 2015.

(13) Related party transactions

At December 31, 2015 and 2014, accounts payable to an affiliate totaled \$38,232 and \$25,428, respectively.

Board members of the Council are employed at banks and investment firms where the Council maintains significant account balances.

(14) Subsequent events

During March 2016, the Council sold certain land with a cost of approximately \$285,000 for approximately \$925,000.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

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

Year ended December 31, 2015

	<u>Operating Fund</u>	<u>Budget (Unaudited)</u>	<u>Over (Under) Budget</u>
Public support and revenue:			
Direct public support:			
Friends of Scouting	\$ 2,349,818	\$ 2,400,000	\$ (50,182)
Special events, net of direct costs	174,709	165,000	9,709
Other direct support	<u>5,058</u>	<u>-</u>	<u>5,058</u>
Total direct public support	2,529,585	2,565,000	(35,415)
Indirect public support - United Way	<u>140,700</u>	<u>172,000</u>	<u>(31,300)</u>
Total public support	<u>2,670,285</u>	<u>2,737,000</u>	<u>(66,715)</u>
Other revenue:			
Sales of supplies, net of cost of goods sold	443,636	447,741	(4,105)
Camping and related fees	1,546,395	1,520,483	25,912
Activity revenue	262,295	320,250	(57,955)
Product sales, net of cost of products sold	623,914	581,000	42,914
Investment income	412,681	510,000	(97,319)
Miscellaneous revenue	<u>32,050</u>	<u>44,033</u>	<u>(11,983)</u>
Total other revenue	<u>3,320,971</u>	<u>3,423,507</u>	<u>(102,536)</u>
Total public support and revenue	<u>5,991,256</u>	<u>6,160,507</u>	<u>(169,251)</u>
Expenses:			
Employee compensation:			
Salaries	2,721,964	2,838,131	(116,167)
Employment benefits	520,351	523,800	(3,449)
Payroll taxes	<u>220,517</u>	<u>233,627</u>	<u>(13,110)</u>
Total compensation expenses	3,462,832	3,595,558	(132,726)
Professional fees	58,596	68,550	(9,954)
Supplies and general expenses	954,336	961,099	(6,763)
Telephone	67,090	59,750	7,340
Postage and shipping	27,196	46,684	(19,488)
Occupancy expenses	481,354	420,269	61,085
Equipment rental and maintenance	75,581	140,434	(64,853)
Printing and publication	10,465	23,334	(12,869)
Travel and field operating expenses	186,216	274,650	(88,434)
Conference and meetings	34,971	50,000	(15,029)
Specific assistance	58,638	108,434	(49,796)
Recognition award	23,214	49,500	(26,286)
Insurance	185,923	188,406	(2,483)
Miscellaneous expenses	85,978	67,317	18,661
Unallocated payments to National Council	<u>70,791</u>	<u>78,435</u>	<u>(7,644)</u>
Total expenses	<u>5,783,181</u>	<u>6,132,420</u>	<u>(349,239)</u>
Transfer to capital fund	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Increase in unrestricted net assets	<u>\$ 108,075</u>	<u>\$ 28,087</u>	<u>\$ 79,988</u>

See accompanying independent auditors' report.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Changes in Unrestricted Net Assets (Operating Fund Only)

Years ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Public support and revenue:		
Direct public support:		
Friends of Scouting	\$ 2,349,818	\$ 2,235,080
Special events, net of direct costs	174,709	174,370
Other direct support	<u>5,058</u>	<u>8,163</u>
Total direct public support	2,529,585	2,417,613
Indirect public support - United Way	<u>140,700</u>	<u>156,583</u>
Total public support	<u>2,670,285</u>	<u>2,574,196</u>
Other revenue:		
Sales of supplies, net of cost of goods sold	443,636	436,301
Camping and related fees	1,546,395	1,512,223
Activity revenue	262,295	291,004
Product sales, net of cost of products sold	623,914	593,064
Investment income	412,681	678,353
Miscellaneous revenue	<u>32,050</u>	<u>33,839</u>
Total other revenue	<u>3,320,971</u>	<u>3,544,784</u>
Total public support and revenue	<u>5,991,256</u>	<u>6,118,980</u>
Expenses:		
Program services	4,886,955	4,989,171
Supporting services:		
Management and general	287,929	202,218
Fundraising	537,506	523,645
Unallocated payments to National Council	<u>70,791</u>	<u>70,786</u>
Total expenses	<u>5,783,181</u>	<u>5,785,820</u>
Transfer to capital fund	<u>100,000</u>	<u>-</u>
Increase in unrestricted net assets	<u>\$ 108,075</u>	<u>\$ 333,160</u>

See accompanying independent auditors' report.