

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

Consolidated Financial Statements

December 31, 2012 and 2011

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

Consolidated Financial Statements

December 31, 2012 and 2011

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## 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, 2012 and 2011, 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, 2012 and 2011, 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 8, 2013

O'CONNOR DAVIES, LLP

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

	December 31, 2012				December 31, 2011			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 578,548	\$ 31,455	\$ 52,278	\$ 662,281	\$ 516,350	\$ 239,310	\$ 154,511	\$ 910,171
Other receivables	52,896	-	-	52,896	50,025	-	-	50,025
Pledges receivable, net	84,825	28,500	50	113,375	100,343	28,500	1,150	129,993
Inventory	55,966	-	-	55,966	43,703	-	-	43,703
Interfund accounts	30,147	59,332	(89,479)	-	120,433	15,505	(135,938)	-
Prepaid and deferred activity expense	166,665	387	-	167,052	19,874	-	-	19,874
Note receivable, employee	100,000	-	-	100,000	100,000	-	-	100,000
Long-term investments	-	-	9,500,602	9,500,602	-	-	9,053,612	9,053,612
Beneficial interest in gift annuity	-	-	17,275	17,275	-	-	15,938	15,938
Land, building and equipment, net of accumulated depreciation	-	6,498,003	-	6,498,003	-	6,547,781	-	6,547,781
	<u>\$1,069,047</u>	<u>\$6,617,677</u>	<u>\$ 9,480,726</u>	<u>\$17,167,450</u>	<u>\$ 950,728</u>	<u>\$6,831,096</u>	<u>\$ 9,089,273</u>	<u>\$16,871,097</u>
<b>LIABILITIES AND NET ASSETS</b>								
<b>Liabilities</b>								
Accounts payable and accrued expenses	\$ 94,578	\$ 5,126	\$ -	\$ 99,704	\$ 229,222	\$ 49,128	\$ -	\$ 278,350
Custodian accounts	272,725	-	-	272,725	220,935	-	-	220,935
Deferred activity and camping income	235,264	-	-	235,264	52,105	-	-	52,105
Other liabilities	45,550	-	-	45,550	12,883	-	-	12,883
Notes payable	-	66,557	-	66,557	-	37,111	-	37,111
<b>Total Liabilities</b>	<u>648,117</u>	<u>71,683</u>	<u>-</u>	<u>719,800</u>	<u>515,145</u>	<u>86,239</u>	<u>-</u>	<u>601,384</u>
<b>Net Assets</b>								
Unrestricted	376,804	6,459,982	6,029,813	12,866,599	358,974	6,550,725	5,643,286	12,552,985
Temporarily restricted	44,126	86,012	-	130,138	76,609	194,132	-	270,741
Permanently restricted	-	-	3,450,913	3,450,913	-	-	3,445,987	3,445,987
<b>Total Net Assets</b>	<u>420,930</u>	<u>6,545,994</u>	<u>9,480,726</u>	<u>16,447,650</u>	<u>435,583</u>	<u>6,744,857</u>	<u>9,089,273</u>	<u>16,269,713</u>
	<u>\$1,069,047</u>	<u>\$6,617,677</u>	<u>\$ 9,480,726</u>	<u>\$17,167,450</u>	<u>\$ 950,728</u>	<u>\$6,831,096</u>	<u>\$ 9,089,273</u>	<u>\$16,871,097</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, 2012				Year Ended December 31, 2011			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
<b>Changes in Unrestricted Net Assets</b>								
<b>PUBLIC SUPPORT AND REVENUE</b>								
Direct Support								
Friends of Scouting contributions	\$ 425,257	\$ -	\$ -	\$ 425,257	\$ 381,092	\$ -	\$ -	\$ 381,092
Special events, net of direct benefit costs	466,916	-	-	466,916	249,649	-	-	249,649
Capital campaign	-	27,850	-	27,850	-	17,398	-	17,398
Legacies and bequests	9,600	-	-	9,600	1,000	-	-	1,000
Foundations and trusts	65,561	-	-	65,561	40,000	-	-	40,000
Other direct support	16,420	-	-	16,420	11,559	-	-	11,559
Total Direct Support	<u>983,754</u>	<u>27,850</u>	<u>-</u>	<u>1,011,604</u>	<u>683,300</u>	<u>17,398</u>	<u>-</u>	<u>700,698</u>
Indirect Support from United Ways	<u>8,241</u>	<u>-</u>	<u>-</u>	<u>8,241</u>	<u>9,461</u>	<u>-</u>	<u>-</u>	<u>9,461</u>
Revenue								
Sale of products, net of cost of sales	145,212	-	-	145,212	139,180	-	-	139,180
Investment income	636,864	-	525,236	1,162,100	788,806	-	(663,199)	125,607
Camping revenue	1,073,074	-	-	1,073,074	1,018,489	-	-	1,018,489
Activity revenue	115,349	-	-	115,349	149,283	-	-	149,283
Other revenue	48,386	173	15	48,574	67,708	22,665	3,349	93,722
Total Revenue	<u>2,018,885</u>	<u>173</u>	<u>525,251</u>	<u>2,544,309</u>	<u>2,163,466</u>	<u>22,665</u>	<u>(659,850)</u>	<u>1,526,281</u>
Net assets released from restrictions	<u>56,610</u>	<u>113,120</u>	<u>-</u>	<u>169,730</u>	<u>60,840</u>	<u>61,161</u>	<u>-</u>	<u>122,001</u>
Total Public Support and Revenue	<u>3,067,490</u>	<u>141,143</u>	<u>525,251</u>	<u>3,733,884</u>	<u>2,917,067</u>	<u>101,224</u>	<u>(659,850)</u>	<u>2,358,441</u>
<b>EXPENSES</b>								
Program services	2,410,470	335,952	-	2,746,422	2,350,964	407,880	-	2,758,844
Management and general	247,387	51,037	-	298,424	224,456	45,549	-	270,005
Fundraising	230,369	47,634	59,724	337,727	266,405	60,731	31,185	358,321
Total Functional Expenses	<u>2,888,226</u>	<u>434,623</u>	<u>59,724</u>	<u>3,382,573</u>	<u>2,841,825</u>	<u>514,160</u>	<u>31,185</u>	<u>3,387,170</u>
Charter and national service fees	37,697	-	-	37,697	38,428	-	-	38,428
Total Expenses	<u>2,925,923</u>	<u>434,623</u>	<u>59,724</u>	<u>3,420,270</u>	<u>2,880,253</u>	<u>514,160</u>	<u>31,185</u>	<u>3,425,598</u>
Change in Unrestricted Net Assets	<u>\$ 141,567</u>	<u>\$(293,480)</u>	<u>\$ 465,527</u>	<u>\$ 313,614</u>	<u>\$ 36,814</u>	<u>\$(412,936)</u>	<u>\$ (691,035)</u>	<u>\$(1,067,157)</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, 2012				Year Ended December 31, 2011			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
<b>Changes in Temporarily Restricted Net Assets</b>								
<b>PUBLIC SUPPORT AND REVENUE</b>								
Direct Support								
Friends of Scouting contributions	\$ 2,655	\$ -	\$ -	\$ 2,655	\$ 36,610	\$ -	\$ -	\$ 36,610
Capital campaign	-	-	-	-	40,000	51,126	-	91,126
Other direct support	<u>21,472</u>	<u>5,000</u>	-	<u>26,472</u>	-	-	-	-
Total Public Support and Revenue	24,127	5,000	-	29,127	76,610	51,126	-	127,736
Net assets released from restrictions	<u>(56,610)</u>	<u>(113,120)</u>	-	<u>(169,730)</u>	<u>(60,840)</u>	<u>(61,161)</u>	-	<u>(122,001)</u>
Change in Temporarily Restricted Net Assets	<u>\$ (32,483)</u>	<u>\$ (108,120)</u>	<u>\$ -</u>	<u>\$ (140,603)</u>	<u>\$ 15,770</u>	<u>\$ (10,035)</u>	<u>\$ -</u>	<u>\$ 5,735</u>
<b>Changes in Permanently Restricted Net Assets</b>								
<b>PUBLIC SUPPORT AND REVENUE</b>								
Direct Support								
Other direct support	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,926</u>	<u>\$ 4,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,217</u>	<u>\$ 137,217</u>
Total Public Support and Revenue	-	-	<u>4,926</u>	<u>4,926</u>	-	-	<u>137,217</u>	<u>137,217</u>
Change in Permanently Restricted Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,926</u>	<u>\$ 4,926</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,217</u>	<u>\$ 137,217</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, 2012				Year Ended December 31, 2011			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
Net Assets, Beginning of Year								
Unrestricted	\$ 358,974	\$ 6,550,725	\$ 5,643,286	\$ 12,552,985	\$ 440,023	\$ 6,805,798	\$ 6,374,321	\$ 13,620,142
Temporarily restricted	76,609	194,132	-	270,741	60,839	204,167	-	265,006
Permanently restricted	-	-	3,445,987	3,445,987	-	-	3,308,770	3,308,770
Total Net Assets, Beginning of Year	<u>435,583</u>	<u>6,744,857</u>	<u>9,089,273</u>	<u>16,269,713</u>	<u>500,862</u>	<u>7,009,965</u>	<u>9,683,091</u>	<u>17,193,918</u>
Change in								
Unrestricted net assets (page 3)	141,567	(293,480)	465,527	313,614	36,814	(412,936)	(691,035)	(1,067,157)
Temporarily restricted net assets (page 4)	(32,483)	(108,120)	-	(140,603)	15,770	(10,035)	-	5,735
Permanently restricted net assets (page 4)	-	-	4,926	4,926	-	-	137,217	137,217
Change in Net Assets Before Transfers	109,084	(401,600)	470,453	177,937	52,584	(422,971)	(553,818)	(924,205)
Transfers - unrestricted	<u>(123,737)</u>	<u>202,737</u>	<u>(79,000)</u>	<u>-</u>	<u>(117,863)</u>	<u>157,863</u>	<u>(40,000)</u>	<u>-</u>
Change in Net Assets	<u>(14,653)</u>	<u>(198,863)</u>	<u>391,453</u>	<u>177,937</u>	<u>(65,279)</u>	<u>(265,108)</u>	<u>(593,818)</u>	<u>(924,205)</u>
Net Assets, End of Year								
Unrestricted	376,804	6,459,982	6,029,813	12,866,599	358,974	6,550,725	5,643,286	12,552,985
Temporarily restricted	44,126	86,012	-	130,138	76,609	194,132	-	270,741
Permanently restricted	-	-	3,450,913	3,450,913	-	-	3,445,987	3,445,987
Total Net Assets, End of Year	<u>\$ 420,930</u>	<u>\$ 6,545,994</u>	<u>\$ 9,480,726</u>	<u>\$16,447,650</u>	<u>\$ 435,583</u>	<u>\$ 6,744,857</u>	<u>\$ 9,089,273</u>	<u>\$16,269,713</u>

See notes to consolidated financial statements

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

Consolidated Statements of Functional Expenses

	Year Ended December 31, 2012					Year Ended December 31, 2011				
	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	
<b>EMPLOYEE COMPENSATION</b>										
Salaries	\$1,153,118	\$ 135,786	\$ 126,734	\$ 262,520	\$ 1,415,638	\$1,152,004	\$ 111,667	\$ 148,890	\$ 260,557	\$ 1,412,561
Employee benefits	169,929	25,790	24,071	49,861	219,790	166,623	20,152	26,870	47,022	213,645
Payroll taxes	110,429	13,421	12,526	25,947	136,376	100,727	9,765	13,020	22,785	123,512
Employee related expense	27,824	1,204	3,854	5,058	32,882	40,701	2,210	2,946	5,156	45,857
Total Employee Compensation	<u>1,461,300</u>	<u>176,201</u>	<u>167,185</u>	<u>343,386</u>	<u>1,804,686</u>	<u>1,460,055</u>	<u>143,794</u>	<u>191,726</u>	<u>335,520</u>	<u>1,795,575</u>
<b>OTHER EXPENSES</b>										
Professional fees	8,964	24,125	58,762	82,887	91,851	10,051	34,594	33,418	68,012	78,063
Supplies	440,345	2,694	22,728	25,422	465,767	387,863	2,671	14,585	17,256	405,119
Telephone	16,768	2,493	2,328	4,821	21,589	18,788	2,036	2,715	4,751	23,539
Postage and shipping	11,216	2,367	2,209	4,576	15,792	9,970	1,658	2,210	3,868	13,838
Occupancy	218,197	10,572	9,868	20,440	238,637	244,187	14,369	19,159	33,528	277,715
Rent and maintenance of equipment	12,256	2,589	2,417	5,006	17,262	11,434	1,906	2,541	4,447	15,881
Printing and publications	23,753	4,122	3,849	7,971	31,724	19,786	2,748	3,663	6,411	26,197
Travel	135,125	8,192	7,647	15,839	150,964	129,340	6,831	9,108	15,939	145,279
Conferences and meetings	13,520	2,856	2,666	5,522	19,042	9,164	1,527	2,036	3,563	12,727
Specific assistance to individuals	36,644	2,793	2,607	5,400	42,044	53,420	5,039	6,719	11,758	65,178
Recognition awards	1,985	69	65	134	2,119	931	-	-	-	931
Interest expense	805	170	159	329	1,134	1,824	304	405	709	2,533
Insurance	97,218	5,546	5,176	10,722	107,940	104,234	4,692	6,256	10,948	115,182
Other expenses	29,054	3,085	2,881	5,966	35,020	35,148	4,061	5,414	9,475	44,623
Total Other Expenses	<u>1,045,850</u>	<u>71,673</u>	<u>123,362</u>	<u>195,035</u>	<u>1,240,885</u>	<u>1,036,140</u>	<u>82,436</u>	<u>108,229</u>	<u>190,665</u>	<u>1,226,805</u>
Expenses before Depreciation	<u>2,507,150</u>	<u>247,874</u>	<u>290,547</u>	<u>538,421</u>	<u>3,045,571</u>	<u>2,496,195</u>	<u>226,230</u>	<u>299,955</u>	<u>526,185</u>	<u>3,022,380</u>
Depreciation of buildings and equipment	<u>239,272</u>	<u>50,550</u>	<u>47,180</u>	<u>97,730</u>	<u>337,002</u>	<u>262,649</u>	<u>43,775</u>	<u>58,366</u>	<u>102,141</u>	<u>364,790</u>
Total Functional Expenses	<u>\$2,746,422</u>	<u>\$ 298,424</u>	<u>\$ 337,727</u>	<u>\$ 636,151</u>	<u>\$3,382,573</u>	<u>\$2,758,844</u>	<u>\$ 270,005</u>	<u>\$ 358,321</u>	<u>\$ 628,326</u>	<u>\$3,387,170</u>

See notes to consolidated financial statements



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

Consolidated Statements of Cash Flows

	Year Ended December 31, 2012				Year Ended December 31, 2011			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Change in net assets	\$ (14,653)	\$ (198,863)	\$ 391,453	\$ 177,937	\$ (65,279)	\$ (265,108)	\$ (593,818)	\$ (924,205)
Adjustments to reconcile change in net assets to net cash from operating activities								
Depreciation	-	337,002	-	337,002	-	364,790	-	364,790
Donated materials	-	(27,850)	-	(27,850)	-	-	-	-
Loss on equipment	-	3,652	-	3,652	-	-	-	-
(Gain) loss on investments	-	-	(1,029,665)	(1,029,665)	-	-	127,649	127,649
Contributions restricted for endowments	-	-	(4,926)	(4,926)	-	-	(137,217)	(137,217)
Appreciation of beneficial interest in gift annuity	-	-	(1,337)	(1,337)	-	-	(1,229)	(1,229)
Changes in operating assets and liabilities								
Receivables	12,647	-	1,100	13,747	(58,316)	11,000	(150)	(47,466)
Inventory	(12,263)	-	-	(12,263)	(16,796)	-	-	(16,796)
Prepaid expense	(146,791)	(387)	-	(147,178)	(4,189)	3,000	-	(1,189)
Interfund accounts	90,286	(43,827)	(46,459)	-	(135,491)	(1,622)	137,113	-
Accounts payable and accrued expenses	(134,644)	(44,002)	-	(178,646)	59,666	36,195	-	95,861
Custodial accounts	51,790	-	-	51,790	(21,031)	-	-	(21,031)
Deferred income and other liabilities	215,826	-	-	215,826	(25,430)	-	-	(25,430)
Net Cash from Operating Activities	<u>62,198</u>	<u>25,725</u>	<u>(689,834)</u>	<u>(601,911)</u>	<u>(266,866)</u>	<u>148,255</u>	<u>(467,652)</u>	<u>(586,263)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Sale of investments	-	-	751,961	751,961	-	-	1,007,466	1,007,466
Purchase of investments	-	-	(169,286)	(169,286)	-	-	(522,606)	(522,606)
Proceeds from sale of equipment	-	8,557	-	8,557	-	-	-	-
Capital acquisitions	-	(205,098)	-	(205,098)	-	(435,190)	-	(435,190)
Net Cash from Investing Activities	<u>-</u>	<u>(196,541)</u>	<u>582,675</u>	<u>386,134</u>	<u>-</u>	<u>(435,190)</u>	<u>484,860</u>	<u>49,670</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Repayment of loans	-	(37,039)	-	(37,039)	-	(44,915)	-	(44,915)
Contributions restricted for endowments	-	-	4,926	4,926	-	-	137,217	137,217
Net Cash from Financing Activities	<u>-</u>	<u>(37,039)</u>	<u>4,926</u>	<u>(32,113)</u>	<u>-</u>	<u>(44,915)</u>	<u>137,217</u>	<u>92,302</u>
Net Change in Cash and Cash Equivalents	62,198	(207,855)	(102,233)	(247,890)	(266,866)	(331,850)	154,425	(444,291)
<b>CASH AND CASH EQUIVALENTS</b>								
Beginning of year	<u>516,350</u>	<u>239,310</u>	<u>154,511</u>	<u>910,171</u>	<u>783,216</u>	<u>571,160</u>	<u>86</u>	<u>1,354,462</u>
End of year	<u>\$ 578,548</u>	<u>\$ 31,455</u>	<u>\$ 52,278</u>	<u>\$ 662,281</u>	<u>\$ 516,350</u>	<u>\$ 239,310</u>	<u>\$ 154,511</u>	<u>\$ 910,171</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>								
Cash paid during year for interest	\$ -	\$ 1,134	\$ -	\$ 1,134	\$ -	\$ 2,533	\$ -	\$ 2,533
Acquisition and financing of equipment	-	66,485	-	66,485	-	-	-	-
See notes to consolidated financial statements								

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

Notes to Consolidated Financial Statements

**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, game 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 teens 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

**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.

The Organization also prepares financial statements 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.

***Funds***

The Council is trustee under three different 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

**2. Summary of Significant Accounting Policies (continued)**

***Use of Estimates***

The preparation of the 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 financial statements.

***Cash and Cash Equivalents***

The Organization considers all highly liquid investments 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 Organization follows U.S. GAAP guidance which established 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 Organization’s interest therein and their classification within Level 2 or 3 is based on the Organization’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 activities.

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

Notes to Consolidated Financial Statements

**2. Summary of Significant Accounting Policies (continued)**

***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.

***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. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Category

Land improvements	10-35 years
Buildings	5-35 years
Furniture, fixtures and equipment	5 years
Motor vehicles	3-5 years

***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 in accordance U.S. GAAP. 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 at their 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

**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.

***Prior Year Information***

Certain information in the 2011 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2012 financial statements.

***Functional Expenses***

The Council allocates its expenses on a functional basis among its program and supporting services based 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 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 in accordance with its' 501(c) classification. Accordingly, no provision for income taxes has been recorded.

***Accounting for Uncertainty in Income Taxes***

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2009.

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 8, 2013.

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

Notes to Consolidated Financial Statements

**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.

**4. Receivables**

Pledges receivable as of December 31 are expected to be collected within one year and consist of the following:

	2012	2011
Friends of Scouting	\$ 87,109	\$ 103,420
Capital fund receivables	30,000	30,000
Less allowance for doubtful accounts	(3,734)	(3,427)
	\$ 113,375	\$ 129,993

Other receivables at December 31 consist of the following:

	2012	2011
Popcorn sales and various camping fees	\$ 52,896	\$ 50,025

**5. 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.

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

Notes to Consolidated Financial Statements

**5. Investments (continued)**

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

	<u>2012</u>	<u>2011</u>
Level 2 Inputs		
BSA Comingled Endowment Fund, L.P.	<u>\$ 9,500,602</u>	<u>\$ 9,053,612</u>

*BSA Commingled Endowment Fund, LP* ("BSA Fund")—Investments held by the BSA Fund are valued 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.

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

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 165,926	\$ 286,619
Net gain (loss) on investments	1,029,665	(127,649)
Investment expenses	<u>(33,491)</u>	<u>(33,363)</u>
	<u>\$ 1,162,100</u>	<u>\$ 125,607</u>

**6. 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. The mortgage loan is non-interest bearing and is repayable upon the sale of the residence. In lieu of interest, the Council will receive 25% of the net profit on the sale of the house. In 2012, the Board approved an addendum to the employment agreement which stipulated that the Council would forgive the loan and provision to pay 25% of net profit if the Scout Executive was still serving in that position as of January 1, 2014. A provision of \$25,000 has been recognized in 2012 in anticipation of the forgiveness in 2014.



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

Notes to Consolidated Financial Statements

**7. Land, Buildings and Equipment**

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

	<u>2012</u>	<u>2011</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	1,192,733
Durland Scout Reservation	3,557,254	3,557,254
Curtis S. Read Scout Reservation	2,447,725	2,068,764
Furniture, fixtures and equipment	665,135	659,173
Motor vehicles	475,764	461,398
Construction in progress	67,778	247,607
	<u>10,368,870</u>	<u>10,121,560</u>
Accumulated depreciation	<u>3,870,867</u>	<u>3,573,779</u>
	<u>\$ 6,498,003</u>	<u>\$ 6,547,781</u>

**8. Notes Payable**

Long-term notes payable of the capital fund at December 31 consists of the following:

	<u>2012</u>	<u>2011</u>
Automobiles note payable with interest at .9%, due in monthly installments of \$775 through May 6, 2016	\$ 31,277	\$ -
Automobiles note payable with interest at 5.04%, due in monthly installments of \$1,489 through August 15, 2013	8,593	28,512
Automobile note payable with interest at .0%, due in monthly installments of \$499 through June 21, 2017	26,687	-
Automobile note payable with interest at 1.9%, due in monthly installments of \$581 through March 29, 2013	-	8,599
	<u>\$ 66,557</u>	<u>\$ 37,111</u>

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

Notes to Consolidated Financial Statements

**8. Notes Payable (continued)**

Notes payable mature over the next three years at December 31 as follows:

2013		\$ 23,860
2014		15,129
2015		15,212
2016		9,859
2017		<u>2,497</u>
		<u>\$ 66,557</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 New York State.

On September 17, 2010, New York State adopted the 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 for the years ended December 31 is summarized as follows:

	<u>2012</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net investments - beginning	\$ 5,642,136	\$ -	\$ -	\$ 3,430,049	\$ 9,072,185
Contributions	-	-	-	3,589	3,589
Pledges receivable collected	1,100	-	-	-	1,100
Interest and dividends, net of fees	89,053	43,397	-	-	132,450
Capital appreciation	663,715	365,950	-	-	1,029,665
Appropriation for expenditures	(471,250)	(225,338)	-	-	(696,588)
Transfers	(79,000)	-	-	-	(79,000)
Reclass of excess expenditures	<u>184,009</u>	<u>(184,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net investments - ending	6,029,763	-	-	3,433,638	9,463,401
Pledge receivable	50	-	-	-	50
Beneficial interest in gift annuity	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,275</u>	<u>17,275</u>
Net assets - end of year	<u>\$ 6,029,813</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,450,913</u>	<u>\$ 9,480,726</u>

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

Notes to Consolidated Financial Statements

**9. Endowment Funds (continued)**

Endowment fund activity for the years ended December 31 is summarized as follows:

<u>2011</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net investments - beginning	\$ 6,366,999	\$ 6,322	\$ 3,294,061	\$ 9,667,382
Contributions and designations	-	-	135,988	135,988
Interest and dividends, net of fees	171,122	85,333	-	256,455
Capital appreciation	(85,197)	(42,452)	-	(127,649)
Appropriation for expenditures	(550,697)	(269,294)	-	(819,991)
Transfers	(40,000)	-	-	(40,000)
Reclass of excess expenditures	<u>(220,091)</u>	<u>220,091</u>	-	-
Net investments - ending	5,642,136	-	3,430,049	9,072,185
Pledges receivable	1,150	-	-	1,150
Beneficial interest in gift annuity	-	-	<u>15,938</u>	<u>15,938</u>
Net assets - end of year	<u>\$ 5,643,286</u>	<u>\$ -</u>	<u>\$ 3,445,987</u>	<u>\$ 9,089,273</u>

**10. Temporarily Restricted Net Assets**

At December 31, temporarily restricted net assets were available for the following purposes:

	<u>2012</u>	<u>2011</u>
Friends of Scouting	\$ 44,126	\$ 76,609
Capital projects	<u>86,012</u>	<u>194,132</u>
	<u>\$ 130,138</u>	<u>\$ 270,741</u>

For the years ended December 31, net assets released from restrictions were as follows:

	<u>2012</u>	<u>2011</u>
Friends of Scouting	\$ 56,610	\$ 60,840
Capital projects	<u>113,120</u>	<u>61,161</u>
	<u>\$ 169,730</u>	<u>\$ 122,001</u>

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

Notes to Consolidated Financial Statements

**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 at December 31 are summarized as follows:

	2012	2011
Permanent endowment, with earnings restricted for various programs and purposes	\$ 140,013	\$ 140,013
Permanent endowment, with no restrictions on the use of income	3,310,900	3,305,974
	\$ 3,450,913	\$ 3,445,987

**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 2012 and 2011 was \$79,359 and \$77,434.

***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 4 percent of each employee's gross pay compensation. The Council contributed \$15,557 and \$13,171 to the Thrift Plan in 2012 and 2011.

***Healthcare Plan***

The Council's employees participate in a healthcare plan provided by the National Council. The Council and the employees share in the cost of the plan based upon coverage selected by the employees. Healthcare expense incurred by the Council for 2012 and 2011 was \$100,126 and \$101,165.

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

Notes to Consolidated Financial Statements

**13. Special Events, Sale of Supplies and Product Sales**

The Council conducted various special events during 2012 and 2011 that focused on industry related dinners, golf, shooting events and a Bowl-O-Ree. Net revenue from these events was as follows:

	<u>2012</u>	<u>2011</u>
Gross revenue	\$ 560,407	\$ 321,623
Direct expense	<u>(93,491)</u>	<u>(71,974)</u>
Special Event Revenue	<u>\$ 466,916</u>	<u>\$ 249,649</u>

Sales activities of products that the Boy Scouts sell as a fundraiser were as follows:

	<u>2012</u>	<u>2011</u>
Gross sales of products	\$ 443,111	\$ 464,376
Unit commissions	(147,239)	(164,273)
Direct costs	<u>(150,660)</u>	<u>(160,923)</u>
Product Sales Revenue	<u>\$ 145,212</u>	<u>\$ 139,180</u>

**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 \$44,095 and \$42,757 in 2012 and 2011 and is reported within other revenue in the consolidated statement of changes in net assets.

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