

**Westchester-Putnam Council, Inc.
Boy Scouts of America**

Consolidated Financial Statements

December 31, 2014 and 2013

**Westchester-Putnam Council, Inc.
Boy Scouts of America**

Table of Contents for
Consolidated Financial Statements
December 31, 2014 and 2013

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Statements of Financial Position	2
Statements of Changes in Net Assets	3-5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-19

Independent Auditors' Report

The Executive Board Westchester-Putnam Council, Inc. Boy Scouts of America

We have audited the accompanying consolidated financial statements of Westchester-Putnam Council, Inc. Boy Scouts of America, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 from 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Westchester-Putnam Council, Inc. Boy Scouts of America as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

O'Connor Davies, LLP

May 6, 2015

Westchester-Putnam Council, Inc.
Boy Scouts of America
Consolidated Statements of Financial Position

	December 31, 2014				December 31, 2013			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
ASSETS								
Cash and cash equivalents	\$ 540,273	\$ 51,416	\$ 56,132	\$ 647,821	\$ 452,415	\$ 27,193	\$ 41,330	\$ 520,938
Other receivables	46,129	-	-	46,129	61,039	-	-	61,039
Pledges receivable, net	147,613	14,250	56,925	218,788	159,370	14,250	76,376	249,996
Inventory	51,651	-	-	51,651	60,348	-	-	60,348
Interfund accounts	888	(178)	(710)	-	1,555	5,533	(7,088)	-
Prepaid and deferred activity expense	42,461	-	-	42,461	59,689	-	-	59,689
Note receivable, employee	-	-	-	-	100,000	-	-	100,000
Long-term investments	-	-	9,856,450	9,856,450	-	-	9,985,958	9,985,958
Beneficial interest in gift annuity	-	-	17,506	17,506	-	-	17,936	17,936
Land, building and equipment, net of accumulated depreciation	-	6,267,024	-	6,267,024	-	6,483,785	-	6,483,785
	<u>\$ 829,015</u>	<u>\$ 6,332,512</u>	<u>\$ 9,986,303</u>	<u>\$ 17,147,830</u>	<u>\$ 894,416</u>	<u>\$ 6,530,761</u>	<u>\$ 10,114,512</u>	<u>\$ 17,539,689</u>
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable and accrued expenses	\$ 66,361	\$ -	\$ -	\$ 66,361	\$ 94,676	\$ 125	\$ -	\$ 94,801
Custodian accounts	304,808	-	-	304,808	314,787	-	-	314,787
Deferred activity and camping income	69,434	-	-	69,434	46,840	-	-	46,840
Other liabilities	19,342	-	-	19,342	19,392	-	-	19,392
Notes payable	-	85,114	-	85,114	-	79,136	-	79,136
Total Liabilities	<u>459,945</u>	<u>85,114</u>	<u>-</u>	<u>545,059</u>	<u>475,695</u>	<u>79,261</u>	<u>-</u>	<u>554,956</u>
Net Assets								
Unrestricted	336,534	6,244,335	6,370,985	12,951,854	341,773	6,433,871	6,473,842	13,249,486
Temporarily restricted	32,536	3,063	131,056	166,655	76,948	17,629	156,978	251,555
Permanently restricted	-	-	3,484,262	3,484,262	-	-	3,483,692	3,483,692
Total Net Assets	<u>369,070</u>	<u>6,247,398</u>	<u>9,986,303</u>	<u>16,602,771</u>	<u>418,721</u>	<u>6,451,500</u>	<u>10,114,512</u>	<u>16,984,733</u>
	<u>\$ 829,015</u>	<u>\$ 6,332,512</u>	<u>\$ 9,986,303</u>	<u>\$ 17,147,830</u>	<u>\$ 894,416</u>	<u>\$ 6,530,761</u>	<u>\$ 10,114,512</u>	<u>\$ 17,539,689</u>

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Changes in Net Assets

	Year Ended December 31, 2014				Year Ended December 31, 2013			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
Changes in Unrestricted Net Assets								
PUBLIC SUPPORT AND REVENUE								
Direct Support								
Friends of Scouting contributions	\$ 404,077	\$ -	\$ -	\$ 404,077	\$ 396,079	\$ -	\$ -	\$ 396,079
Special events, net of direct benefit costs	329,191	-	-	329,191	278,493	-	-	278,493
Capital campaign	-	-	-	-	-	1,070	-	1,070
Legacies and bequests	75,000	-	-	75,000	135,670	-	-	135,670
Foundations and trusts	63,000	-	-	63,000	41,500	-	-	41,500
Other direct support	14,461	-	-	14,461	22,936	-	-	22,936
Total Direct Support	<u>885,729</u>	<u>-</u>	<u>-</u>	<u>885,729</u>	<u>874,678</u>	<u>1,070</u>	<u>-</u>	<u>875,748</u>
Indirect Support from United Ways	<u>19,716</u>	<u>-</u>	<u>-</u>	<u>19,716</u>	<u>11,578</u>	<u>-</u>	<u>-</u>	<u>11,578</u>
Revenue								
Sale of products, net of cost of sales	135,939	-	-	135,939	138,302	-	-	138,302
Investment income	520,009	-	13,237	533,246	573,000	-	655,751	1,228,751
Camping revenue	1,134,760	-	-	1,134,760	1,109,083	-	-	1,109,083
Activity revenue	159,142	-	-	159,142	503,354	-	-	503,354
Other revenue	59,556	1,003	23	60,582	56,046	25	18	56,089
Total Revenue	<u>2,009,406</u>	<u>1,003</u>	<u>13,260</u>	<u>2,023,669</u>	<u>2,379,785</u>	<u>25</u>	<u>655,769</u>	<u>3,035,579</u>
Net assets released from restrictions	<u>47,992</u>	<u>14,566</u>	<u>33,976</u>	<u>96,534</u>	<u>22,655</u>	<u>159,902</u>	<u>-</u>	<u>182,557</u>
Total Public Support and Revenue	<u>2,962,843</u>	<u>15,569</u>	<u>47,236</u>	<u>3,025,648</u>	<u>3,288,696</u>	<u>160,997</u>	<u>655,769</u>	<u>4,105,462</u>
EXPENSES								
Program services	2,427,037	358,024	-	2,785,061	2,783,421	380,765	-	3,164,186
Management and general	250,190	8,341	-	258,531	250,354	3,415	-	253,769
Fundraising	235,465	7,785	93	243,343	233,759	3,188	30,559	267,506
Total Functional Expenses	<u>2,912,692</u>	<u>374,150</u>	<u>93</u>	<u>3,286,935</u>	<u>3,267,534</u>	<u>387,368</u>	<u>30,559</u>	<u>3,685,461</u>
Charter and national service fees	<u>36,345</u>	<u>-</u>	<u>-</u>	<u>36,345</u>	<u>37,114</u>	<u>-</u>	<u>-</u>	<u>37,114</u>
Total Expenses	<u>2,949,037</u>	<u>374,150</u>	<u>93</u>	<u>3,323,280</u>	<u>3,304,648</u>	<u>387,368</u>	<u>30,559</u>	<u>3,722,575</u>
Change in Unrestricted Net Assets	<u>\$ 13,806</u>	<u>\$ (358,581)</u>	<u>\$ 47,143</u>	<u>\$ (297,632)</u>	<u>\$ (15,952)</u>	<u>\$ (226,371)</u>	<u>\$ 625,210</u>	<u>\$ 382,887</u>

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Changes in Net Assets *(continued)*

	Year Ended December 31, 2014				Year Ended December 31, 2013			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
Changes in Temporarily Restricted Net Assets								
PUBLIC SUPPORT AND REVENUE								
Direct Support								
Friends of Scouting contributions	\$ 3,580	\$ -	\$ -	\$ 3,580	\$ 64,036	\$ -	\$ -	\$ 64,036
Capital campaign	-	-	800	800	-	91,519	125,628	217,147
Other direct support	-	-	-	-	12,093	-	-	12,093
Total direct support	3,580	-	800	4,380	76,129	91,519	125,628	293,276
Revenue								
Investment income	-	-	7,254	7,254	-	-	31,350	31,350
Total Public Support and Revenue	3,580	-	8,054	11,634	76,129	91,519	156,978	324,626
Net assets released from restrictions	(47,992)	(14,566)	(33,976)	(96,534)	(22,655)	(159,902)	-	(182,557)
Change in donor restriction	-	-	-	-	(20,652)	-	-	(20,652)
Change in Temporarily Restricted Net Assets	<u>\$ (44,412)</u>	<u>\$ (14,566)</u>	<u>\$ (25,922)</u>	<u>\$ (84,900)</u>	<u>\$ 32,822</u>	<u>\$ (68,383)</u>	<u>\$ 156,978</u>	<u>\$ 121,417</u>
Changes in Permanently Restricted Net Assets								
PUBLIC SUPPORT AND REVENUE								
Direct Support								
Other direct support	\$ -	\$ -	\$ 570	\$ 570	\$ -	\$ -	\$ 12,127	\$ 12,127
Total Public Support and Revenue	-	-	570	570	-	-	12,127	12,127
Change in donor restriction	-	-	-	-	-	-	20,652	20,652
Change in Permanently Restricted Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570</u>	<u>\$ 570</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,779</u>	<u>\$ 32,779</u>

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Changes in Net Assets *(continued)*

	Year Ended December 31, 2014				Year Ended December 31, 2013			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
Net Assets, Beginning of Year								
Unrestricted	\$341,773	\$6,433,871	\$6,473,842	\$13,249,486	\$376,804	\$6,459,982	\$ 6,029,813	\$12,866,599
Temporarily restricted	76,948	17,629	156,978	251,555	44,126	86,012	-	130,138
Permanently restricted	-	-	3,483,692	3,483,692	-	-	3,450,913	3,450,913
Total Net Assets, Beginning of Year	<u>418,721</u>	<u>6,451,500</u>	<u>10,114,512</u>	<u>16,984,733</u>	<u>420,930</u>	<u>6,545,994</u>	<u>9,480,726</u>	<u>16,447,650</u>
Change in								
Unrestricted net assets (page 3)	13,806	(358,581)	47,143	(297,632)	(15,952)	(226,371)	625,210	382,887
Temporarily restricted net assets (page 4)	(44,412)	(14,566)	(25,922)	(84,900)	32,822	(68,383)	156,978	121,417
Permanently restricted net assets (page 4)	-	-	570	570	-	-	32,779	32,779
Change in Net Assets Before Transfers	<u>(30,606)</u>	<u>(373,147)</u>	<u>21,791</u>	<u>(381,962)</u>	<u>16,870</u>	<u>(294,754)</u>	<u>814,967</u>	<u>537,083</u>
Transfers	(19,045)	169,045	(150,000)	-	(19,079)	200,260	(181,181)	-
Change in Net Assets	<u>(49,651)</u>	<u>(204,102)</u>	<u>(128,209)</u>	<u>(381,962)</u>	<u>(2,209)</u>	<u>(94,494)</u>	<u>633,786</u>	<u>537,083</u>
Net Assets, End of Year								
Unrestricted	336,534	6,244,335	6,370,985	12,951,854	341,773	6,433,871	6,473,842	13,249,486
Temporarily restricted	32,536	3,063	131,056	166,655	76,948	17,629	156,978	251,555
Permanently restricted	-	-	3,484,262	3,484,262	-	-	3,483,692	3,483,692
Total Net Assets, End of Year	<u>\$369,070</u>	<u>\$6,247,398</u>	<u>\$9,986,303</u>	<u>\$16,602,771</u>	<u>\$418,721</u>	<u>\$6,451,500</u>	<u>\$10,114,512</u>	<u>\$16,984,733</u>

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Functional Expenses

	Year Ended December 31, 2014					Year Ended December 31, 2013				
	Supporting Services				Total Functional Expenses	Supporting Services				Total Functional Expenses
	Program Services	Management & General	Fundraising	Total Support Services		Program Services	Management & General	Fundraising	Total Support Services	
EMPLOYEE COMPENSATION										
Salaries	\$1,140,446	\$129,423	\$120,795	\$250,218	\$1,390,664	\$1,172,460	\$137,162	\$128,018	\$265,180	\$1,437,640
Employee benefits	152,997	23,727	22,147	45,874	198,871	160,335	23,700	22,120	45,820	206,155
Payroll taxes	103,334	11,394	10,635	22,029	125,363	106,511	12,603	11,762	24,365	130,876
Employee related expense	<u>34,302</u>	<u>608</u>	<u>568</u>	<u>1,176</u>	<u>35,478</u>	<u>69,487</u>	<u>6,994</u>	<u>13,435</u>	<u>20,429</u>	<u>89,916</u>
Total Employee Compensation	<u>1,431,079</u>	<u>165,152</u>	<u>154,145</u>	<u>319,297</u>	<u>1,750,376</u>	<u>1,508,793</u>	<u>180,459</u>	<u>175,335</u>	<u>355,794</u>	<u>1,864,587</u>
OTHER EXPENSES										
Professional fees	9,923	39,096	15,251	54,347	64,270	8,780	24,800	23,656	48,456	57,236
Supplies	457,300	2,856	25,950	28,806	486,106	768,282	2,288	23,866	26,154	794,436
Telephone	20,881	3,034	2,832	5,866	26,747	18,356	2,770	2,585	5,355	23,711
Postage and shipping	8,968	1,894	1,768	3,662	12,630	10,021	2,117	1,976	4,093	14,114
Occupancy	203,631	8,154	7,610	15,764	219,395	218,055	9,771	9,119	18,890	236,945
Rent and maintenance of equipment	8,236	1,740	1,624	3,364	11,600	9,695	2,048	1,912	3,960	13,655
Printing and publications	24,576	2,995	2,796	5,791	30,367	36,232	5,314	4,960	10,274	46,506
Travel	106,568	5,596	5,223	10,819	117,387	96,052	5,528	6,666	12,194	108,246
Conferences and meetings	16,504	3,487	3,254	6,741	23,245	9,982	2,109	1,968	4,077	14,059
Specific assistance to individuals	37,364	3,183	2,970	6,153	43,517	36,128	2,379	2,221	4,600	40,728
Recognition awards	2,394	126	118	244	2,638	2,263	210	196	406	2,669
Interest expense	904	191	178	369	1,273	73	15	14	29	102
Insurance	107,049	7,370	6,878	14,248	121,297	105,615	7,076	6,605	13,681	119,296
Other expenses	<u>49,502</u>	<u>5,559</u>	<u>5,188</u>	<u>10,747</u>	<u>60,249</u>	<u>27,023</u>	<u>3,936</u>	<u>3,674</u>	<u>7,610</u>	<u>34,633</u>
Total Other Expenses	<u>1,053,800</u>	<u>85,281</u>	<u>81,640</u>	<u>166,921</u>	<u>1,220,721</u>	<u>1,346,557</u>	<u>70,361</u>	<u>89,418</u>	<u>159,779</u>	<u>1,506,336</u>
Expenses before Depreciation	<u>2,484,879</u>	<u>250,433</u>	<u>235,785</u>	<u>486,218</u>	<u>2,971,097</u>	<u>2,855,350</u>	<u>250,820</u>	<u>264,753</u>	<u>515,573</u>	<u>3,370,923</u>
Depreciation of buildings and equipment	<u>300,182</u>	<u>8,098</u>	<u>7,558</u>	<u>15,656</u>	<u>315,838</u>	<u>308,836</u>	<u>2,949</u>	<u>2,753</u>	<u>5,702</u>	<u>314,538</u>
Total Functional Expenses	<u>\$2,785,061</u>	<u>\$258,531</u>	<u>\$243,343</u>	<u>\$501,874</u>	<u>\$3,286,935</u>	<u>\$3,164,186</u>	<u>\$253,769</u>	<u>\$267,506</u>	<u>\$521,275</u>	<u>\$3,685,461</u>

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Cash Flows

	Year Ended December 31, 2014				Year Ended December 31, 2013			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in net assets	\$ (49,651)	\$(204,102)	\$ (128,209)	\$ (381,962)	\$ (2,209)	\$ (94,494)	\$ 633,786	\$ 537,083
Adjustments to reconcile change in net assets to net cash from operating activities								
Depreciation	-	315,838	-	315,838	-	314,538	-	314,538
Gain on investments	-	-	(395,887)	(395,887)	-	-	(1,147,712)	(1,147,712)
Contributions restricted for long-term use	-	-	(1,370)	(1,370)	-	(91,519)	(137,755)	(229,274)
Change in beneficial interest in gift annuity	-	-	430	430	-	-	(661)	(661)
Changes in operating assets and liabilities								
Receivables	26,667	-	19,451	46,118	(82,688)	14,250	(76,326)	(144,764)
Inventory	8,697	-	-	8,697	(4,382)	-	-	(4,382)
Prepaid expense	17,228	-	-	17,228	106,976	387	-	107,363
Interfund accounts	667	5,711	(6,378)	-	28,592	53,799	(82,391)	-
Accounts payable and accrued expenses	(28,315)	(125)	-	(28,440)	98	(5,001)	-	(4,903)
Custodial accounts	(9,979)	-	-	(9,979)	42,062	-	-	42,062
Deferred income and other liabilities	22,544	-	-	22,544	(214,582)	-	-	(214,582)
Net Cash from Operating Activities	<u>(12,142)</u>	<u>117,322</u>	<u>(511,963)</u>	<u>(406,783)</u>	<u>(126,133)</u>	<u>191,960</u>	<u>(811,059)</u>	<u>(745,232)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Sale of investments	-	-	1,670,008	1,670,008	-	-	826,181	826,181
Purchase of investments	-	-	(1,144,613)	(1,144,613)	-	-	(163,825)	(163,825)
Repayment of note receivable from employee	100,000	-	-	100,000	-	-	-	-
Capital acquisitions	-	(60,908)	-	(60,908)	-	(261,335)	-	(261,335)
Net Cash from Investing Activities	<u>100,000</u>	<u>(60,908)</u>	<u>525,395</u>	<u>564,487</u>	<u>-</u>	<u>(261,335)</u>	<u>662,356</u>	<u>401,021</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Repayment of loans	-	(32,191)	-	(32,191)	-	(26,406)	-	(26,406)
Contributions restricted for endowments	-	-	1,370	1,370	-	91,519	137,755	229,274
Net Cash from Financing Activities	<u>-</u>	<u>(32,191)</u>	<u>1,370</u>	<u>(30,821)</u>	<u>-</u>	<u>65,113</u>	<u>137,755</u>	<u>202,868</u>
Net Change in Cash and Cash Equivalents	87,858	24,223	14,802	126,883	(126,133)	(4,262)	(10,948)	(141,343)
CASH AND CASH EQUIVALENTS								
Beginning of year	452,415	27,193	41,330	520,938	578,548	31,455	52,278	662,281
End of year	<u>\$540,273</u>	<u>\$ 51,416</u>	<u>\$ 56,132</u>	<u>\$ 647,821</u>	<u>\$452,415</u>	<u>\$ 27,193</u>	<u>\$ 41,330</u>	<u>\$ 520,938</u>
SUPPLEMENTAL CASH FLOW INFORMATION								
Cash paid during year for interest	\$ -	\$ 1,273	\$ -	\$ 1,273	\$ -	\$ 103	\$ -	\$ 103
Acquisition and financing of equipment	-	38,169	-	38,169	-	38,985	-	38,985
See notes to consolidated financial statements								

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

1. Organization

The Westchester-Putnam Council, Inc., Boy Scouts of America (the "Council") operates in the counties of Westchester and Putnam, New York. The Council has two camping facilities, Durland Scout Reservation and Curtis S. Read Scout Reservation. 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 Cub – 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 high adventure/sports, personal development, service and special programs and events.

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

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

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Council has voting control and an economic interest in Trust Funds (identified below) which results in the accounts of the Trust Funds being consolidated with those of the Council in the accompanying consolidated financial statements. All intercompany transactions have been eliminated in consolidation. The Council and the Trust Funds are herein referred to as the Organization.

Financial Statement Presentation

To ensure observance of limitations and restrictions placed on the use of available resources, the Organization's accounts 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.

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the standards for not-for-profit organizations. Under U.S. GAAP, the Organization 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.

Trust Funds

The Council is trustee under three different Trust Funds which are included in the endowment fund. Descriptions of the funds are as follows:

Fund A – Council:

Fund A was formed in 1974 with distributions designated to support the Council's administrative and operating expenses.

Fund B – Camping:

Fund B was established in 1994 with distributions designated to support camping operations and capital improvements.

Durland Fund:

The Durland Fund was established in 1982 with distributions designated for the support of Camp Durland, a.k.a. Durland Scout Reservation and other uses as determined by the Executive Board.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

Cash and Cash Equivalents

The Organization considers all highly liquid investments debt with a maturity of three months or less at the time of purchase and which are utilized for operations to be cash equivalents.

Inventory

Inventory consists 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.

Fair Value Measurements

The Council follows U.S. GAAP guidance which establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 assets have the highest priority and include assets with quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable data. Level 3 inputs are unobservable and are used to the extent that observable inputs do not exist.

Investments and Income

Investments are carried at fair value. The fair value of alternative investments has been estimated using the Net Asset Value ("NAV") as reported by the management of the respective alternative investment fund. U.S. GAAP guidance provides for the use of NAV as a "Practical Expedient" for estimating the fair value of alternative investments. NAV reported by each alternative investment fund is used as a practical expedient to estimate the fair value of the Council's interest therein and their classification within Level 2 or 3 is based on the Council's ability to redeem its interest in the near term. The realized and unrealized gains and losses are included in the change in net assets in the consolidated statements of changes in net assets.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

Land, Buildings, and Equipment, and Depreciation

Land, buildings, and equipment are stated at cost or, if acquired by gift, at estimated fair value at the date of the gift. 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 capitalizes expenditures for buildings, improvements, equipment, etc. with a cost in excess of \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

<u>Category</u>	<u>Years</u>
Land improvements	10-35
Buildings	5-35
Furniture, fixtures and equipment	5
Motor vehicles	3-5

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. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated cash flows. The discount recorded is computed using discount factors that approximate the risk and expected timing of future contribution payments. The discount is amortized to contribution revenue over the estimated collection period.

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 consolidated statement of changes in net assets as assets released from restrictions.

Donated Materials and Services

Noncash donations are recorded as contributions at their fair market value as of the date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying consolidated 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 consolidated financial statements.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies (continued)

Deferred Income

Deferred income consists of monies received for camping and activities which will be held in future years.

Functional Expenses

The Council allocates its expenses on a functional basis among its program and supporting services based primarily on time study estimates. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Council providing those services. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payment of the charter fee to the National Council is not allocated as a functional expense.

Income Taxes

The Council and Trust Funds are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code") 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 and Trust Funds currently have no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Accounting for Uncertainty in Income Taxes

The Council recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Council had no uncertain tax positions that would require financial statement recognition or disclosure. The Council is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2011.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the financial statements were available to be issued, which date is May 6, 2015.

3. Concentrations of Credit Risk

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of cash in financial institutions, which may exceed the federal depository insurance coverage limits.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

4. Receivables

Pledges receivable consisted of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Friends of Scouting	\$ 139,073	\$ 160,316
Second Century Campaign	65,465	87,709
Capital fund receivables	15,000	15,000
Less allowance for doubtful accounts	<u>(750)</u>	<u>(13,029)</u>
	<u>\$ 218,788</u>	<u>\$ 249,996</u>

Pledges receivable are scheduled to be collected as follows as of December 31:

	<u>2014</u>	<u>2013</u>
Pledges receivable in less than one year	\$ 161,933	\$ 178,850
Pledges receivable in one to five years	<u>62,400</u>	<u>93,600</u>
Total Pledges Receivable	224,333	272,450
Discount to present value	(4,795)	(9,425)
Allowance for doubtful accounts	<u>(750)</u>	<u>(13,029)</u>
	<u>\$ 218,788</u>	<u>\$ 249,996</u>

Pledges receivable scheduled to be collected in more than one year are discounted using a rate of 5% as of December 31, 2014:

Other receivables consisted of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Popcorn sales and various camping fees	\$ 25,079	\$ 39,022
Employee advances	<u>21,050</u>	<u>22,017</u>
	<u>\$ 46,129</u>	<u>\$ 61,039</u>

5. Note Receivable

In accordance with the terms of an employment agreement, the Council provided a second lien residential mortgage of \$100,000 for the Scout Executive in 2007. The mortgage loan is non-interest bearing and is repayable upon the sale of the residence. The Scout Executive resigned from the Council in 2013 and the note was repaid in full on May 1, 2014.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

6. Investments

The assets of the Council's Trust Funds are managed so as to provide the highest total return consistent with prudent investment practices, providing for long-term returns sufficient to cover the return requirements of the spending formula. The investment policy is intended to allow for sufficient flexibility in the management process to capture investment opportunities, yet provide parameters that will ensure prudence and care in the execution of the investment program.

The Council's spending policy allows the operating fund to receive and recognize investment earnings originating from the Endowment Fund. Budgeted needs are planned from a total return spending formula targeted at not more than five percent multiplied by the average market value for the twelve contiguous calendar quarters ending September 30th of the year preceding the subject fiscal year.

Investments at fair value categorized by the fair value hierarchy consisted of the following as of December 31:

	2014	2013
Level 1 Inputs		
Money market funds	\$ 14,947	\$ -
Equity mutual funds	426,516	-
Fixed income mutual funds	424,819	-
Real estate mutual funds	129,069	-
Total Level 1 Inputs	995,351	-
Level 2 Inputs		
BSA Commingled Endowment Fund, L.P.	8,861,099	9,985,958
Total Investments	\$ 9,856,450	\$ 9,985,958

BSA Commingled Endowment Fund, LP ("BSA Fund") - Investments held by the BSA Fund are valued by the custodian at fair value based on the closing price for securities listed on a securities exchange, the closing bid or ask price for over-the-counter securities not listed on a securities exchange, or at cost or obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market. The custodian of the investments in the BSA Fund also has the ability to determine the fair value of securities not listed or traded on any exchange or on the over-the-counter market based on available information. The BSA Fund is valued at the number of units held by the Council and the Fund's unit value.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

6. Investments (continued)

Investment income is summarized as follows for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Interest and dividends	\$ 182,963	\$ 151,983
Net gain on investments	395,887	1,147,712
Investment expenses	<u>(38,350)</u>	<u>(39,594)</u>
	<u>\$ 540,500</u>	<u>\$ 1,260,101</u>

7. Land, Buildings and Equipment

Land, buildings and equipment are summarized as follows as of December 31:

	<u>2014</u>	<u>2013</u>
Land		
Council Headquarters	\$ 250,000	\$ 250,000
Durland Scout Reservation	939,432	939,432
Curtis S. Read Scout Reservation	171,698	171,698
Cortland	2,875	2,875
Land Improvements		
Durland Scout Reservation	99,413	99,413
Curtis S. Read Scout Reservation	471,213	471,213
Buildings		
Council Headquarters	1,220,583	1,220,583
Durland Scout Reservation	3,560,267	3,560,267
Curtis S. Read Scout Reservation	2,660,483	2,651,670
Furniture, fixtures and equipment	688,326	667,885
Motor vehicles	556,268	518,099
Construction in progress	<u>147,710</u>	<u>116,056</u>
	10,768,268	10,669,191
Less accumulated depreciation	<u>4,501,244</u>	<u>4,185,406</u>
	<u>\$ 6,267,024</u>	<u>\$ 6,483,785</u>

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

8. Notes Payable

Notes payable of the Capital Fund at December 31 consists various vehicle loans with interest rates varying from 0% to 4.24% per annum.

Notes payable mature over the next five years at December 31:

2015	\$31,994
2016	26,954
2017	16,124
2018	7,991
2019	<u>2,051</u>
	<u>\$85,114</u>

9. Endowment Funds

The Council maintains various donor-restricted and board-designated funds whose purpose is to provide long-term support for its charitable programs. In classifying such funds for financial statement purposes as either permanently restricted, temporarily restricted or unrestricted net assets, the Executive Board looks to explicit directions of the donor where applicable and the provisions of the laws of the New York State Uniform Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA includes provisions that differ from previous law, including the elimination of the historic dollar value rule with respect to endowment spending, establishment of new standards governing the expenditure and modification of restrictions on endowment funds and revision of the prudence standard for the management and investment of endowment funds.

Endowment Fund activity is summarized as follows for the year ended December 31, 2014:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net investments * - beginning	\$6,473,175	\$ 81,519	\$3,465,506	\$10,020,200
Contributions	-	-	1,000	1,000
Pledges receivable collected	-	20,000	250	20,250
Interest and dividends, net of fees	93,422	51,191	-	144,613
Capital appreciation	255,748	140,139	-	395,887
Appropriation for expenditures	(335,977)	(184,101)	-	(520,078)
Transfers	<u>(115,383)</u>	<u>(34,617)</u>	-	<u>(150,000)</u>
Net investments - ending	6,370,985	74,131	3,466,756	9,911,872
Pledge receivable	-	56,925	-	56,925
Beneficial interest in gift annuity	<u>-</u>	<u>-</u>	<u>17,506</u>	<u>17,506</u>
Net assets - end of year	<u>\$6,370,985</u>	<u>\$ 131,056</u>	<u>\$3,484,262</u>	<u>\$ 9,986,303</u>

* Including Endowment Fund cash and inter-fund accounts

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

9. Endowment Funds (continued)

Endowment fund activity is summarized as follows for the year ended December 31, 2013:

<u>2013</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net investments - beginning	\$ 6,029,763	\$ -	\$ 3,433,638	\$ 9,463,401
Contributions	-	50,169	31,868	82,037
Interest and dividends, net of fees	71,605	40,785	-	112,390
Capital appreciation	731,283	416,428	-	1,147,711
Appropriation for expenditures	(393,726)	(209,815)	-	(603,541)
Transfers	-	(181,798)	-	(181,798)
Reclass of excess expenditures	34,250	(34,250)	-	-
Net investments - ending	6,473,175	81,519	3,465,506	10,020,200
Pledges receivable	667	75,459	250	76,376
Beneficial interest in gift annuity	-	-	17,936	17,936
Net assets - end of year	<u>\$ 6,473,842</u>	<u>\$ 156,978</u>	<u>\$ 3,483,692</u>	<u>\$10,114,512</u>

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2014</u>	<u>2013</u>
Friends of Scouting	\$ 24,443	\$ 64,035
Capital and Endowment projects	125,822	139,588
Programs	11,762	16,582
Endowment earnings not appropriated	4,628	31,350
	<u>\$ 166,655</u>	<u>\$ 251,555</u>

Net assets released from restrictions were as follows for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Friends of Scouting	\$ 43,172	\$ 22,655
Capital projects	48,542	159,902
Programs	4,820	-
	<u>\$ 96,534</u>	<u>\$ 182,557</u>

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

11. Permanently Restricted Net Assets

Permanently restricted net assets consist of Endowment Fund assets to be held in perpetuity pursuant to donor restrictions. Generally, the income from the assets can be used to support the Council's general activities; however, a certain portion of the income is restricted to specific uses pursuant to donor restrictions.

Permanently restricted net assets are available for the following purposes at December 31:

	2014	2013
Permanent endowment, with earnings restricted for various programs and purposes	\$ 165,013	\$ 165,013
Permanent endowment, with no restrictions on the use of income	3,319,249	3,318,679
	\$ 3,484,262	\$ 3,483,692

12. Employee Benefit Plans

Retirement Plan

The National Council has a qualified defined benefit pension plan ("the plan") administered at the national office that covers employees of the National Council and local councils, including the Westchester-Putnam Council, Inc. Boy Scouts of America. The plan name is the *Boy Scouts of America Master Pension Trust – Boy Scouts of America Retirement Plan for Employees* and covers all employees who have completed one year of service and who have agreed to make contributions. Eligible employees contribute 2 percent of compensation, and the Council contributes an additional 7 percent to the plan. Retirement expense (excluding employees' contributions) for 2014 and 2013 was \$76,241 and \$76,245.

Thrift Plan

The Council has established a Thrift Plan covering substantially all employees of the Council. Participants in the Thrift Plan may elect to make voluntary before tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Internal Revenue Code of 1986, as amended. The Council has elected to match employee contributions to the Thrift Plan up to 50 percent of contributions from each participant, limited to 3 percent of each employee's gross pay compensation. The Council contributed \$12,755 and \$12,421 to the Thrift Plan in 2014 and 2013.

Healthcare Plan

The Council's employees participate in a healthcare plan provided by the National Council. The Council and its employees share in the cost of the plan based upon coverage selected by the employees. Healthcare expense incurred by the Council for 2014 and 2013 was \$91,584 and \$97,097.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2014 and 2013

13. Special Events, Sale of Supplies and Product Sales

The Council conducted various special events during 2014 and 2013 that focused on industry related dinners, golf, shooting events and a Bowl-O-Ree. Net revenue from these events were as follows for the years ended December 31:

	2014	2013
Gross revenue	\$ 433,260	\$ 407,059
Direct expense	(104,069)	(128,566)
Special Events, Net of Direct Benefit Costs	\$ 329,191	\$ 278,493

Sales of products that the Boy Scouts sell as a fundraiser were as follows for the years ended December 31:

	2014	2013
Gross sales of products	\$ 454,570	\$ 418,826
Unit commissions	(159,015)	(141,540)
Direct costs	(159,616)	(138,984)
Sale of Products, Net of Cost of Sales	\$ 135,939	\$ 138,302

14. Scout Shop

The Council outsources its Hawthorne Scout Shop operations to the National Council of the Boy Scouts of America. The Council receives 8% of gross sales as rent which amounted to \$46,629 and \$48,288 in 2014 and 2013. This is reported within other revenue in the consolidated statement of changes in net assets.

* * * * *