

Financial Report

*Southeast Louisiana Council
Boy Scouts of America*

December 31, 2012



BOY SCOUTS OF AMERICA
SOUTHEAST LOUISIANA COUNCIL

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 15 2013

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Executive Board,
Southeast Louisiana Council,
Boy Scouts of America

We have audited the accompanying financial statements of Southeast Louisiana Council Boy Scouts of America (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Southeast Louisiana Council Boy Scouts of America 2011 financial statements and, in our report dated April 5, 2012, we expressed an unqualified opinion on those 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeast Louisiana Council Boy Scouts of America as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

New Orleans, Louisiana,
April 16, 2013.

STATEMENT OF FINANCIAL POSITION**Southeast Louisiana Council
Boy Scouts of America**December 31, 2012
(with comparative totals for 2011)

Assets	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Current Assets								
Cash	1,340,601	1,365,193	317,375	65,788	147,891	68,026	1,805,867	1,499,006
Short Term Investments								
Accounts and Notes Receivable	64,608	12,001	250	250	649	5,941	65,506	18,191
Pledges Receivable	200,659	84,934			16,369	12,100	217,028	97,034
Inventories	19,687	21,555					19,687	21,555
Prepaid Expense	75,509	38,353			53,544	39,182	129,053	77,535
Total Current Assets	1,701,064	1,522,036	317,624	66,037	218,453	125,249	2,237,142	1,713,322
Land, Building, and Equipment								
			1,995,306	2,179,180			1,995,306	2,179,180
Long-Term Investments								
					3,290,641	3,236,765	3,290,641	3,236,765
Total Noncurrent Assets			1,995,306	2,179,180	3,290,641	3,236,765	5,285,947	5,415,945
Total Assets	1,701,064	1,522,036	2,312,930	2,245,217	3,509,094	3,362,014	7,523,089	7,129,267
Liabilities and Net Assets								
Current Liabilities								
Accounts Payable	55,113	59,671			9,466	6,506	64,579	66,177
Accrued Expenses	11,574	3,464					11,574	3,464
Payroll Taxes Withheld	7,352	7,250					7,352	7,250
Custodian Accounts	102,063	106,825			12,634	11,744	114,697	118,568
Deferred Activity Income	37,483	6,500					37,483	6,500
Deferred Camp Income		1,080						1,080
Deferred Other Income					86		86	
Other Current Liabilities	-441	-441					-441	-441
Total Current Liabilities	213,145	184,349			22,187	18,250	235,332	202,599
Total Noncurrent Liabilities								
Total Liabilities	213,145	184,349			22,187	18,250	235,332	202,599
Net Assets								
Unrestricted Net Assets	1,247,187	1,245,814	1,987,826	2,178,932	3,055,916	2,972,928	6,290,929	6,397,674
Temp. Restricted Net Assets	240,733	91,873	325,104	66,285	58,590	44,665	624,427	202,823
Perm. Restricted Net Assets					372,401	326,171	372,401	326,171
Total Net Assets	1,487,920	1,337,687	2,312,930	2,245,217	3,486,907	3,343,764	7,287,757	6,926,668
Total Liabilities and Net Assets	1,701,065	1,522,036	2,312,930	2,245,217	3,509,094	3,362,014	7,523,089	7,129,267

See notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS**Southeast Louisiana Council
Boy Scouts of America**For the year ended December 31, 2012
(with comparative totals for 2011)

Changes in Unrestricted Net Assets	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Support and Revenue								
Friends of Scouting - Gross	507,352	461,056					507,352	461,056
Less Provision for Uncollectible		-70,025						-70,025
Net Friends of Scouting	507,352	391,031					507,352	391,031
Project Sales	41,735	37,576		1,000			41,735	38,576
Special Events - Gross	416,862	364,902					416,862	364,902
Less Cost of Direct Benefit	-87,211	-77,352					-87,211	-77,352
Net Special Events	329,651	287,550					329,651	287,550
Legacies and Bequests	5,000						5,000	
Foundations and Trusts	329,338	329,338					329,338	329,338
Other Direct Support	300	4,450	2,400				2,700	4,450
Total Direct Support	1,213,375	1,049,944	2,400	1,000			1,215,775	1,050,946
Indirect Support								
United Ways	194,927	225,955					194,927	225,955
Fees From Government Agencies	50,000						50,000	0
Total Indirect Support	244,927	225,955					244,927	225,955
Revenue								
Sale of Supplies - Gross		36,263						36,263
Less Cost of Goods Sold								
Net Sale of Supplies		36,263						36,263
Product Sales - Gross	578,381	566,351					578,381	566,351
Less Cost of Goods Sold	-174,821	-178,637					-174,821	-178,637
Less Commissions Paid to units	-179,261	-167,463					-179,261	-167,463
Net Product Sales	224,299	220,252					224,299	220,252
Investment Income	4,230	6,491			412,925	475,851	417,155	482,341
Gain or Loss on Investments					281,026	17,579	281,026	17,579
Camping Revenue	236,685	240,031					236,685	240,031
Activity Revenue	131,158	150,518					131,158	150,518
Other Revenue	49,834	24,509				12,596	49,834	37,104
Total Revenue	646,206	678,063			693,951	506,025	1,340,156	1,184,089

Changes in Unrestricted Net Assets	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Support and Revenue								
Net Assets Released Frm Restrictions								
Reclass Friends of Scouting	60,851	151,159					60,851	151,159
Reclass Capital Campaign				150,000				150,000
Reclass Foundations	751	27,251					751	27,251
Reclass Other Direct	80,202	90,427					80,202	90,427
Reclass United Way		4,882						4,882
Reclass Other Indirect	2,131		11,293	31,631			13,424	31,631
Total Reclassification of Net Assets	143,935	273,719	11,293	181,631			155,228	455,350
Total Support and Revenue	2,248,443	2,227,681	13,693	182,631	693,951	506,025	2,956,087	2,916,338
Expenses								
Program Services	1,841,227	1,818,548	205,349	219,037	506,358	493,094	2,552,934	2,530,679
Support Services								
Management and General	206,682	200,965	1,927	3,593	69,737	67,969	278,345	272,527
Fundraising	166,915	168,492	964	1,796	34,868	34,372	202,747	204,660
Total Supporting Services	373,597	369,457	2,891	5,389	104,605	102,341	481,093	477,187
Charter and National Service Fee	28,805	30,362					28,805	30,362
Total Expenses	2,243,629	2,218,367	208,240	224,426	610,963	595,435	3,062,832	3,038,228
Inc (Dec) in Unrestricted Net Assets	4,814	9,314	-194,547	-41,795	82,988	-89,410	-106,745	-121,890

Changes in Temporarily Restricted Net Assets	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Direct Support								
Friends of Scouting - Gross	148,284	60,851					148,284	60,851
Less Provision for Uncollectible		10,837						10,837
Net Friends of Scouting	148,284	71,688					148,284	71,688
Capital Campaign			1,100	10,850			1,100	10,850
Foundations and Trusts	60,000	83,000					60,000	83,000
Other Direct Support	52,511	38,722	250,000				302,511	38,722
Total Direct Support	260,795	193,410	251,100	10,850			511,895	204,260
Indirect Support								
United Ways	32,000						32,000	
Other Indirect			19,012	10,688			19,012	10,688
Total Indirect Support	32,000		19,012	10,688			51,012	10,688
Revenue								
Investment Income					986	1,680	986	1,680
Gain or Loss on Investments					12,939	496	12,939	496
Total Revenue					13,925	2,176	13,925	2,176
Net Assets Released Frm Restrictions								
Reclass Friends of Scouting	-60,851	-151,159					-60,851	-151,159
Reclass Capital Campaign				-150,000				-150,000
Reclass Foundations	-751	-27,251					-751	-27,251
Reclass Other Direct	-80,202	-90,427					-80,202	-90,427
Reclass United Way		-4,882						-4,882
Reclass Other Indirect	-2,131		-11,293	-31,631			-13,424	-31,631
Total Reclassification of Net Assets	-143,935	-273,719	-11,293	-181,631			-155,228	-455,350
Total Support and Revenue	148,860	-80,309	258,819	-160,093	13,925	2,176	421,604	-238,226
Inc (Dec) in Temp. Res. Net Assets	148,860	-80,309	258,819	-160,093	13,925	2,176	421,604	-238,226

Changes in Permanently Restricted Net Assets	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Direct Support								
Other Direct Support					46,230	31,500	46,230	31,500
Total Direct Support					46,230	31,500	46,230	31,500
Indirect Support								
Total Indirect Support								
Revenue								
Total Revenue								
Net Assets Released From Restrictions								
Total Reclassification of Net Assets								
Total Support and Revenue					46,230	31,500	46,230	31,500
Inc (Dec) in Perm. Res. Net Assets					46,230	31,500	46,230	31,500
Inc (Dec) in Total Net Assets	153,674	-70,995	64,272	-201,887	143,143	-55,733	361,089	-328,616
Net Assets, Beg. of Year								
Unrestricted Net Assets	1,245,814	1,225,661	2,178,932	2,220,727	2,972,928	3,062,337	6,397,674	6,508,725
Temporarily Restricted Net Assets	91,873	183,019	66,285	226,378	44,665	42,489	202,823	451,886
Permanently Restricted Net Assets					326,171	294,671	326,171	294,671
Total Net Assets, Beg. of Year	1,337,687	1,408,680	2,245,217	2,447,105	3,343,764	3,399,497	6,926,668	7,255,282
Transfers	-3,441		3,441					
Adjustments to Net Assets								
Unrestricted Adjustments		10,837						10,837
Temporarily Restricted Adjustments		-10,837						-10,837
Permanently Restricted Adjustments								
Total Adjustments to Net Assets								
Net Assets, End of Period								
Unrestricted Net Assets	1,247,187	1,245,814	1,987,826	2,178,932	3,055,916	2,972,928	6,290,929	6,397,674
Temporarily Restricted Net Assets	240,733	91,873	325,104	66,285	58,590	44,665	624,427	202,823
Permanently Restricted Net Assets					372,401	326,171	372,401	326,171
Total Net Assets, End of Period	1,487,920	1,337,687	2,312,930	2,245,217	3,486,907	3,343,764	7,287,757	6,926,668

See notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES**Southeast Louisiana Council
Boy Scouts of America**For the year ended December 31, 2012
(with comparative totals for 2011)

Expenses	Supporting Services				Total Expenses		
	Program Service	Management & General	Fundraising	Support Services	Unallocated Expenses	2012	2011
Employee Compensation							
Salaries	902,731	108,797	54,398	163,195		1,065,926	1,010,907
Employee Benefits	170,539	24,234	12,117	36,351		206,890	187,555
Payroll Taxes	75,056	8,816	4,408	13,224		88,279	82,479
Total Employee Compensation	1,148,326	141,847	70,923	212,770		1,361,095	1,280,940
Other Expenses							
Professional Fees	12,017	25,000		25,000		37,017	41,958
Supplies	173,000	1,572	15,853	17,425		190,425	213,191
Telephone	19,394	2,128	1,064	3,192		22,586	21,840
Postage and Shipping	7,830	971	1,270	2,241		10,070	11,009
Occupancy	365,314	39,583	19,941	59,524		424,839	434,458
Rent and Maintenance of Equipment	37,182	4,996	2,498	7,494		44,677	39,105
Printing and Publications	25,589	600	9,218	9,818		35,406	36,259
Travel	79,209	7,203	3,801	11,004		90,213	76,350
Conferences and Meetings	22,843	2,112	7,600	9,712		32,555	38,419
Specific Asst. to Individuals	28,782		12,150	12,150		40,932	61,817
Recognition Awards	24,478	74	25,298	25,372		49,850	54,540
Insurance	107,200	10,781	5,390	16,171		123,371	128,310
Other Expenses	312,235	41,480	27,741	69,221		381,456	381,169
Total Other Expenses	1,215,074	136,499	131,824	268,323		1,483,396	1,538,425
Expenses Before Depreciation	2,363,399	278,345	202,747	481,093		2,844,492	2,819,365
Depreciation of Buildings/Equipment	189,535					189,535	188,501
Total Functional Expense	2,552,934	278,345	202,747	481,093		3,034,027	3,007,866
Functional Expense Percentages	84.15%	9.17%	6.68%			100.00%	

See notes to financial statements.

STATEMENT OF CASH FLOWS**Southeast Louisiana Council
Boy Scouts of America**For the year ended December 31, 2012
(with comparative totals for 2011)

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2012	2011
Cash Flow From Operations					
Increase (decrease) total net assets	\$ 153,674	\$ 64,272	\$ 143,143	\$ 361,089	\$ (328,614)
Adjustments to net assets to reconcile cash flows					
Provision for bad debt					59,188
Depreciation		189,535	28,640	218,175	217,141
Unrealized gain on investments			(96,954)	(96,954)	(28,993)
Realized (gain) loss on sale of investments			(197,011)	(197,011)	10,918
Noncash gifts			(35,728)	(35,728)	-
Donations of equipment		(2,400)		(2,400)	-
Accounts and notes receivable	(52,607)		5,292	(47,315)	(4,046)
Pledges receivable	(115,725)		(4,269)	(119,994)	(15,139)
Inventory	1,868			1,868	(7,416)
Prepaid expense	(37,156)		(14,362)	(51,518)	38,525
Accounts payable	(4,558)		2,960	(1,598)	(51,096)
Accrued expenses	8,110			8,110	4,166
Payroll taxes withheld	102			102	869
Custodial accounts	(4,762)		890	(3,872)	7,024
Deferred income - activities	30,983			30,983	5,738
Deferred income - camp	(1,080)			(1,080)	500
Deferred income - other			86	86	(3,613)
Other current liabilities				-	(662)
Transfers	(3,441)	3,441		-	-
Total adjustments	(178,266)	190,576	(310,456)	(298,146)	233,104
Net Cash Flows from Operations	(24,592)	254,848	(167,313)	62,943	(95,510)
Cash Flows From Investing Activities					
Investments - fixed assets		(3,261)		(3,261)	(160,599)
Long-term investment purchases			(24,663)	(24,663)	(147,405)
Long-term investment sales			271,841	271,841	300,000
Net Cash Flows from Investing Activities	-	(3,261)	247,178	243,917	(8,004)
Net Increase (Decrease) in Cash and Cash Equivalents	(24,592)	251,587	79,865	306,860	(103,514)
Cash and Cash Equivalents					
At the beginning of the year	1,365,193	65,788	68,026	1,499,007	1,602,521
At the end of the year	\$ 1,340,601	\$ 317,375	\$ 147,891	\$ 1,805,867	\$ 1,499,007

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Southeast Louisiana Council
Boy Scouts of America**

December 31, 2012

Note 1 - NATURE OF ORGANIZATION

The Southeast Louisiana Council Boy Scouts of America (the "Council") operates in southeast Louisiana offering scouting in the parishes of Assumption, Jefferson, Lafourche, Orleans, Plaquemines, St. John the Baptist, St. Bernard, St. Charles, St. James, St. Tammany, and Terrebonne. The Council operates one camping facility. The Council is a not-for-profit organization devoted to promoting, within the territory covered by the charter granted it by the Boy Scouts of America and in accordance with the Bylaws, and Rules and Regulations of the Boy Scouts of America, the Scouting program of promoting the ability of boys and young men and women to do things for themselves and others, training them in Scoutcraft, and teaching them patriotism, courage, self-reliance, career awareness, citizenship, personal fitness, environmental awareness, and community service, and kindred virtues, using the methods which are now in common use by the Boy Scouts of America.

The Council's programs are classified as follows:

Tiger Cubs - One-year, family-oriented program for a group of teams, each consisting of a first grade (or seven years 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.

Note 1 - NATURE OF ORGANIZATION (Continued)

Varsity Scouting - Program for young men ages fourteen through seventeen that provides options for those who are looking for rugged high adventure or challenging sporting activities and still want to be a part of a Scouting program that offers the advancement opportunities and values of the Boy Scouts of America. There are five fields of emphasis, including advancement, high-adventure sports, personal development, service, and special programs and events.

Venturing - Provides experiences to help young men and women, ages fourteen (or thirteen with completion of the eighth grade) through twenty, become mature, responsible, caring adults. Young teens learn leadership skills and participate in challenging outdoor activities, including having access to Boy Scout camping properties, a recognition program, and Youth Protection training.

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

Membership Standards - The National Council is undergoing an assessment of its Membership Standards and has stated that it intends to render a decision on its assessment during 2013. The National Council's Membership Standard's assessment has attracted national attention from the media, donors and other stakeholders. While the Council is unable to predict the outcome of the assessment or determine the impact of the National Council's decision on the future operations of the Council, the outcome could have a material adverse effect on the Council's future financial position, results of operations and cash flows.

The Council's website address is www.bsa-selacouncil.org.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Organization and Income Taxes

The Council is a nonprofit corporation organized under the laws of the State of Louisiana. It is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and qualifies as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Council is subject to federal income tax on any unrelated business taxable income; for the years ended December 31, 2012 and 2011, there was no such income. It is exempt from Louisiana income tax under the authority of R.S. 47:121(5).

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Organization and Income Taxes (Continued)

The Boy Scouts of America Trust Fund (the "Trust Fund") is managed by an Endowment Committee, most of whom are also Directors of the Council. The Trust Fund files a separate Return of Organization Exempt From Income Tax (Form 990) each year. Because the Trust Fund is so closely affiliated with the Council, its financial statements (titled herein as the "Endowment Fund") are presented on a combined basis with those of the Council.

The Council has adopted the provisions of the Financial Accounting Standards Board ("FASB") standard on *Accounting for Uncertainty in Income Taxes* (ASC 740-10-25). These accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. As of December 31, 2012 and 2011, the Council believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Council recognizes interest and penalties, if any, related to unrecognized tax benefits in interest expense. Tax years ended December 31, 2009 and later remain subject to examination by the taxing authorities.

b) Basis of Accounting

The financial statements of the Council are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

c) Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958, *Not-For-Profit Entities*. Under Topic 958, net assets, revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Council and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Presentation (Continued)

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Council and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Council. Generally, the donors of these assets permit the Council to use all or part of the income earned on related investments for general or specific purposes.

d) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

e) Fund Accounting

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Council are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The Executive Board of the Council has designated separate funds for the following general purposes:

General Operating Fund - Receives general-purpose contributions and revenues and expends funds in the operation of the Council. This fund accounts for all activities other than those specifically authorized by the Board to be conducted from the Capital Fund and the Endowment Fund.

Capital Fund - Accounts for resources contributed for the purpose of acquiring and replacing property and equipment for use in the operations of the Council.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Fund Accounting (Continued)

Endowment Fund (Trust Fund) - Represents funds that are legally restricted, and managed by a separate Endowment Committee. Investment funds are restricted to ensure that the Council will have a perpetual fund that will generate income to be used for future operations.

f) Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Council considers all highly liquid investments in money market funds and investments available for current use with an initial maturity of three months or less to be cash equivalents.

g) Accounts Receivable

Accounts receivable are recorded primarily for product sales stated at estimated realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance for doubtful accounts was considered necessary as of December 31, 2012 and 2011.

h) Inventory

Inventory, consisting primarily of items available for resale and miscellaneous supplies, is recorded at the lower of cost or market using the first-in, first-out method.

i) Interfund Receivable/Payable

As of December 31, 2012 and 2011, there were no outstanding interfund receivables/payables.

j) Interest Held in Trust with National Council of Boy Scouts of America

The Council has been named the remainderman of a beneficial split-interest agreement in the form of a charitable gift annuity. The funds from the gift are maintained in an irrevocable trust administered by the National Council of the Boy Scouts of America ("National Council"). The trust agreement requires that the Trustee make quarterly payments to the beneficiaries. Upon the death of the beneficiaries the remaining trust assets will be distributed to the Council as stipulated in the trust agreement. The Council has recorded its beneficial interest in

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**j) Interest Held in Trust with National Council of Boy Scouts of America
(Continued)**

this split-interest agreement based on the present value of future cash flows using a discount rate suggested by the American Council on Gift Annuities. The actuarial assumption used in this calculation is based on the expected return on assets in effect at the date of the valuation. The underlying trust assets are valued at fair value and consist primarily of securities that are traded on the ready market. The carrying value is adjusted annually for changes in the market value of each of the trust's assets.

k) Marketable Securities

Marketable securities consist primarily of assets invested in marketable equity and debt securities. The Council accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations (ASC 958-320 and subsections). This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the Statement of Financial Position.

Marketable equity and debt securities are carried at fair value in the Trust Fund, based on quoted market prices for the investments. Investment income, net of investment management expenses, is available for current operations, subject to the approval of the Endowment Committee of the Trust Fund. Realized and unrealized gains and losses are recorded in the Trust Fund and net gains are available for current operations or expendable for purposes designated by donors of securities to be held in perpetuity as endowment funds.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Property and Equipment

Property and equipment acquisitions are recorded at cost. Repairs and maintenance are charged to expense as incurred; major renewals and replacements and betterments are capitalized. Property and equipment donated to the Council is recorded at estimated value at the date of donation. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently.

Depreciation is determined using the straight-line method and is intended to allocate the cost of the assets over their estimated useful lives. Components of land improvements and buildings and improvements are depreciated over five to thirty years, and furniture and equipment are depreciated over three to ten years.

m) Contributions

Contributions receivable are recognized upon notification of a donor's unconditional promise to give to the Organization. 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 with the *Contributions Received* section of FASB ASC 958. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Changes in Net Assets as assets released from restrictions.

n) Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Functional Expenses. Costs 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, the payments of the charter fee and National Service Fee to the National Council are not allocated as a functional expense.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Donated Materials and Services of Volunteers

Donated land, buildings, equipment, investments, and noncash donations are recorded as contributions at their fair market value at their date of donation. The Council reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Council reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Council's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

p) Investment Policy

The Council's investment policy intends for the Council to invest in assets that would produce results exceeding the investment's purchase price and incur general market returns, while assuming a moderate level of investment risk. The Council expects its investments, over time, to provide a reasonable rate of return. To satisfy the return objective, the Council relies on a return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation of marketable equity and debt securities to achieve its return objective within prudent risk constraints. See Note 9 for strategies employed for achieving objectives.

q) Spending Policy

The Council operates on an annual budget approved by the Board of Directors. The annual budget includes estimates of revenues and fundraising as well as estimates of cash outlays in support of Council activities.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) **Spending Policy (Continued)**

The Council has an Endowment Committee that oversees its Trust Fund. The committee sets investment policy. The Endowment Committee also makes an annual determination of an amount to contribute from the Trust Fund to the Operating Fund in the following year to support the following year's operating activities. The determination of the amount contributed is based on various factors including recent investment returns and budgeted operating activities. The contribution from the Trust Fund in 2012 and 2011 was \$200,000 for each year, and the amount approved for transfer in 2013 is \$125,000.

r) **Advertising**

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising for the year ended December 31, 2012 was approximately \$5,000. There were no advertising costs incurred during the year ended December 31, 2011.

s) **Recent Accounting Pronouncements**

New accounting standards are now issued by the Financial Accounting Standards Board through Accounting Standards Updates (ASUs) to the FASB Accounting Standards Codification (ASC). The FASB does not consider the updates authoritative on a standalone basis; they become authoritative when incorporated into the ASC. The ASUs will be in a six-digit, two-segment format (20YY-XX) where YY is the year issued and XX is the sequential number of each update. So, ASU 2012-01 would be the first update issued in 2012, and so forth.

Compensation - Retirement Benefits-Multiemployer Plans (Subtopic 715-80), Disclosures about and Employer's Participation in a Multiemployer Plan ("ASU 2011-09") - Issued in September 2011, this ASU requires expanded disclosures for certain defined benefit pension and other postretirement plans. ASU 2011-09 is effective for local councils in 2012. The Council adopted the provisions of this ASU in 2012, which did not materially affect the Council's financial statements. (See Note 14).

Fair Value Measurement (Topic 820), Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. Generally Accepted Accounting Principles ("GAAP") and International Financial Reporting Standards ("IFRSs") ("ASU 2011-04") - In May 2011, the FASB issued ASU 2011-04, which amended

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Recent Accounting Pronouncements (Continued)

ASC 820, *Fair Value Measurement*, to change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. The adoption of ASU 2011-04 became effective for local councils starting in 2012 and had no material effect on the Council's financial statements. (See Note 6).

t) Subsequent Events

Management evaluates events subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through April 16, 2013, which is the date the financial statements were available to be issued.

u) Reclassification

Certain accounts in the 2011 financial statements have been reclassified for comparative purposes to conform to the 2012 financial statement presentation. There was no effect on net assets.

Note 3 - CONCENTRATION OF CREDIT RISK

As of December 31, 2012, cash and cash equivalents of approximately \$1,160,000 were deposited in bank accounts in excess of federally insured limits.

Note 4 - PROMISES TO GIVE

Unconditional promises to give consist of the following:

	December 31,	
	2012	2011
Unrestricted promises - principally		
Friends of Scouting	\$ 148,437	\$ 66,267
United Way	52,222	18,667
James E. West	16,369	12,100
Total	\$ 217,028	\$ 97,034

Note 4 - PROMISES TO GIVE (Continued)

Amount due in:		
Less than one year	\$ 208,126	\$ 84,934
One to five years	<u>8,902</u>	<u>12,100</u>
	<u>\$ 217,028</u>	<u>\$ 97,034</u>

Allocations from United Way of \$226,927 and \$225,955 have been recorded in the Statement of Changes in Net Assets since the amounts were pledged in 2012 and 2011, respectively.

Note 5 - LONG-TERM INVESTMENTS

Details of long-term investments are as follows:

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Office building and land	\$ 1,377,695	\$ 1,377,695
Less accumulated depreciation	<u>(633,343)</u>	<u>(604,703)</u>
Net - office building and land, at cost (See Note 7)	744,352	772,992
Marketable securities, at fair value (detailed below)	2,510,561	2,463,773
Interest held in trust with National Council	<u>35,728</u>	<u>-</u>
Totals - long-term investments	<u>\$ 3,290,641</u>	<u>\$ 3,236,765</u>

Marketable securities are summarized as follows:

	<u>December 31, 2012</u>		<u>December 31, 2011</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Common stocks	\$ 1,197,440	\$ 1,266,999	\$ 100,000	\$ 64,464
Fixed income	733,658	735,440	-	-
Mutual funds	<u>453,732</u>	<u>508,122</u>	<u>2,334,996</u>	<u>2,399,309</u>
Totals	<u>\$ 2,384,830</u>	<u>\$ 2,510,561</u>	<u>\$ 2,434,996</u>	<u>\$ 2,463,773</u>

Note 5 - LONG-TERM INVESTMENTS (Continued)

	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Over Cost</u>
Balances at December 31, 2012	\$ 2,384,830	\$ 2,510,561	\$ 125,731
Balances at January 1, 2012	<u>\$ 2,434,996</u>	<u>\$ 2,463,773</u>	<u>28,777</u>
Increase in unrealized gain			96,954
Net realized gain			<u>197,011</u>
Total gain for 2012			<u>\$ 293,965</u>
	<u>Cost</u>	<u>Market Value</u>	<u>Excess of Market Over Cost (Cost Over Market)</u>
Balances at December 31, 2011	\$ 2,434,996	\$ 2,463,773	\$ 28,777
Balances at January 1, 2011	<u>\$ 2,598,508</u>	<u>\$ 2,598,292</u>	<u>(216)</u>
Increase in unrealized gain			28,993
Net realized loss			<u>(10,918)</u>
Total gain for 2011			<u>\$ 18,075</u>

The following schedule summarizes the Endowment Fund investment return (excluding rental income) in the Statement of Changes in Net Assets for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest and dividend income	\$ 37,722	\$ 75,971
Net realized and unrealized gains	293,965	18,075
Investment expenses	<u>(11,316)</u>	<u>(2,102)</u>
Totals	<u>\$ 320,371</u>	<u>\$ 91,944</u>

Note 5 - LONG-TERM INVESTMENTS (Continued)

Net realized and unrealized gains are presented in the Statement of Changes in Net Assets - Endowment Fund as follows:

	2012	2011
Unrestricted	\$ 281,026	\$ 17,579
Temporarily restricted	12,939	496
Totals	\$ 293,965	\$ 18,075

Income from interest and dividends on investments and realized and unrealized gains on sales of investments are recorded in the Endowment Fund. In accordance with the Council's spending policy, distributions to the Operating Fund which include investment returns are recorded as income by the Operating Fund in the period the distribution was made. For 2012 and 2011, investment expenses were \$11,316 and \$2,102, respectively, and are netted against investment return.

Note 6 - ASSETS MEASURED AT FAIR VALUE

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value. Fair value concepts are applied in recording investments. Topic 820 establishes a fair value hierarchy which has three levels based on the reliability of the inputs used to determine fair value. These levels include: Level 1, unadjusted quoted prices in active markets for identical assets and liabilities; Level 2, directly or indirectly observable inputs other than quoted prices for the asset or liability, such as quoted market prices for similar assets or liabilities; and Level 3, unobservable inputs for use when little or no market data exists, therefore requiring an entity to develop its own assumptions.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 6 - ASSETS MEASURED AT FAIR VALUE (Continued)

The following is a description of the valuation methodologies used for assets and measured at fair value:

Government obligations and common stocks - Valued at the closing price reported on the active market on which the individual securities are traded. These are included in Level 1 of the fair value hierarchy.

Government agency mortgage obligations, municipal obligations, and corporate obligations - Valued by independent pricing vendors used by the custodians of the investments. The pricing vendor uses various pricing models for each asset class that are consistent with what other market participants would use. The inputs and assumptions to the models used by the pricing vendors are derived from market observable sources including benchmark yields, reported trades, broker/dealer quotes, and other market related data. Since many of these fixed income securities do not trade on a daily basis, the pricing vendor's methodology uses available information including benchmark curves, benchmarking of like securities, and matrix pricing. These investments are included in Level 2 of the fair value hierarchy.

Mutual funds - Valued at quoted market prices, which represent the net asset value per unit. These are included in Level 1 of the fair value hierarchy.

Assets held in trust with the National Council use significant unobservable inputs in estimating fair value including the National Council's own assumptions in determining fair value. As a result, these assets are classified as Level 3 in the fair value hierarchy.

These methods may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Council believes these valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis as of December 31, 2012 and 2011 are comprised of and determined as follows:

Note 6 - ASSETS MEASURED AT FAIR VALUE (Continued)

Description	Total Assets Measured at Fair Value	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>December 31, 2012</u>				
Common Stocks				
Financials	\$ 247,256	\$ 247,256		
Consumer Discretionary	211,369	211,369		
Information Technology	177,238	177,238		
Industrials	160,371	160,371		
Healthcare	157,855	157,855		
Funeral Homes	85,950	85,950		
Energy	70,566	70,566		
Materials	55,850	55,850		
Consumer Staples	53,111	53,111		
Utilities	35,700	35,700		
Telecommunications	11,733	11,733		
Fixed Income				
Corporate Obligations				
A1	75,857		75,857	
A2	101,549		101,549	
A3	50,950		50,950	
AA3	25,601		25,601	
Municipal Obligations				
A1	25,328		25,328	
A2	50,127		50,127	
AA1	50,950		50,950	
AA3	49,595		49,595	
Government Agency Mortgage Obligations				
Aaa	280,465		280,465	
Government Obligations				
Aaa	25,018	25,018		
Mutual Funds				
International	283,285	283,285		
Long/Short	113,779	113,779		
Small-Cap	111,058	111,058		
Total investments	2,510,561	1,800,139	710,422	-
Interest held in trust with National Council				
	35,728			35,728
Totals	<u>\$ 2,546,289</u>	<u>\$ 1,800,139</u>	<u>\$ 710,422</u>	<u>\$ 35,728</u>

Note 6 - ASSETS MEASURED AT FAIR VALUE (Continued)

Description	Total Assets Measured at Fair Value	Based on		
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>December 31, 2011</u>				
Equity index fund	\$ 1,108,185	\$ 1,108,185		
Intermediate bond fund	625,887	625,887		
Short-term bond fund	665,237	665,237		
Common stocks	64,464	64,464		
Totals	<u>\$ 2,463,773</u>	<u>\$ 2,463,773</u>	<u>\$ -</u>	<u>\$ -</u>

The following provides a summary of changes in the fair value of Level 3 assets for the years ended December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest held in trust with National Council, beginning of year	\$ -	\$ -
Acquisition	35,728	-
Change in unrealized gains (losses)	<u>-</u>	<u>-</u>
Interest held in trust with National Council, end of year	<u>\$ 35,728</u>	<u>\$ -</u>

As of December 31, 2012 and 2011, there were no assets measured at fair value on a non-recurring basis.

Note 7 - LAND, BUILDING AND EQUIPMENT

As of December 31, 2012 and 2011, the components of land, building, and equipment were as follows:

	2012	2011
Capital Fund		
Land	\$ 478,716	\$ 478,716
Land improvements	1,094,894	1,094,894
Buildings and improvements	3,037,705	3,037,705
Furniture and equipment	613,612	607,951
	5,224,927	5,219,266
Less accumulated depreciation	(3,229,621)	(3,040,086)
Net - land, building, and equipment	\$ 1,995,306	\$ 2,179,180
Endowment Fund		
Net - office building and land (See Note 5)	\$ 744,352	\$ 772,992

As of December 31, 2012, buildings, improvements, and equipment include \$1,320,105 of fully-depreciated assets that are still in use.

For the years ended December 31, 2012 and 2011, total depreciation expense was \$218,175 and \$217,141, respectively (including \$28,640 for both 2012 and 2011 in the Endowment Fund).

Note 8 - BANK LINE OF CREDIT

The Council has a \$100,000 "Tabbsline" line of credit from a local bank. This line has no stated maturity date. The interest rate for the line is the Wall Street Journal Prime Rate, or if there is more than one Wall Street Journal Prime Rate, the highest Wall Street Journal Prime Rate, as published on the first day of each month. There was no outstanding balance on the line as of December 31, 2012 and 2011.

Note 9 - ENDOWMENT FUND

The Endowments. The Council's Endowment Fund was established primarily for the purpose of maintaining the Council Service Center and consists of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Council has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as permanently restricted net assets:

- the original value of gifts donated to the permanent endowment,
- the original value of subsequent gifts to the permanent endowment, and
- accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Council and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Council
- The investment policies of the Council

Note 9 - ENDOWMENT FUND (Continued)

Endowment net asset composition as of December 31, 2012 and 2011 is as follows:

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor-restricted		\$ 58,590	\$ 372,401	\$ 430,991
Board-designated	\$ 3,055,916			3,055,916
Total funds	\$ 3,055,916	\$ 58,590	\$ 372,401	\$ 3,486,907
	2011			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals
Donor-restricted		\$ 44,665	\$ 326,171	\$ 370,836
Board-designated	\$ 2,972,928			2,972,928
Total funds	\$ 2,972,928	\$ 44,665	\$ 326,171	\$ 3,343,764

Note 9 - ENDOWMENT FUND (Continued)

Changes in endowment net assets for the years ended December 31, 2012 and 2011 are as follows:

	2012			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Net assets, beginning of year	\$ 2,972,928	\$ 44,665	\$ 326,171	\$ 3,343,764
Contributions			46,230	46,230
Other revenue				
Investment return:				
Rental income, net of expenses	(23,458)			(23,458)
Interest and dividends, net	25,420	986		26,406
Net appreciation, realized and unrealized	281,026	12,939		293,965
Other expenses	(200,000)			(200,000)
Net assets, end of the year	<u>\$ 3,055,916</u>	<u>\$ 58,590</u>	<u>\$ 372,401</u>	<u>\$ 3,486,907</u>
	2011			Totals
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Net assets, beginning of year	\$ 3,062,337	\$ 42,489	\$ 294,671	\$ 3,399,497
Contributions			31,500	31,500
Other revenue	12,596			12,596
Investment return:				
Rental income, net of expenses	8,227			8,227
Interest and dividends, net	72,189	1,680		73,869
Net appreciation, realized and unrealized	17,579	496		18,075
Other expenses	(200,000)			(200,000)
Net assets, end of the year	<u>\$ 2,972,928</u>	<u>\$ 44,665</u>	<u>\$ 326,171</u>	<u>\$ 3,343,764</u>

Note 9 - ENDOWMENT FUND (Continued)

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that either the donor or UPMIFA requires the Council to retain as a fund of perpetual duration. These deficiencies can result from unfavorable market fluctuations. There were no such deficiencies as of December 31, 2012 and 2011.

Return Objectives and Risk Parameters. The endowment is invested with the intention of obtaining general market returns with a minimum amount of investment and management expenses.

Strategies Employed for Achieving Objectives. The investment funds are invested in common stocks, mutual funds, and bonds. They must be reallocated periodically and should maintain a balance of 65% in equity investments and 35% in fixed income, based on prevailing market conditions and with a variance of 15% in either direction. Cash and cash equivalents (including money market funds and other money market investments) may be used at the discretion of the Trustee as part of fixed income in accordance with allocation standards or for short term transfer position. The Trustee shall have investment discretion; however, adjustment of the recommended allocation beyond a range of 65% to 35% while taking into account the 15% variance, shall require immediate notification of the Endowment Committee through the Scout Executive for approval.

Spending Policy and How Investment Objectives Relate to the Spending Policy. Spending of endowment funds is approved by the Endowment Committee and is generally related to the operation of the Council Service Center.

Note 10 - RESTRICTIONS ON ASSETS

Temporarily restricted net assets are restricted by donors for specific purposes or for use in subsequent periods. Cash and promises to give raised through the capital campaigns are restricted primarily for the acquisition and maintenance of property and equipment. Those restrictions are considered to expire when payments are made.

Temporarily restricted net assets are available for the following purposes or periods:

	December 31,	
	2012	2011
Acquisition of property and equipment	\$ 325,104	\$ 66,285
For operations of subsequent periods	240,733	91,873
Maintenance or renovation of training facilities	58,590	44,665
Totals	\$ 624,427	\$ 202,823

Permanently restricted net assets consist of certain cash and investments in the Trust Fund which is restricted for endowment purposes, the income from which is available for operations or for restricted purposes.

Permanently restricted net assets consist of the following:

	December 31,	
	2012	2011
Permanently restricted endowment gifts required to be retained by explicit donor stipulations:		
General endowments	\$ 372,401	\$ 326,171

Note 11 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2012 and 2011 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Net assets released were donated by the following:

	2012	2011
Friends of Scouting	\$ 60,851	\$ 151,159
United Way	-	4,882
Other indirect contributions	13,424	31,631
Other direct contributions	80,202	90,427
Capital campaign	-	150,000
Foundations	751	27,251
Totals	\$ 155,228	\$ 455,350

Note 12 - RENTAL INCOME

The Trust Fund owns a building which is used as the Council Service Center. A portion of the building not currently needed for Council operations is rented to third party tenants under leases expiring on various dates through 2016. Future minimum rentals to be received, before reduction for expenses, under the third party leases in effect as of December 31, 2012 are as follows:

2013	\$ 178,488
2014	119,268
2015	79,064
2016	4,806
Total	\$ 381,626

Note 13 - INVESTMENT INCOME

Interest and dividends and rental income from the Council Service Center during 2012 and 2011 are reported in the Operating Fund and Endowment Fund as follows:

	2012		Totals
	Operating Fund	Endowment Fund	
Unrestricted:			
Interest and dividends	\$ 4,230	\$ 25,420	\$ 29,650
Rental income	-	387,505	387,505
	<u>4,230</u>	<u>412,925</u>	<u>417,155</u>
Temporarily restricted:			
Interest and dividends	-	986	986
Totals	<u>\$ 4,230</u>	<u>\$ 413,911</u>	<u>\$ 418,141</u>
	2011		Totals
	Operating Fund	Endowment Fund	
Unrestricted:			
Interest and dividends	\$ 6,491	\$ 72,189	\$ 78,680
Rental income	-	403,662	403,662
	<u>6,491</u>	<u>475,851</u>	<u>482,342</u>
Temporarily restricted:			
Interest and dividends	-	1,680	1,680
Totals	<u>\$ 6,491</u>	<u>\$ 477,531</u>	<u>\$ 484,022</u>

Note 14 - EMPLOYEE BENEFIT PLANS

Retirement Plan

The National Council has a qualified defined benefit contributory retirement plan (the "Plan") administered at the National Office that covers eligible employees of the National Council and local councils, including the Southeast Louisiana Council. 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% of compensation, and the Council contributes an additional 7.00% to the Plan. Pension expense (excluding the contributions made by employees) was \$64,086 and \$57,846 in 2012 and 2011, respectively, and covered current service cost.

Note 14 - EMPLOYEE BENEFIT PLANS (Continued)

Retirement Plan (Continued)

The actuarial information for the Plan as of February 1, 2012, indicates that it is in compliance with the Employee Retirement Security Act ("ERISA") regulations regarding funding. The assumed rate of return used in determining actuarial present values of accumulated benefits was 7.75%. The actuarial information stated that there was a change from the prior year in actuarial assumptions relating to mortality assumptions. There was no change in the actuarial, cost method, treatment of actuarial gains and losses, and amortization of past or prior service cost. The actuarial valuation includes all Plan amendments as of February 1, 2012.

Thrift Plan

The Council has established a 403(b) Thrift Plan (defined contribution plan) for employees of the Southeast Louisiana Council. All employees are eligible to participate in this plan. 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 does not match any employee contributions to this plan.

Health Care Plan

The Council's employees participate in a health care plan provided by the National Council. The Council pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2012 and 2011, the Council recognized expense of \$131,022 and \$119,051, respectively, related to the health care plan.

Note 15 - OPERATING LEASE COMMITMENTS

The Council leased certain operating equipment during 2012 and 2011. For the years ended December 31, 2012 and 2011, total rental expense was \$38,206 and \$35,682, respectively.

As of December 31, 2012, future minimum rental payments for equipment under noncancellable operating leases are as follows:

2013	\$ 13,296
2014	13,296
2015	9,103
2016	<u>1,527</u>
Total	<u>\$ 37,222</u>

The Council leases office space in the office building that the Trust Fund acquired in October 1992. There is no formal lease agreement in effect as of December 31, 2012. The Trust Fund agreed to accept rent of \$129,338 for each year ended December 31, 2012 and 2011. These amounts are included in rental revenue and occupancy expense for each of the years ended December 31, 2012 and 2011. The annual rental income is approved by the Endowment Committee of the Trust Fund based on the overall operations of the property and is not a fixed annual rental amount.

Note 16 - PRIOR PERIOD INFORMATION

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2011, from which the summarized information was derived.