

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

**Financial Statements and Schedules**

**December 31, 2007  
(With Comparative Totals for 2006)**

**(With Independent Auditors' Report Thereon)**



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

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### Independent Auditors' Report

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

We have audited the accompanying statement of financial position of the Middle Tennessee Council, Inc., Boy Scouts of America as of December 31, 2007, and the related statements of changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Council's 2006 financial statements and in our report dated May 11, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Middle Tennessee Council, Inc., Boy Scouts of America as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

*Lattimore Black Morgan & Cain, PC*

Brentwood, Tennessee  
May 8, 2008

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

## Statement of Financial Position

December 31, 2007  
(With Comparative Amounts for 2006)

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2007	2006	2007	2006	2007	2006	2007	2006
<u>Assets</u>								
Cash	\$ 690,262	515,185	743,010	224,925	4,431	23,531	1,437,703	763,641
Pledges and accounts receivable, net	410,484	511,055	1,893,261	451,455	-	-	2,303,745	962,510
Inventories	342,150	331,581	-	-	-	-	342,150	331,581
Prepaid expenses	82,449	79,644	-	-	-	-	82,449	79,644
Investments	1,503,633	1,503,480	448,948	430,168	11,771,978	11,084,908	13,724,559	13,018,556
Land, buildings and equipment, net	-	-	10,359,049	6,656,977	-	-	10,359,049	6,656,977
Due (to) from other funds	8,834	-	(7,575)	-	(1,259)	-	-	-
Total assets	\$ 3,037,812	2,940,945	13,436,693	7,763,525	11,775,150	11,108,439	28,249,655	21,812,909
<u>Liabilities and Net Assets</u>								
Liabilities:								
Line of credit	\$ -	-	-	370,000	-	-	-	370,000
Accounts payable and accrued expenses	303,099	252,053	57,903	5,110	-	-	361,002	257,163
Camping, activity and other fees designated for future periods	19,486	22,950	-	-	-	-	19,486	22,950
Registration fees payable to National Council	161,404	153,142	-	-	-	-	161,404	153,142
Funds held for others	129,258	86,443	19,157	20,264	-	-	148,415	106,707
Total liabilities	613,247	514,588	77,060	395,374	-	-	690,307	909,962
Net Assets:								
Unrestricted	2,027,737	1,917,045	10,867,435	7,332,778	580,594	174,260	13,475,766	9,424,083
Temporarily restricted	396,828	509,312	2,492,198	35,373	691,314	542,573	3,580,340	1,087,258
Permanently restricted	-	-	-	-	10,503,242	10,391,606	10,503,242	10,391,606
Total net assets	2,424,565	2,426,357	13,359,633	7,368,151	11,775,150	11,108,439	27,559,348	20,902,947
Total liabilities and net assets	\$ 3,037,812	2,940,945	13,436,693	7,763,525	11,775,150	11,108,439	28,249,655	21,812,909

See accompanying notes to financial statements.

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

## Statement of Changes in Net Assets

Year ended December 31, 2007  
(With Comparative Totals for 2006)

	2007			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2007	2006
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 \$343,138 in 2007 and \$243,877 in 2006	\$ 2,665,663	-	-	2,665,663	2,544,360
Memorial contributions	-	-	10,885	10,885	11,410
Special events, net of direct costs of \$342,416 in 2007 and \$292,903 in 2006	194,388	-	-	194,388	201,614
Other direct support	13,392	-	-	13,392	22,194
Total direct public support	2,873,443	-	10,885	2,884,328	2,779,578
Indirect public support - United Way, including net assets released from expiration of time restriction of \$166,173 in 2007 and \$161,075 in 2006	297,329	-	-	297,329	327,358
Total public support	3,170,772	-	10,885	3,181,657	3,106,936
Other revenue:					
Sales of supplies, net of cost of goods sold of \$729,024 in 2007 and \$680,780 in 2006	364,446	-	-	364,446	276,269
Camping and related fees	791,722	-	-	791,722	701,163
Activity revenue	212,941	-	-	212,941	237,928
Product sales, net of cost of products sold of \$944,527 in 2007 and \$907,672 in 2006	546,334	-	-	546,334	510,167
Investment income	429,559	24,857	435,941	890,357	909,051
Miscellaneous revenue	53,906	-	-	53,906	58,582
Total other revenue	2,398,908	24,857	435,941	2,859,706	2,693,160
Net assets released from restrictions - restrictions satisfied by payments	100,000	4,038,670	(100,000)	4,038,670	357,968
Total public support and revenue	\$ 5,669,680	4,063,527	346,826	10,080,033	6,158,064

(Continued)

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

## Statement of Changes in Net Assets, Continued

Year ended December 31, 2007  
(With Comparative Totals for 2006)

	2007			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2007	2006
Changes in unrestricted net assets, continued					
Expenses:					
Program services	\$ 4,699,528	549,654	-	5,249,182	4,901,751
Supporting services:					
Management & general	290,076	26,881	-	316,957	313,787
Fundraising	358,554	40,335	-	398,889	369,970
Unallocated payments to National Council	63,322	-	-	63,322	60,181
Total expenses	5,411,480	616,870	-	6,028,350	5,645,689
Increase in unrestricted net assets	258,200	3,446,657	346,826	4,051,683	512,375
Changes in temporarily restricted net assets					
Public support and revenue:					
Direct public support:					
Friends of Scouting	272,994	-	-	272,994	343,138
Development campaign	-	6,495,495	-	6,495,495	61,019
Special event	-	-	115,000	115,000	136,000
Total direct public support	272,994	6,495,495	115,000	6,883,489	540,157
Indirect public support - United Way	123,833	-	-	123,833	166,173
Total public support	396,827	6,495,495	115,000	7,007,322	706,330
Investment income	-	-	33,741	33,741	30,632
Net assets released from restrictions:					
Expiration of time restriction	(509,311)	-	-	(509,311)	(404,952)
Restrictions satisfied by payments	-	(4,038,670)	-	(4,038,670)	(357,968)
Total net assets released from restrictions	(509,311)	(4,038,670)	-	(4,547,981)	(762,920)
Increase (decrease) in temporarily restricted net assets	\$ (112,484)	2,456,825	148,741	2,493,082	(25,958)

(Continued)

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

## Statement of Changes in Net Assets, Continued

Year ended December 31, 2007  
(With Comparative Totals for 2006)

	2007			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2007	2006
Changes in permanently restricted net assets					
Direct public support	\$ -	-	26,098	26,098	675,796
Investment income	-	-	85,538	85,538	660,398
Increase in permanently restricted net assets	-	-	111,636	111,636	1,336,194
Increase in net assets	145,716	5,903,482	607,203	6,656,401	1,822,611
Net assets at beginning of year	2,426,357	7,368,151	11,108,439	20,902,947	19,080,336
Transfers	(147,508)	88,000	59,508	-	-
Net assets at end of year	\$ <u>2,424,565</u>	<u>13,359,633</u>	<u>11,775,150</u>	<u>27,559,348</u>	<u>20,902,947</u>

See accompanying notes to financial statements.

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

## Statement of Functional Expenses

Year ended December 31, 2007  
(With Comparative Totals for 2006)

	2007				Total All Funds	
	Program Services	Supporting Services		Total	2007	2006
		Management and General	General Fundraising			
Employee compensation:						
Salaries	\$ 2,156,075	151,583	215,953	367,536	2,523,611	2,465,603
Employment benefits	382,976	28,638	40,799	69,437	452,413	408,084
Payroll taxes	173,965	12,594	17,942	30,536	204,501	207,466
Total compensation expenses	2,713,016	192,815	274,694	467,509	3,180,525	3,081,153
Professional fees	38,217	40,913	4,830	45,743	83,960	95,853
Supplies and general expenses	729,169	4,747	8,802	13,549	742,718	702,835
Telephone	41,012	2,668	3,801	6,469	47,481	43,399
Postage and shipping	61,379	3,964	5,648	9,612	70,991	68,699
Occupancy expenses	391,807	9,801	13,963	23,764	415,571	366,208
Equipment rental and maintenance	82,953	6,257	8,915	15,172	98,125	88,673
Printing and publications	29,745	696	991	1,687	31,432	27,100
Travel and field operating expenses	242,153	17,379	24,759	42,138	284,291	244,754
Conference and meetings	43,618	3,454	4,922	8,376	51,994	45,928
Specific assistance	146,431	-	-	-	146,431	155,587
Recognition awards	45,363	2,593	3,694	6,287	51,650	42,604
Insurance	110,621	4,349	6,195	10,544	121,165	137,003
Interest expense	152,178	13,498	19,230	32,728	184,906	17,271
Provision for uncollectible pledges	-	876	-	876	876	18,000
Miscellaneous expenses	69,797	3,623	5,161	8,784	78,581	112,231
Total expenses before depreciation	4,897,459	307,633	385,605	693,238	5,590,697	5,247,298
Depreciation of buildings and equipment	351,723	9,324	13,284	22,608	374,331	338,210
	<u>\$ 5,249,182</u>	<u>316,957</u>	<u>398,889</u>	<u>715,846</u>	<u>5,965,028</u>	<u>5,585,508</u>

See accompanying notes to financial statements.



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

**Statement of Cash Flows**

**Year ended December 31, 2007  
(With Comparative Totals for 2006)**

	2007			Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2007	2006
<b>Cash flows from operating activities:</b>					
Increase in net assets	\$ 145,716	5,903,482	607,203	6,656,401	1,822,611
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:					
Depreciation	-	374,331	-	374,331	338,210
Provision for uncollectible pledges	876	-	-	876	18,000
Gain on disposal of equipment	-	(25)	-	(25)	-
Unrealized gains on investments	(49,767)	-	(183,337)	(233,104)	(354,659)
Contributions restricted for endowment purposes	-	-	(26,098)	(26,098)	(675,796)
Contributions restricted for capital improvements	-	(6,495,495)	-	(6,495,495)	(61,019)
Transfers	(147,508)	88,000	59,508	-	-
Changes in operating assets and liabilities:					
Pledges and accounts receivable	99,695	-	-	99,695	(22,935)
Inventories	(10,569)	-	-	(10,569)	(67,110)
Prepaid expenses	(2,805)	-	-	(2,805)	7,210
Due (to) from other funds	(8,834)	7,575	1,259	-	-
Accounts payable and accrued expenses	51,046	52,793	-	103,839	(219,168)
Camping, activity and other fees designated for future periods	(3,464)	-	-	(3,464)	19,971
Registration fees payable to National Council	8,262	-	-	8,262	(32,770)
Funds held for others	42,815	(1,107)	-	41,708	(16,781)
Net cash provided (used) by operating activities	125,463	(70,446)	458,535	513,552	755,764
<b>Cash flows from investing activities:</b>					
Proceeds from sales of investments	665,742	(18,780)	399,333	1,046,295	815,786
Purchases of investments	(616,128)	-	(903,066)	(1,519,194)	(2,619,972)
Proceeds from sale of equipment	-	(1,000)	-	(1,000)	-
Additions to land, buildings and equipment	-	(4,075,378)	-	(4,075,378)	(883,337)
Net cash provided (used) by investing activities	49,614	(4,095,158)	(503,733)	(4,549,277)	(2,687,523)
<b>Cash flows from financing activities:</b>					
Collection of endowment fund support	-	-	26,098	26,098	675,796
Collection of development campaign support	-	5,053,689	-	5,053,689	345,373
Proceeds from (payments of) line of credit	-	(370,000)	-	(370,000)	370,000
Net cash provided by financing activities	-	4,683,689	26,098	4,709,787	1,391,169
<b>Net increase (decrease) in cash</b>	175,077	518,085	(19,100)	674,062	(540,590)
<b>Cash at beginning of year</b>	515,185	224,925	23,531	763,641	1,304,231
<b>Cash at end of year</b>	\$ 690,262	743,010	4,431	1,437,703	763,641

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2007

(1) Nature of Activities

Middle Tennessee Council, Inc., Boy Scouts of America (the Council) is a not-for-profit organization located in Nashville, Tennessee and is affiliated with the National Council, Boy Scouts of America. The Council provides a scouting program to help instill in young people a code of moral and ethical conduct, a commitment to community service, leadership skills, duty to country and a reverence toward God. The Council is supported primarily through donor contributions, the United Way, and fees for camping and other activities.

(2) Summary of Significant Accounting Policies

(a) Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of certain costs is based upon time studies which were updated by the Council in 2004.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to their prospective nature, actual results could differ from those estimates.

(c) Pledges and Accounts Receivable

Pledges to make contributions are recognized when the donor makes a promise to give to the Council that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions are met or expire in the 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 restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Pledges collectible over more than one year are recognized at their expected discounted cash flow.

The Council uses the allowance method to estimate uncollectible pledges and accounts receivable. The allowance is based on experience and management's analysis of specific pledges made. Accounts receivable are considered past due when they have not been collected within thirty days of the invoice date.

Notes to Financial Statements, Continued

December 31, 2007

(2) Summary of Significant Accounting Policies, Continued

(d) Donated Materials

Donated materials are reflected as gifts in kind in the financial statements at their estimated fair market value on the date of receipt. Donated materials amounted to \$53,412 in 2007 and \$54,687 in 2006.

(e) Donated Services

No amounts have been reflected in the financial statements for volunteer services as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant time in the Council's program services and in its fundraising campaigns.

(f) Inventories

Inventories, consisting primarily of scout uniforms and supplies, are valued at the lower of average cost or market.

(g) Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are shown at their fair values in the statement of financial position. 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

(h) Properties

Land, buildings, and equipment purchased by the Council are stated at cost. Donated property and equipment are recorded at their estimated fair market values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service.

The Council follows the practice of capitalizing all expenditures for land, buildings, and equipment in excess of \$1,000. Depreciation of physical properties is provided over the estimated useful lives of the respective assets on a straight-line basis. Annual depreciation is charged to the capital fund.

Notes to Financial Statements, Continued

December 31, 2007

(2) Summary of Significant Accounting Policies, Continued

(i) 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.

(j) 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.

(k) Income Taxes

The Council is exempt from federal, state and local income taxes under Internal Revenue Code section 501(c)(3) as a charitable organization whereby only unrelated business income, as defined by section 509(a)(1) of the Internal Revenue Code, is subject to federal tax. Accordingly, no provision for income taxes is included in the financial statements. In addition, the Internal Revenue Service has determined the Council is not a private foundation within the meaning of section 509(a) of the Internal Revenue Code.

(l) Memorandum Totals

The financial statements include certain prior year summarized comparative information in total but not by fund or net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

## Notes to Financial Statements, Continued

December 31, 2007

(m) New Accounting Pronouncement

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. SFAS 157 also requires companies to disclose the fair value of their financial instruments according to a fair value hierarchy as defined in the standard. Additionally, companies are required to provide enhanced disclosure regarding financial instruments, including a reconciliation of the beginning and ending balances separately for each major category of assets and liabilities. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and therefore the Council expects to adopt SFAS 157 at the beginning of 2008. However, in February 2008, the FASB issued FASB Staff Position No. FAS 157-2, Effective Date of FASB Statement No. 157 ("FSP 157-2"). FSP 157-2 delays the effective date of SFAS 157 for certain nonfinancial assets and liabilities to fiscal years beginning after November 15, 2008. The Council is currently assessing the impact of adopting this accounting standard.

(3) Concentration of Credit Risk

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 believes it is not exposed to any significant credit risk on cash balances.

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) Pledges and Accounts Receivable

A summary of pledges and accounts receivable at December 31, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Friends of Scouting	\$ 289,127	332,587
United Way allocations	125,602	168,140
Development campaign	2,365,676	498,762
Other	<u>38,428</u>	<u>56,536</u>
	2,818,833	1,056,025
Less allowance for unamortized discount and doubtful accounts	<u>515,088</u>	<u>93,515</u>
	\$ <u>2,303,745</u>	<u>962,510</u>

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

## Notes to Financial Statements, Continued

December 31, 2007

### (4) Pledges and Accounts Receivable, continued

A discount rate of 5% is used to reflect the present value of expected future collections due after one year. Pledges and accounts receivable are due within one year except for the development campaign pledges receivable. The development campaign pledges receivable are due as follows:

	<u>2007</u>	<u>2006</u>
Receivable in less than one year	\$ 914,676	271,596
Receivable in one to five years	<u>1,451,000</u>	<u>227,166</u>
	\$ <u>2,365,676</u>	<u>498,762</u>

In addition to the development campaign pledges receivable shown above, the Council has been named as a beneficiary of certain estates and life insurance policies in the approximate amount of \$750,000 as of December 31, 2007. Because these are not unconditional promises to give they are not recorded on the books of the Council.

### (5) Investments

A summary of investments at December 31, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Short-term investments	\$ 1,144,173	1,183,374
Equities and equity funds	7,439,907	6,633,540
Bonds and bond funds	4,485,430	4,565,373
Certificate of deposit	448,948	430,168
Real estate	204,000	204,000
Notes receivable - Rock Island	<u>2,101</u>	<u>2,101</u>
	\$ <u>13,724,559</u>	<u>13,018,556</u>

The following schedule summarizes the investment return in the statement of changes in net assets for the years ended December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Interest and dividend income	\$ 432,877	397,529
Net gains	648,214	1,274,693
Investment expenses	<u>(71,455)</u>	<u>(72,141)</u>
	\$ <u>1,009,636</u>	<u>1,600,081</u>

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

## Notes to Financial Statements, Continued

December 31, 2007

### (5) Investments, continued

The above investment return is classified in the statement of changes in net assets as follows:

	<u>2007</u>	<u>2006</u>
Unrestricted	\$ 890,357	909,051
Temporarily restricted	33,741	30,632
Permanently restricted	<u>85,538</u>	<u>660,398</u>
	\$ <u>1,009,636</u>	<u>1,600,081</u>

### (6) Properties

A summary of land, buildings and equipment at December 31, 2007 and 2006 is as follows:

	<u>2007</u>	<u>2006</u>
Land	\$ 4,436,754	797,554
Council office building	2,989,238	2,989,238
Buildings - Boxwell Reservation, Canoe Base and High Adventure	5,579,246	5,249,246
Roads - Boxwell Reservation	929,760	929,760
Furniture, fixtures and equipment:		
Council office	427,423	427,423
Boxwell Reservation	768,651	699,181
Motor vehicles	233,208	237,108
Construction in progress	<u>38,839</u>	<u>-</u>
	15,403,119	11,329,510
Less accumulated depreciation	<u>5,044,070</u>	<u>4,672,533</u>
	\$ <u>10,359,049</u>	<u>6,656,977</u>

### (7) Line of Credit

The Council has a \$2,000,000 revolving line of credit available with a bank. Advances under this line of credit bear interest at LIBOR rate plus 1.50%. At December 31, 2007, the Council had no borrowings under this line of credit. The line of credit matures in March 2009.

### (8) Pension Plan

The Middle Tennessee Council, Inc., Boy Scouts of America participates in a multi-employer defined-benefit pension plan, administered by the National Council, Boy Scouts of America, for its full-time permanent employees. The Council contributes 5% of the salary of covered employees to the plan and the employee contributes 1% of salary. Pension plan expense was \$114,837 in 2007 and \$103,857 in 2006. The Council funds pension cost accrued. There is no unfunded initial past service cost or unfunded additional prior service cost under the valuation method.

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

## Notes to Financial Statements, Continued

December 31, 2007

### (8) Pension Plan, continued

Separate actuarial calculations are not provided for each participating local Council but rather are provided for all Councils participating in the plan. The actuarial present value of vested accumulated plan benefits was \$681 million at February 1, 2007, the date of the latest actuarial valuation. The value of the plan assets was \$1,072 million, thereby exceeding the vested amount by \$391 million.

The actuary used a five-year moving market average to determine the actuarial value of the plan assets. To determine the present value of vested benefits a 7.75% per annum interest rate, compounded annually, was the assumed rate of return. The estimated retirement age ranged from 55 - 70 years of age.

### (9) Net Assets

Temporarily restricted net assets as of December 31, 2007 and 2006 are available for the following purposes or periods:

	<u>2007</u>	<u>2006</u>
Development campaign expenditures	\$ 2,456,825	-
Wildlife conservation	35,373	35,373
Scouting activities:		
Camperships	89,724	87,391
Low income Exploring	92,787	92,787
Property maintenance	44,611	44,611
Navigator scholarship program	434,790	311,471
Laura Miller scholarship program	29,403	6,314
Friends of Scouting for future periods	272,994	343,138
United Way allocations for future periods	<u>123,833</u>	<u>166,173</u>
	\$ <u>3,580,340</u>	<u>1,087,258</u>

Permanently restricted net assets consist of the following as of December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Investments in perpetuity, the income from which is expendable to support:		
Scouting activities	\$ 731,816	725,259
Property maintenance	336,516	324,817
Camp Craig property maintenance	31,354	28,143
Laura Miller scholarship program	392,907	390,564
Any activities of the Council	<u>9,010,649</u>	<u>8,922,823</u>
	\$ <u>10,503,242</u>	<u>10,391,606</u>



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

**Notes to Financial Statements, Continued**

**December 31, 2007**

**(10) 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. Approximate minimum rental commitments during the remaining terms of these leases are as follows:

<u>Year ending December 31,</u>	<u>Amount</u>
2008	\$ 136,000
2009	133,000
2010	131,000
2011	8,000
2012	<u>400</u>
	\$ <u>408,400</u>

Lease expense amounted to approximately \$128,000 in 2007 and \$123,000 in 2006. It is expected that in the normal course of business, leases that expire will be renewed or replaced by leases on other vehicles; thus, it is anticipated that future minimum lease expense will not be less than the commitments for 2008.

**(11) Commitments**

The Council entered into a commitment for land improvements to the Latimer High Adventure Camp in the amount of \$587,390. As of December 31, 2007, \$38,839 of the commitment had been expended for the construction in progress for these improvements.

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

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

**Year ended December 31, 2007**

	Operating Fund	Budget (Unaudited)	Over (Under) Budget
<b>Public support and revenue:</b>			
<b>Direct public support:</b>			
Friends of Scouting	\$ 2,665,663	2,659,800	5,863
Special events, net of direct costs	194,388	215,327	(20,939)
Other direct support	13,392	-	13,392
Total direct public support	2,873,443	2,875,127	(1,684)
Indirect public support - United Way	297,329	359,550	(62,221)
Total public support	3,170,772	3,234,677	(63,905)
<b>Other revenue:</b>			
Sales of supplies, net of cost of goods sold	364,446	334,613	29,833
Camping and related fees	791,722	812,912	(21,190)
Activity revenue	212,941	287,391	(74,450)
Product sales, net of cost of products sold	546,334	490,000	56,334
Investment income	429,559	300,000	129,559
Miscellaneous revenue	53,906	75,000	(21,094)
Total other revenue	2,398,908	2,299,916	98,992
<b>Net assets released from restrictions - restrictions   satisfied by payments</b>	100,000	-	100,000
<b>Total public support and revenue</b>	5,669,680	5,534,593	135,087
<b>Expenses:</b>			
<b>Employee compensation:</b>			
Salaries	2,523,611	2,720,564	(196,953)
Employment benefits	452,413	502,256	(49,843)
Payroll taxes	204,501	237,418	(32,917)
Total compensation expenses	3,180,525	3,460,238	(279,713)
Professional fees	83,960	107,100	(23,140)
Supplies and general expenses	740,679	718,668	22,011
Telephone	47,480	44,233	3,247
Postage and shipping	70,991	58,797	12,194
Occupancy expenses	376,539	279,927	96,612
Equipment rental and maintenance	98,126	97,200	926
Printing and publications	31,431	37,200	(5,769)
Travel and field operating expenses	284,292	244,110	40,182
Conference and meetings	51,994	49,050	2,944
Specific assistance	146,431	145,865	566
Recognition awards	51,649	47,130	4,519
Insurance	121,165	135,922	(14,757)
Provision for uncollectible pledges	876	-	876
Miscellaneous expenses	62,020	38,423	23,597
Unallocated payments to National Council	63,322	63,188	134
Total expenses	5,411,480	5,527,051	(115,571)
<b>Increase in unrestricted net assets</b>	\$ 258,200	7,542	250,658

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

Changes in Unrestricted Net Assets  
(Operating Fund Only)

Years ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
<b>Public support and revenue:</b>		
<b>Direct public support:</b>		
Friends of Scouting	\$ 2,665,663	2,544,360
Special events, net of direct costs	194,388	201,614
Other direct support	<u>13,392</u>	<u>13,194</u>
Total direct public support	2,873,443	2,759,168
Indirect public support - United Way	<u>297,329</u>	<u>327,358</u>
Total public support	<u>3,170,772</u>	<u>3,086,526</u>
<b>Other revenue:</b>		
Sales of supplies, net of cost of goods sold	364,446	276,269
Camping and related fees	791,722	701,163
Activity revenue	212,941	237,928
Product sales, net of cost of products sold	546,334	510,167
Investment income	429,559	402,491
Miscellaneous revenue	<u>53,906</u>	<u>58,582</u>
Total other revenue	2,398,908	2,186,600
<b>Net assets released from restrictions - restrictions satisfied by payments</b>	<u>100,000</u>	<u>-</u>
<b>Total public support and revenue</b>	<u>5,669,680</u>	<u>5,273,126</u>
<b>Expenses:</b>		
Program services	4,699,528	4,522,567
Supporting services		
Management & general	290,076	301,596
Fundraising	358,554	352,602
Unallocated payments to National Council	<u>63,322</u>	<u>60,181</u>
Total expenses	<u>5,411,480</u>	<u>5,236,946</u>
<b>Increase in unrestricted net assets</b>	<u>\$ 258,200</u>	<u>36,180</u>