

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

Consolidated Financial Statements

December 31, 2013 and 2012

Revised Draft

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

Consolidated Financial Statements

December 31, 2013 and 2012

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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, 2013 and 2012, 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, 2013 and 2012, 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.

July 21, 2014

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

	December 31, 2013				December 31, 2012			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
ASSETS								
Cash and cash equivalents	\$ 452,415	\$ 27,193	\$ 41,330	\$ 520,938	\$ 578,548	\$ 31,455	\$ 52,278	\$ 662,281
Other receivables	61,039	-	-	61,039	52,896	-	-	52,896
Pledges receivable, net	159,370	14,250	76,376	249,996	84,825	28,500	50	113,375
Inventory	60,348	-	-	60,348	55,966	-	-	55,966
Interfund accounts	1,555	5,533	(7,088)	-	30,147	59,332	(89,479)	-
Prepaid and deferred activity expense	59,689	-	-	59,689	166,665	387	-	167,052
Note receivable, employee	100,000	-	-	100,000	100,000	-	-	100,000
Long-term investments	-	-	9,985,958	9,985,958	-	-	9,500,602	9,500,602
Beneficial interest in gift annuity	-	-	17,936	17,936	-	-	17,275	17,275
Land, building and equipment, net of accumulated depreciation	-	6,483,785	-	6,483,785	-	6,498,003	-	6,498,003
	<u>\$ 894,416</u>	<u>\$6,530,761</u>	<u>\$10,114,512</u>	<u>\$17,539,689</u>	<u>\$1,069,047</u>	<u>\$6,617,677</u>	<u>\$ 9,480,726</u>	<u>\$17,167,450</u>
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable and accrued expenses	\$ 94,676	\$ 125	\$ -	\$ 94,801	\$ 94,578	\$ 5,126	\$ -	\$ 99,704
Custodian accounts	314,787	-	-	314,787	272,725	-	-	272,725
Deferred activity and camping income	46,840	-	-	46,840	235,264	-	-	235,264
Other liabilities	19,392	-	-	19,392	45,550	-	-	45,550
Notes payable	-	79,136	-	79,136	-	66,557	-	66,557
Total Liabilities	<u>475,695</u>	<u>79,261</u>	<u>-</u>	<u>554,956</u>	<u>648,117</u>	<u>71,683</u>	<u>-</u>	<u>719,800</u>
Net Assets								
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	<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>
	<u>\$ 894,416</u>	<u>\$6,530,761</u>	<u>\$10,114,512</u>	<u>\$17,539,689</u>	<u>\$1,069,047</u>	<u>\$6,617,677</u>	<u>\$ 9,480,726</u>	<u>\$17,167,450</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, 2013				Year Ended December 31, 2012			
	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	\$ 396,079	\$ -	\$ -	\$ 396,079	\$ 425,257	\$ -	\$ -	\$ 425,257
Special events, net of direct benefit costs	278,493	-	-	278,493	466,916	-	-	466,916
Capital campaign	-	1,070	-	1,070	-	27,850	-	27,850
Legacies and bequests	135,670	-	-	135,670	9,600	-	-	9,600
Foundations and trusts	41,500	-	-	41,500	65,561	-	-	65,561
Other direct support	<u>22,936</u>	<u>-</u>	<u>-</u>	<u>22,936</u>	<u>16,420</u>	<u>-</u>	<u>-</u>	<u>16,420</u>
Total Direct Support	<u>874,678</u>	<u>1,070</u>	<u>-</u>	<u>875,748</u>	<u>983,754</u>	<u>27,850</u>	<u>-</u>	<u>1,011,604</u>
Indirect Support from United Ways	<u>11,578</u>	<u>-</u>	<u>-</u>	<u>11,578</u>	<u>8,241</u>	<u>-</u>	<u>-</u>	<u>8,241</u>
Revenue								
Sale of products, net of cost of sales	138,302	-	-	138,302	145,212	-	-	145,212
Investment income	573,000	-	655,751	1,228,751	636,864	-	525,236	1,162,100
Camping revenue	1,109,083	-	-	1,109,083	1,073,074	-	-	1,073,074
Activity revenue	503,354	-	-	503,354	115,349	-	-	115,349
Other revenue	<u>56,046</u>	<u>25</u>	<u>18</u>	<u>56,089</u>	<u>48,386</u>	<u>173</u>	<u>15</u>	<u>48,574</u>
Total Revenue	<u>2,379,785</u>	<u>25</u>	<u>655,769</u>	<u>3,035,579</u>	<u>2,018,885</u>	<u>173</u>	<u>525,251</u>	<u>2,544,309</u>
Net assets released from restrictions	<u>22,655</u>	<u>159,902</u>	<u>-</u>	<u>182,557</u>	<u>56,610</u>	<u>113,120</u>	<u>-</u>	<u>169,730</u>
Total Public Support and Revenue	<u>3,288,696</u>	<u>160,997</u>	<u>655,769</u>	<u>4,105,462</u>	<u>3,067,490</u>	<u>141,143</u>	<u>525,251</u>	<u>3,733,884</u>
EXPENSES								
Program services	2,783,421	380,765	-	3,164,186	2,410,470	335,952	-	2,746,422
Management and general	250,354	3,415	-	253,769	247,387	51,037	-	298,424
Fundraising	<u>233,759</u>	<u>3,188</u>	<u>30,559</u>	<u>267,506</u>	<u>230,369</u>	<u>47,634</u>	<u>59,724</u>	<u>337,727</u>
Total Functional Expenses	<u>3,267,534</u>	<u>387,368</u>	<u>30,559</u>	<u>3,685,461</u>	<u>2,888,226</u>	<u>434,623</u>	<u>59,724</u>	<u>3,382,573</u>
Charter and national service fees	<u>37,114</u>	<u>-</u>	<u>-</u>	<u>37,114</u>	<u>37,697</u>	<u>-</u>	<u>-</u>	<u>37,697</u>
Total Expenses	<u>3,304,648</u>	<u>387,368</u>	<u>30,559</u>	<u>3,722,575</u>	<u>2,925,923</u>	<u>434,623</u>	<u>59,724</u>	<u>3,420,270</u>
Change in Unrestricted Net Assets	<u>\$ (15,952)</u>	<u>\$ (226,371)</u>	<u>\$ 625,210</u>	<u>\$ 382,887</u>	<u>\$ 141,567</u>	<u>\$ (293,480)</u>	<u>\$ 465,527</u>	<u>\$ 313,614</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, 2013				Year Ended December 31, 2012			
	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	\$ 64,036	\$ -	\$ -	\$ 64,036	\$ 2,655	\$ -	\$ -	\$ 2,655
Capital campaign	-	91,519	125,628	217,147	-	-	-	-
Other direct support	12,093	-	-	12,093	21,472	5,000	-	26,472
Total direct support	76,129	91,519	125,628	293,276	24,127	5,000	-	29,127
Revenue								
Investment income	-	-	31,350	31,350	-	-	-	-
Total Public Support and Revenue	76,129	91,519	156,978	324,626	24,127	5,000	-	29,127
Net assets released from restrictions	(22,655)	(159,902)	-	(182,557)	(56,610)	(113,120)	-	(169,730)
Change in donor restriction	(20,652)	-	-	(20,652)	-	-	-	-
Change in Temporarily Restricted Net Assets	<u>\$ 32,822</u>	<u>\$ (68,383)</u>	<u>\$156,978</u>	<u>\$ 121,417</u>	<u>\$ (32,483)</u>	<u>\$ (108,120)</u>	<u>\$ -</u>	<u>\$ (140,603)</u>
Changes in Permanently Restricted Net Assets								
PUBLIC SUPPORT AND REVENUE								
Direct Support								
Other direct support	\$ -	\$ -	\$ 12,127	\$ 12,127	\$ -	\$ -	\$ 4,926	\$ 4,926
Total Public Support and Revenue	-	-	12,127	12,127	-	-	4,926	4,926
Change in donor restriction	-	-	20,652	20,652	-	-	-	-
Change in Permanently Restricted Net Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,779</u>	<u>\$ 32,779</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,926</u>	<u>\$ 4,926</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, 2013				Year Ended December 31, 2012			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
Net Assets, Beginning 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, Beginning 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>
Change in								
Unrestricted net assets (page 3)	(15,952)	(226,371)	625,210	382,887	141,567	(293,480)	465,527	313,614
Temporarily restricted net assets (page 4)	32,822	(68,383)	156,978	121,417	(32,483)	(108,120)	-	(140,603)
Permanently restricted net assets (page 4)	-	-	32,779	32,779	-	-	4,926	4,926
Change in Net Assets Before Transfers	16,870	(294,754)	814,967	537,083	109,084	(401,600)	470,453	177,937
Transfers	(19,079)	200,260	(181,181)	-	(123,737)	202,737	(79,000)	-
Change in Net Assets	<u>(2,209)</u>	<u>(94,494)</u>	<u>633,786</u>	<u>537,083</u>	<u>(14,653)</u>	<u>(198,863)</u>	<u>391,453</u>	<u>177,937</u>
Net Assets, End 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, End 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>

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Functional Expenses

	Year Ended December 31, 2013					Year Ended December 31, 2012				
	Supporting Services			Total Support Services	Total Functional Expenses	Supporting Services			Total Support Services	Total Functional Expenses
	Program Services	Management & General	Fundraising			Program Services	Management & General	Fundraising		
EMPLOYEE COMPENSATION										
Salaries	\$1,172,460	\$ 137,162	\$ 128,018	\$ 265,180	\$1,437,640	\$1,153,118	\$ 135,786	\$ 126,734	\$ 262,520	\$1,415,638
Employee benefits	160,335	23,700	22,120	45,820	206,155	169,929	25,790	24,071	49,861	219,790
Payroll taxes	106,511	12,603	11,762	24,365	130,876	110,429	13,421	12,526	25,947	136,376
Employee related expense	69,487	6,994	13,435	20,429	89,916	27,824	1,204	3,854	5,058	32,882
Total Employee Compensation	<u>1,508,793</u>	<u>180,459</u>	<u>175,335</u>	<u>355,794</u>	<u>1,864,587</u>	<u>1,461,300</u>	<u>176,201</u>	<u>167,185</u>	<u>343,386</u>	<u>1,804,686</u>
OTHER EXPENSES										
Professional fees	8,780	24,800	23,656	48,456	57,236	8,964	24,125	58,762	82,887	91,851
Supplies	768,282	2,288	23,866	26,154	794,436	440,345	2,694	22,728	25,422	465,767
Telephone	18,356	2,770	2,585	5,355	23,711	16,768	2,493	2,328	4,821	21,589
Postage and shipping	10,021	2,117	1,976	4,093	14,114	11,216	2,367	2,209	4,576	15,792
Occupancy	218,055	9,771	9,119	18,890	236,945	218,197	10,572	9,868	20,440	238,637
Rent and maintenance of equipment	9,695	2,048	1,912	3,960	13,655	12,256	2,589	2,417	5,006	17,262
Printing and publications	36,232	5,314	4,960	10,274	46,506	23,753	4,122	3,849	7,971	31,724
Travel	96,052	5,528	6,666	12,194	108,246	135,125	8,192	7,647	15,839	150,964
Conferences and meetings	9,982	2,109	1,968	4,077	14,059	13,520	2,856	2,666	5,522	19,042
Specific assistance to individuals	36,128	2,379	2,221	4,600	40,728	36,644	2,793	2,607	5,400	42,044
Recognition awards	2,263	210	196	406	2,669	1,985	69	65	134	2,119
Interest expense	73	15	14	29	102	805	170	159	329	1,134
Insurance	105,615	7,076	6,605	13,681	119,296	97,218	5,546	5,176	10,722	107,940
Other expenses	27,023	3,936	3,674	7,610	34,633	29,054	3,085	2,881	5,966	35,020
Total Other Expenses	<u>1,346,557</u>	<u>70,361</u>	<u>89,418</u>	<u>159,779</u>	<u>1,506,336</u>	<u>1,045,850</u>	<u>71,673</u>	<u>123,362</u>	<u>195,035</u>	<u>1,240,885</u>
Expenses before Depreciation	<u>2,855,350</u>	<u>250,820</u>	<u>264,753</u>	<u>515,573</u>	<u>3,370,923</u>	<u>2,507,150</u>	<u>247,874</u>	<u>290,547</u>	<u>538,421</u>	<u>3,045,571</u>
Depreciation of buildings and equipment	<u>308,836</u>	<u>2,949</u>	<u>2,753</u>	<u>5,702</u>	<u>314,538</u>	<u>239,272</u>	<u>50,550</u>	<u>47,180</u>	<u>97,730</u>	<u>337,002</u>
Total Functional Expenses	<u>\$3,164,186</u>	<u>\$ 253,769</u>	<u>\$ 267,506</u>	<u>\$ 521,275</u>	<u>\$3,685,461</u>	<u>\$2,746,422</u>	<u>\$ 298,424</u>	<u>\$ 337,727</u>	<u>\$ 636,151</u>	<u>\$3,382,573</u>

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Cash Flows

	Year Ended December 31, 2013				Year Ended December 31, 2012			
	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	\$ (2,209)	\$ (94,494)	\$ 633,786	\$ 537,083	\$ (14,653)	\$ (198,863)	\$ 391,453	\$ 177,937
Adjustments to reconcile change in net assets to net cash from operating activities								
Depreciation	-	314,538	-	314,538	-	337,002	-	337,002
Donated materials	-	-	-	-	-	(27,850)	-	(27,850)
Loss on equipment	-	-	-	-	-	3,652	-	3,652
(Gain) loss on investments	-	-	(1,147,712)	(1,147,712)	-	-	(1,029,665)	(1,029,665)
Contributions restricted for long-term use	-	(91,519)	(137,755)	(229,274)	-	-	(4,926)	(4,926)
Appreciation of beneficial interest in gift annuity	-	-	(661)	(661)	-	-	(1,337)	(1,337)
Changes in operating assets and liabilities								
Receivables	(82,688)	14,250	(76,326)	(144,764)	12,647	-	1,100	13,747
Inventory	(4,382)	-	-	(4,382)	(12,263)	-	-	(12,263)
Prepaid expense	106,976	387	-	107,363	(146,791)	(387)	-	(147,178)
Interfund accounts	28,592	53,799	(82,391)	-	90,286	(43,827)	(46,459)	-
Accounts payable and accrued expenses	98	(5,001)	-	(4,903)	(134,644)	(44,002)	-	(178,646)
Custodial accounts	42,062	-	-	42,062	51,790	-	-	51,790
Deferred income and other liabilities	(214,582)	-	-	(214,582)	215,826	-	-	215,826
Net Cash from Operating Activities	(126,133)	191,960	(811,059)	(745,232)	62,198	25,725	(689,834)	(601,911)
CASH FLOWS FROM INVESTING ACTIVITIES								
Sale of investments	-	-	826,181	826,181	-	-	751,961	751,961
Purchase of investments	-	-	(163,825)	(163,825)	-	-	(169,286)	(169,286)
Proceeds from sale of equipment	-	-	-	-	-	8,557	-	8,557
Capital acquisitions	-	(261,335)	-	(261,335)	-	(205,098)	-	(205,098)
Net Cash from Investing Activities	-	(261,335)	662,356	401,021	-	(196,541)	582,675	386,134
CASH FLOWS FROM FINANCING ACTIVITIES								
Repayment of loans	-	(26,406)	-	(26,406)	-	(37,039)	-	(37,039)
Contributions restricted for endowments	-	91,519	137,755	229,274	-	-	4,926	4,926
Net Cash from Financing Activities	-	65,113	137,755	202,868	-	(37,039)	4,926	(32,113)
Net Change in Cash and Cash Equivalents	(126,133)	(4,262)	(10,948)	(141,343)	62,198	(207,855)	(102,233)	(247,890)
CASH AND CASH EQUIVALENTS								
Beginning of year	578,548	31,455	52,278	662,281	516,350	239,310	154,511	910,171
End of year	\$ 452,415	\$ 27,193	\$ 41,330	\$ 520,938	\$ 578,548	\$ 31,455	\$ 52,278	\$ 662,281
SUPPLEMENTAL CASH FLOW INFORMATION								
Cash paid during year for interest	\$ -	\$ 103	\$ -	\$ 103	\$ -	\$ 1,134	\$ -	\$ 1,134
Acquisition and financing of equipment	-	38,985	-	38,985	-	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.

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.

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 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 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 activities.

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

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:

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. 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

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 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. 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 2010.

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 July 21, 2014.

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

4. Receivables

Pledges receivable as of December 31 consist of the following:

	<u>2013</u>	<u>2012</u>
Friends of Scouting	\$ 160,316	\$ 87,109
Second Century Campaign	87,709	-
Capital fund receivables	15,000	30,000
Less allowance for doubtful accounts	<u>(13,029)</u>	<u>(3,734)</u>
	<u>\$ 249,996</u>	<u>\$ 113,375</u>

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

	<u>2013</u>	<u>2012</u>
Pledges receivable in less than one year	\$ 178,850	\$ 117,109
Pledges receivable in one to five years	<u>93,600</u>	<u>-</u>
Total Pledges Receivable	272,450	117,109
Discount to present value	(9,425)	-
Allowance for doubtful accounts	<u>(13,029)</u>	<u>(3,734)</u>
	<u>\$ 249,996</u>	<u>\$ 113,375</u>

Pledges receivable in more than one year are discounted using a rate of 5% at December 31, 2013

Other receivables at December 31 consist of the following:

	<u>2013</u>	<u>2012</u>
Popcorn sales and various camping fees	\$ 39,022	\$ 44,281
Employee advances	<u>22,017</u>	<u>8,615</u>
	<u>\$ 61,039</u>	<u>\$ 52,896</u>

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.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements

5. Investments (continued)

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 as of December 31 consisted of the following:

	2013	2012
Level 2 Inputs		
BSA Commingled Endowment Fund, L.P.	\$ 9,985,958	\$ 9,500,602

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

	2013	2012
Interest and dividends	\$ 119,977	\$ 165,926
Net gain on investments	1,147,712	1,029,665
Investment expenses	(38,938)	(33,491)
	\$ 1,228,751	\$ 1,162,100

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 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

7. Land, Buildings and Equipment

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

	<u>2013</u>	<u>2012</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	3,557,254
Curtis S. Read Scout Reservation	2,651,670	2,447,725
Furniture, fixtures and equipment	667,885	665,135
Motor vehicles	518,099	475,764
Construction in progress	116,056	67,778
	<u>10,669,191</u>	<u>10,368,870</u>
Accumulated depreciation	<u>4,185,406</u>	<u>3,870,867</u>
	<u>\$ 6,483,785</u>	<u>\$ 6,498,003</u>

8. Notes Payable

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

	<u>2013</u>	<u>2012</u>
Automobiles note payable with interest at .0%, due in monthly installments of \$814 through September 25, 2017	\$ 36,548	\$ -
Automobiles note payable with interest at .9%, due in monthly installments of \$775 through May 6, 2016	22,222	31,277
Automobiles note payable with interest at 5.04%, due in monthly installments of \$1,489 through August 15, 2013	-	8,593
Automobile note payable with interest at .0%, due in monthly installments of \$499 through June 21, 2017	<u>20,366</u>	<u>26,687</u>
	<u>\$ 79,136</u>	<u>\$ 66,557</u>

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements

8. Notes Payable (continued)

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

2014	\$ 24,863
2015	24,956
2016	19,612
2017	<u>9,705</u>
	<u>\$ 79,136</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 for the years ended December 31 is summarized as follows:

<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	<u>34,250</u>	<u>(34,250)</u>	<u>-</u>	<u>-</u>
Net investments - ending	6,473,175	81,519	3,465,506	10,020,200
Pledge receivable	667	75,459	250	76,376
Beneficial interest in gift annuity	<u>-</u>	<u>-</u>	<u>17,936</u>	<u>17,936</u>
Net assets - end of year	<u>\$ 6,473,842</u>	<u>\$ 156,978</u>	<u>\$ 3,483,692</u>	<u>\$10,114,512</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>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	184,009	(184,009)	-	-
Net investments - ending	6,029,763	-	3,433,638	9,463,401
Pledges receivable	50	-	-	50
Beneficial interest in gift annuity	-	-	17,275	17,275
Net assets - end of year	<u>\$ 6,029,813</u>	<u>\$ -</u>	<u>\$ 3,450,913</u>	<u>\$ 9,480,726</u>

10. Temporarily Restricted Net Assets

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

	<u>2013</u>	<u>2012</u>
Friends of Scouting	\$ 64,035	\$ 44,126
Capital and Endowment projects	139,588	86,012
Programs	16,582	-
Endowment earnings not appropriated	31,350	-
	<u>\$ 251,555</u>	<u>\$ 130,138</u>

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

	<u>2013</u>	<u>2012</u>
Friends of Scouting	\$ 22,655	\$ 56,610
Capital projects	159,902	113,120
	<u>\$ 182,557</u>	<u>\$ 169,730</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:

	<u>2013</u>	<u>2012</u>
Permanent endowment, with earnings restricted for various programs and purposes	\$ 165,013	\$ 140,013
Permanent endowment, with no restrictions on the use of income	<u>3,318,679</u>	<u>3,310,900</u>
	<u>\$ 3,483,692</u>	<u>\$ 3,450,913</u>

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 2013 and 2012 was \$76,245 and \$79,359.

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 \$12,421 and \$15,557 to the Thrift Plan in 2013 and 2012.

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 2013 and 2012 was \$97,097 and \$100,126.

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 2013 and 2012 that focused on industry related dinners, golf, shooting events and a Bowl-O-Ree. Net revenue from these events was as follows:

	<u>2013</u>	<u>2012</u>
Gross revenue	\$ 407,059	\$ 560,407
Direct expense	<u>(128,566)</u>	<u>(93,491)</u>
Special Event Revenue	<u>\$ 278,493</u>	<u>\$ 466,916</u>

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

	<u>2013</u>	<u>2012</u>
Gross sales of products	\$ 418,826	\$ 443,111
Unit commissions	(141,540)	(147,239)
Direct costs	<u>(138,984)</u>	<u>(150,660)</u>
Product Sales Revenue	<u>\$ 138,302</u>	<u>\$ 145,212</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 \$48,288 and \$44,095 in 2013 and 2012 and is reported within other revenue in the consolidated statement of changes in net assets.
