

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

Financial Statements and Schedules

**December 31, 2014
(With Comparative Totals for 2013)**

(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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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, 2014, 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, 2014, 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 2013 financial statements, and our report dated April 10, 2014 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, 2013, 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 24 and 25 are presented for the purposes of additional analysis and are 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 24 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.

Lattimore Black Morgan & Co., PC

Brentwood, Tennessee
April 15, 2015

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Financial Position

December 31, 2014
(With Comparative Amounts for 2013)

	<u>Assets</u>							
	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2014	2013	2014	2013	2014	2013	2014	2013
Current assets:								
Cash	\$ 532,729	\$ 804,924	\$ 63,088	\$ 230,150	\$ 133,583	\$ 107,184	\$ 729,400	\$ 1,142,258
Accounts receivable	27,405	211	-	-	-	-	27,405	211
Pledge contributions receivable, net	186,800	159,903	105,629	165,941	-	-	292,429	325,844
Inventories	287,929	361,945	-	-	-	-	287,929	361,945
Interfund loans	370,630	114,874	(390,947)	(134,853)	20,317	19,979	-	-
Prepaid expenses	244,528	191,443	-	-	-	-	244,528	191,443
Total current assets	<u>1,650,021</u>	<u>1,633,300</u>	<u>(222,230)</u>	<u>261,238</u>	<u>153,900</u>	<u>127,163</u>	<u>1,581,691</u>	<u>2,021,701</u>
Land, buildings and equipment, net	-	-	15,677,562	15,418,881	-	-	15,677,562	15,418,881
Long-term portion of pledges receivable	-	-	385,554	468,825	-	-	385,554	468,825
Investments	2,299,156	1,923,830	99,311	97,324	13,770,054	13,079,488	16,168,521	15,100,642
Total noncurrent assets	<u>2,299,156</u>	<u>1,923,830</u>	<u>16,162,427</u>	<u>15,985,030</u>	<u>13,770,054</u>	<u>13,079,488</u>	<u>32,231,637</u>	<u>30,988,348</u>
Total assets	<u>\$ 3,949,177</u>	<u>\$ 3,557,130</u>	<u>\$ 15,940,197</u>	<u>\$ 16,246,268</u>	<u>\$ 13,923,954</u>	<u>\$ 13,206,651</u>	<u>\$ 33,813,328</u>	<u>\$ 33,010,049</u>
<u>Liabilities and Net Assets</u>								
Current liabilities:								
Accounts payable	\$ 390,293	\$ 305,130	\$ 6,579	\$ -	\$ -	\$ -	\$ 396,872	\$ 305,130
Camping, activity and other fees designated for future periods	51,251	36,309	-	-	-	-	51,251	36,309
Registration fees payable to National Council	170,015	182,114	-	-	-	-	170,015	182,114
Funds held for others	171,460	125,432	15,727	15,725	18,636	15,609	205,823	156,766
Total current liabilities	<u>783,019</u>	<u>648,985</u>	<u>22,306</u>	<u>15,725</u>	<u>18,636</u>	<u>15,609</u>	<u>823,961</u>	<u>680,319</u>
Net assets:								
Unrestricted net assets	2,969,908	2,636,748	15,750,315	15,511,217	1,418,810	795,198	20,139,033	18,943,163
Temporarily restricted net assets	196,250	271,397	167,576	719,326	791,215	761,097	1,155,041	1,751,820
Permanently restricted net assets	-	-	-	-	11,695,293	11,634,747	11,695,293	11,634,747
Total net assets	<u>3,166,158</u>	<u>2,908,145</u>	<u>15,917,891</u>	<u>16,230,543</u>	<u>13,905,318</u>	<u>13,191,042</u>	<u>32,989,367</u>	<u>32,329,730</u>
Total liabilities and net assets	<u>\$ 3,949,177</u>	<u>\$ 3,557,130</u>	<u>\$ 15,940,197</u>	<u>\$ 16,246,268</u>	<u>\$ 13,923,954</u>	<u>\$ 13,206,651</u>	<u>\$ 33,813,328</u>	<u>\$ 33,010,049</u>

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, 2014
(With Comparative Totals for 2013)

	2014			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2014	2013
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 \$213,103 in 2014 and \$251,583 in 2013 and net of bad debts of \$159,540 in 2014 and \$181,421 in 2013	\$ 2,235,080	\$ -	\$ -	\$ 2,235,080	\$ 2,303,364
Memorial contributions	-	-	398,334	398,334	132,619
Special events, net of direct costs of \$53,726 in 2014 and \$54,513 in 2013	174,370	-	-	174,370	135,824
Other direct support	8,163	-	-	8,163	8,788
Total direct public support	2,417,613	-	398,334	2,815,947	2,580,595
Indirect public support - United Way, including net assets released from expiration of time restriction of \$61,519 in 2014 and \$62,509 in 2013	156,583	-	-	156,583	171,525
Total public support	2,574,196	-	398,334	2,972,530	2,752,120
Other revenue:					
Sales of supplies, net of cost of goods sold of \$730,745 in 2014 and \$745,771 in 2013	436,301	-	-	436,301	477,380
Camping and related fees	1,512,223	-	-	1,512,223	1,547,453
Activity revenue	291,004	-	-	291,004	477,058
Product sales, net of cost of products sold of \$340,492 in 2014 and \$373,816 in 2013, commissions paid of \$429,507 in 2014 and \$456,155 in 2013 and cost of camp cards of \$18,394 in 2014 and \$17,768 in 2013	593,064	-	-	593,064	544,436
Investment return designated for current operations	678,353	-	-	678,353	703,893
Investment income not designated	-	2,005	225,278	227,283	1,266,262
Miscellaneous revenue	33,839	-	-	33,839	29,441
Total other revenue	3,544,784	2,005	225,278	3,772,067	5,045,923
Net assets released from restrictions - restrictions satisfied by payments	-	762,764	-	762,764	2,198,174
Total public support and revenue	6,118,980	764,769	623,612	7,507,361	9,996,217

(Continued)

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Changes in Net Assets, Continued

**Year ended December 31, 2014
(With Comparative Totals for 2013)**

	<u>2014</u>			<u>Total All Funds</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2014</u>	<u>2013</u>
Changes in unrestricted net assets, continued					
Expenses:					
Program services	4,989,171	417,293	-	5,406,464	5,699,343
Management and general	202,218	24,196	-	226,414	240,568
Fundraising	523,645	84,182	-	607,827	644,158
Unallocated payments to National Council	<u>70,786</u>	<u>-</u>	<u>-</u>	<u>70,786</u>	<u>70,791</u>
Total operating expenses	<u>5,785,820</u>	<u>525,671</u>	<u>-</u>	<u>6,311,491</u>	<u>6,654,860</u>
Increase in unrestricted net assets	<u>333,160</u>	<u>239,098</u>	<u>623,612</u>	<u>1,195,870</u>	<u>3,341,357</u>
Changes in temporarily restricted net assets					
Public support and revenue:					
Direct public support:					
Friends of Scouting	131,199	-	-	131,199	208,916
Development campaign	<u>-</u>	<u>211,014</u>	<u>-</u>	<u>211,014</u>	<u>1,193,605</u>
Total direct public support	131,199	211,014	-	342,213	1,402,521
Indirect public support - United Way	<u>65,051</u>	<u>-</u>	<u>-</u>	<u>65,051</u>	<u>61,519</u>
Total public support	<u>196,250</u>	<u>211,014</u>	<u>-</u>	<u>407,264</u>	<u>1,464,040</u>
Investment income	<u>-</u>	<u>-</u>	<u>30,118</u>	<u>30,118</u>	<u>33,959</u>
Net assets released from restrictions:					
Expiration of time restriction	(271,397)	-	-	(271,397)	(314,092)
Restrictions satisfied by payments	<u>-</u>	<u>(762,764)</u>	<u>-</u>	<u>(762,764)</u>	<u>(2,198,174)</u>
Total net assets released from restrictions	<u>(271,397)</u>	<u>(762,764)</u>	<u>-</u>	<u>(1,034,161)</u>	<u>(2,512,266)</u>
Increase (decrease) in temporarily restricted net assets	<u>(75,147)</u>	<u>(551,750)</u>	<u>30,118</u>	<u>(596,779)</u>	<u>(1,014,267)</u>

(Continued)

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Changes in Net Assets, Continued

Year ended December 31, 2014
(With Comparative Totals for 2013)

	2014			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2014	2013
Changes in permanently restricted net assets:					
Direct public support	-	-	5,875	5,875	9,125
Investment income	-	-	54,671	54,671	437,975
Increase in permanently restricted net assets	-	-	60,546	60,546	447,100
Increase (decrease) in net assets	258,013	(312,652)	714,276	659,637	2,774,190
Net assets at beginning of year	2,908,145	16,230,543	13,191,042	32,329,730	29,555,540
Net assets at end of year	\$ 3,166,158	\$ 15,917,891	\$ 13,905,318	\$ 32,989,367	\$ 32,329,730

See accompanying notes to the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Functional Expenses

Year ended December 31, 2014
(With Comparative Totals for 2013)

	2014				Total All Funds	
	Program Services	Supporting Services		Total	2014	2013
		Management and General	General Fundraising			
Employee compensation:						
Salaries	\$ 2,083,567	\$ 92,169	\$ 320,671	\$ 412,840	\$ 2,496,407	\$ 2,677,227
Employment benefits	447,725	21,212	73,801	95,013	542,738	529,150
Payroll taxes	<u>162,800</u>	<u>7,454</u>	<u>25,932</u>	<u>33,386</u>	<u>196,186</u>	<u>200,289</u>
Total compensation expenses	2,694,092	120,835	420,404	541,239	3,235,331	3,406,666
Professional fees	6,629	52,114	1,410	53,524	60,153	76,798
Supplies and general expenses	992,300	797	2,771	3,568	995,868	1,187,250
Telephone	57,178	2,029	7,060	9,089	66,267	63,302
Postage and shipping	31,561	1,387	4,826	6,213	37,774	43,589
Occupancy expenses	576,580	7,088	24,662	31,750	608,330	502,676
Equipment rental and maintenance	88,878	2,540	8,838	11,378	100,256	99,255
Printing and publications	21,406	123	430	553	21,959	20,082
Travel and field operating expenses	194,711	8,384	29,168	37,552	232,263	252,095
Conference and meetings	28,636	1,599	5,563	7,162	35,798	37,523
Specific assistance	94,897	-	-	-	94,897	89,444
Recognition awards	35,332	1,044	3,631	4,675	40,007	50,375
Insurance	133,309	4,091	14,233	18,324	151,633	141,810
Miscellaneous expenses	<u>78,282</u>	<u>1,595</u>	<u>5,549</u>	<u>7,144</u>	<u>85,426</u>	<u>82,999</u>
Total expenses before depreciation	5,033,791	203,626	528,545	732,171	5,765,962	6,053,864
Depreciation and amortization of buildings and equipment	<u>372,673</u>	<u>22,788</u>	<u>79,282</u>	<u>102,070</u>	<u>474,743</u>	<u>530,205</u>
	<u>\$ 5,406,464</u>	<u>\$ 226,414</u>	<u>\$ 607,827</u>	<u>\$ 834,241</u>	<u>\$ 6,240,705</u>	<u>\$ 6,584,069</u>

See accompanying notes to the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Cash Flows

**Year ended December 31, 2014
(With Comparative Totals for 2013)**

	<u>2014</u>			<u>Total All Funds</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:					
Increase (decrease) in net assets	\$ <u>258,013</u>	\$ <u>(312,652)</u>	\$ <u>714,276</u>	\$ <u>659,637</u>	\$ <u>2,774,190</u>
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:					
Depreciation and amortization	-	474,743	-	474,743	530,205
Amortization of discount on pledges receivable	-	(42,032)	-	(42,032)	-
Net unrealized gains (losses) on investments	(171,396)	(160)	(339,490)	(511,046)	(1,126,438)
Contributions restricted for endowment purposes	-	-	(5,875)	(5,875)	(9,125)
Contributions restricted for capital improvements	-	(168,982)	-	(168,982)	(1,193,605)
Changes in operating assets and liabilities:					
Pledges and accounts receivable	(54,091)	185,615	-	131,524	262,643
Inventories	74,016	-	-	74,016	6,718
Prepaid expenses	(53,085)	-	-	(53,085)	3,675
Interfund loans	(255,756)	256,094	(338)	-	-
Accounts payable	85,163	6,579	-	91,742	58,021
Camping, activity and other fees designated for future periods	14,942	-	-	14,942	(110,032)
Registration fees payable to National Council	(12,099)	-	-	(12,099)	(22,750)
Funds held for others	<u>46,028</u>	<u>2</u>	<u>3,027</u>	<u>49,057</u>	<u>3,876</u>
Net cash provided (used) by operating activities	<u>(68,265)</u>	<u>399,207</u>	<u>371,600</u>	<u>702,542</u>	<u>1,177,378</u>
Cash flows from investing activities:					
Proceeds from sales of investments	149,956	2,682	836,608	989,246	579,340
Purchases of investments	(353,886)	(4,509)	(1,187,684)	(1,546,079)	(793,541)
Additions to land, buildings and equipment	<u>-</u>	<u>(733,424)</u>	<u>-</u>	<u>(733,424)</u>	<u>(2,030,797)</u>
Net cash used by investing activities	<u>(203,930)</u>	<u>(735,251)</u>	<u>(351,076)</u>	<u>(1,290,257)</u>	<u>(2,244,998)</u>

(Continued)

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Statement of Cash Flows, Continued

**Year ended December 31, 2014
(With Comparative Totals for 2013)**

	<u>2014</u>			<u>Total All Funds</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2014</u>	<u>2013</u>
Cash flows from financing activities:					
Collection of endowment fund support	-	-	5,875	5,875	9,125
Collection of development campaign support	<u>-</u>	<u>168,982</u>	<u>-</u>	<u>168,982</u>	<u>1,193,605</u>
Net cash provided by financing activities	<u>-</u>	<u>168,982</u>	<u>5,875</u>	<u>174,857</u>	<u>1,202,730</u>
Net increase (decrease) in cash	(272,195)	(167,062)	26,399	(412,858)	135,110
Cash at beginning of year	<u>804,924</u>	<u>230,150</u>	<u>107,184</u>	<u>1,142,258</u>	<u>1,007,148</u>
Cash at end of year	<u>\$ 532,729</u>	<u>\$ 63,088</u>	<u>\$ 133,583</u>	<u>\$ 729,400</u>	<u>\$ 1,142,258</u>

See accompanying notes to the financial statements.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2014 and 2013

(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.

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

Notes to the Financial Statements

December 31, 2014 and 2013

(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, 2013, 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 (NPO) 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.

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.

Notes to the Financial Statements

December 31, 2014 and 2013

(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, 2014 and 2013.

(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.

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.

Notes to the Financial Statements

December 31, 2014 and 2013

(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.

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.

Notes to the Financial Statements

December 31, 2014 and 2013

(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 \$34,094 in 2014 and \$39,166 in 2013.

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.

Notes to the Financial Statements

December 31, 2014 and 2013

(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 2014 and 2013 amounted to approximately \$8,000 and \$21,000, 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, 2014 or 2013. 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, 2010.

(s) Events occurring after reporting date

The Council has evaluated events and transactions that occurred between December 31, 2014 and April 15, 2015 which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

(t) Reclassifications

Certain reclassifications have been made to the 2013 summarized financial statement information to conform to the current year presentation. These reclassifications had no effect on the change in net assets for 2013.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2014 and 2013

(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 levels of investments.

(5) Pledges receivable

A summary of pledges receivable as of December 31, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Friends of Scouting	\$ 506,799	\$ 594,861
United Way allocations	65,555	65,042
Development campaign	<u>128,057</u>	<u>199,226</u>
	700,411	859,129
Less allowance for unamortized discount and doubtful accounts	<u>22,428</u>	<u>64,460</u>
Total pledges receivable	677,983	794,669
Less current portion of pledges receivable	<u>(292,429)</u>	<u>(325,844)</u>
Long-term portion of pledges receivable	<u>\$ 385,554</u>	<u>\$ 468,825</u>

Pledges receivable at December 31, 2014 are due within one year, excluding \$400,000 of the Friends of Scouting pledges receivable which are due within four years. 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%.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2014 and 2013

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 \$600,000 as of December 31, 2014. Because these are not unconditional promises to give they are not recorded as an asset of the Council.

(6) Investments

A summary of investments as of December 31, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Short-term investments	\$ 354,775	\$ 181,595
Equities and equity funds	13,210,516	12,241,287
Bonds and bond funds	2,289,349	2,354,130
Real estate and real estate investment funds	311,780	321,529
Notes receivable - Rock Island	<u>2,101</u>	<u>2,101</u>
	<u>\$ 16,168,521</u>	<u>\$ 15,100,642</u>

The following schedule summarizes the investment income included in the statement of changes in net assets for 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Interest and dividend income	\$ 449,715	\$ 435,802
Net gain on investments	633,589	2,095,423
Investment expenses	<u>(92,879)</u>	<u>(89,136)</u>
	<u>\$ 990,425</u>	<u>\$ 2,442,089</u>

The above investment income is classified in the statement of changes in net assets for 2014 and 2013 as follows:

	<u>2014</u>	<u>2013</u>
Unrestricted	\$ 905,636	\$ 1,970,155
Temporarily restricted	30,118	33,959
Permanently restricted	<u>54,671</u>	<u>437,975</u>
	<u>\$ 990,425</u>	<u>\$ 2,442,089</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, 2014 and 2013.

- (i) *Short-term investments, equities and equity funds, bonds and bond funds, and real estate investment funds:* Valued at the closing price reported on the active market on which the individual securities are traded.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2014 and 2013

(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.

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, 2014 and 2013:

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 and real estate investment funds	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>

Fair Value Measurements as of December 31, 2013 using the following inputs

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Short-term investments	\$ 181,595	\$ 181,595	\$ -	\$ -
Equities and equity fund	12,241,287	12,241,287	-	-
Bonds and bond fund	2,354,130	2,354,130	-	-
Real estate and real estate investment funds	321,529	9,749	-	311,780
Note receivable - Rock Island	<u>2,101</u>	<u>-</u>	<u>-</u>	<u>2,101</u>
Total financial assets	\$ <u>15,100,642</u>	\$ <u>14,786,761</u>	\$ <u>-</u>	\$ <u>313,881</u>

There was no change in the value of level 3 investments during 2014 or 2013.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2014 and 2013

(8) Land, buildings, and equipment

A summary of land, buildings and equipment as of December 31, 2014 and 2013 is as follows:

	<u>2014</u>	<u>2013</u>
Land	\$ 5,602,486	\$ 5,602,486
Council office building	2,989,238	2,989,238
Buildings - Boxwell Reservation, Canoe Base, High Adventure and Latimer Reservation	11,959,354	11,659,354
Roads - Boxwell Reservation	929,760	929,760
Furniture, fixtures and equipment:		
Council office	398,227	398,227
Boxwell Reservation	989,238	945,188
Motor Vehicles	249,463	249,463
Construction in progress	<u>389,375</u>	<u>-</u>
	23,507,141	22,773,716
Accumulated depreciation and amortization	<u>(7,829,579)</u>	<u>(7,354,835)</u>
	<u>\$ 15,677,562</u>	<u>\$ 15,418,881</u>

The Council has commitments on signed contracts relating to the construction of a cottage at an existing camp facility totaling approximately \$700,000 at December 31, 2014.

(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 Master Pension Trust - Boy Scouts of America Retirement Plan for Employees* (the "Plan"). 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, 2014 and 2013 totaled \$104,467 and \$117,508, respectively, and covered current service costs. The actuarial information for the Plan as of February 1, 2014, indicated that the Plan is in compliance with the Employee Retirement Income Security Act of 1974 ("ERISA") regulations requiring funding.

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 \$38,558 and \$44,524 to the Thrift Plan in 2014 and 2013, respectively.

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Notes to the Financial Statements

December 31, 2014 and 2013

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, 2014 and 2013, the Council remitted \$217,515 and \$236,237, 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, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Development campaign expenditures	\$ 167,576	\$ 776,437
Scouting activities:		
Camperships	156,841	97,335
Low income exploring	92,787	92,787
Property maintenance	44,611	44,611
Navigator scholarship	418,873	406,700
Laura Miller scholarship program	74,633	60,853
Connelly scholarship program	3,470	1,700
Friends of Scouting and other for future periods	131,199	209,878
United Way allocations for future periods	<u>65,051</u>	<u>61,519</u>
	<u>\$ 1,155,041</u>	<u>\$ 1,751,820</u>

Permanently restricted net assets consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Investments in perpetuity, the income from which is expendable to support:		
Scouting activities	\$ 945,461	\$ 905,043
Property maintenance	368,918	360,046
Camp Craig property maintenance	39,986	38,036
Laura Miller scholarship program	468,317	451,861
Connelly scholarship program	52,063	44,013
Any activities of the Council	<u>9,820,548</u>	<u>9,835,748</u>
	<u>\$ 11,695,293</u>	<u>\$ 11,634,747</u>

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2014 and 2013

(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

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, 2014 and 2013

The endowment pool market value to net asset analysis as of December 31, 2013 is as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment pool:				
Donor-restricted	\$ -	\$ 761,097	\$ 11,634,747	\$ 12,395,844
Board-designated	<u>668,035</u>	<u>-</u>	<u>-</u>	<u>668,035</u>
	668,035	761,097	11,634,747	13,063,879
Other net assets	<u>127,163</u>	<u>-</u>	<u>-</u>	<u>127,163</u>
Total	<u>\$ 795,198</u>	<u>\$ 761,097</u>	<u>\$ 11,634,747</u>	<u>\$ 13,191,042</u>

Changes in endowment net assets as of December 31, 2014 and 2013 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, 2012	\$ (550,176)	\$ 727,138	\$ 11,187,647	\$ 11,364,609
Contributions	132,619	-	9,125	141,744
Investment income	572,550	65,303	437,975	1,075,828
Net appreciation	1,095,860	9,633	-	1,105,493
Amounts appropriated				
for expenditures	-	(40,977)	-	(40,977)
Investment fees	(55,256)	-	-	(55,256)
Transfers	<u>(400,399)</u>	<u>-</u>	<u>-</u>	<u>(400,399)</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	<u>\$ 1,418,810</u>	<u>\$ 791,215</u>	<u>\$ 11,695,293</u>	<u>\$ 13,905,318</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, 2014 or 2013.

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

Notes to the Financial Statements

December 31, 2014 and 2013

(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, 2014 is as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 97,000
2016	1,500
2017	<u>500</u>
	<u>\$ 99,000</u>

Lease expense amounted to approximately \$123,000 in 2014 and \$125,000 in 2013. 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 2014.

(13) Related party transactions

At December 31, 2014 and 2013, accounts payable to an affiliate totaled \$25,428 and \$54,335, respectively.

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

MIDDLE TENNESSEE COUNCIL, INC., BOY SCOUTS OF AMERICA

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

Year ended December 31, 2014

	<u>Operating Fund</u>	<u>Budget (Unaudited)</u>	<u>Over (Under) Budget</u>
Public support and revenue:			
Direct public support:			
Friends of Scouting	\$ 2,235,080	\$ 2,200,000	\$ 35,080
Special events, net of direct costs	174,370	165,000	9,370
Other direct support	<u>8,163</u>	<u>-</u>	<u>8,163</u>
Total direct public support	2,417,613	2,365,000	52,613
Indirect public support - United Way	<u>156,583</u>	<u>170,000</u>	<u>(13,417)</u>
Total public support	<u>2,574,196</u>	<u>2,535,000</u>	<u>39,196</u>
Other revenue:			
Sales of supplies, net of cost of goods sold	436,301	420,000	16,301
Camping and related fees	1,512,223	1,350,000	162,223
Activity revenue	291,004	285,000	6,004
Product sales, net of cost of products sold	593,064	535,000	58,064
Investment income	678,353	500,000	178,353
Miscellaneous revenue	<u>33,839</u>	<u>32,000</u>	<u>1,839</u>
Total other revenue	<u>3,544,784</u>	<u>3,122,000</u>	<u>422,784</u>
Total public support and revenue	<u>6,118,980</u>	<u>5,657,000</u>	<u>461,980</u>
Expenses:			
Employee compensation:			
Salaries	2,496,407	2,690,000	(193,593)
Employment benefits	542,738	523,000	19,738
Payroll taxes	<u>196,186</u>	<u>228,500</u>	<u>(32,314)</u>
Total compensation expenses	3,235,331	3,441,500	(206,169)
Professional fees	60,153	87,100	(26,947)
Supplies and general expenses	975,868	782,699	193,169
Telephone	66,267	54,850	11,417
Postage and shipping	37,774	45,250	(7,476)
Occupancy expenses	578,991	400,000	178,991
Equipment rental and maintenance	100,256	111,000	(10,744)
Printing and publication	21,959	23,450	(1,491)
Travel and field operating expenses	232,263	240,000	(7,737)
Conference and meetings	35,798	45,200	(9,402)
Specific assistance	94,897	100,000	(5,103)
Recognition award	40,007	50,000	(9,993)
Insurance	151,633	132,165	19,468
Miscellaneous expenses	83,837	63,786	20,051
Unallocated payments to National Council	<u>70,786</u>	<u>78,000</u>	<u>(7,214)</u>
Total expenses	<u>5,785,820</u>	<u>5,655,000</u>	<u>130,820</u>
Increase in unrestricted net assets	<u>\$ 333,160</u>	<u>\$ 2,000</u>	<u>\$ 331,160</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Public support and revenue:		
Direct public support:		
Friends of Scouting	\$ 2,235,080	\$ 2,302,402
Special events, net of direct costs	174,370	135,824
Other direct support	<u>8,163</u>	<u>8,788</u>
Total direct public support	2,417,613	2,447,014
Indirect public support - United Way	<u>156,583</u>	<u>171,525</u>
Total public support	<u>2,574,196</u>	<u>2,618,539</u>
Other revenue:		
Sales of supplies, net of cost of goods sold	436,301	477,380
Camping and related fees	1,512,223	1,547,453
Activity revenue	291,004	477,058
Product sales, net of cost of products sold	593,064	544,436
Investment income	678,353	703,893
Miscellaneous revenue	<u>33,839</u>	<u>29,441</u>
Total other revenue	<u>3,544,784</u>	<u>3,779,661</u>
Total public support and revenue	<u>6,118,980</u>	<u>6,398,200</u>
Expenses:		
Program services	4,989,171	5,222,533
Supporting services:		
Management and general	202,218	215,118
Fundraising	523,645	555,614
Unallocated payments to National Council	<u>70,786</u>	<u>70,791</u>
Total expenses	<u>5,785,820</u>	<u>6,064,056</u>
Increase in unrestricted net assets	<u>\$ 333,160</u>	<u>\$ 334,144</u>

See accompanying independent auditors' report.