

**Financial Statements and
Report of Independent Auditors**

**Calcasieu Area Council
Boy Scouts of America, Inc.
Lake Charles, Louisiana**

December 31, 2011

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 **OCT 24 2012**

**Calcasieu Area Council
Boy Scouts of America, Inc.**

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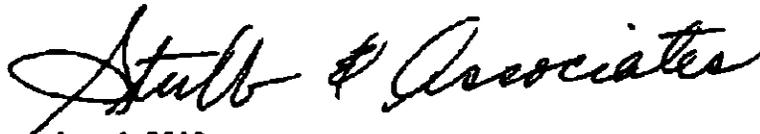
Independent Auditors' Report

The Board of Directors
Calcasieu Area Council
Boy Scouts of America, Inc.

We have audited the accompanying statement of financial position of Calcasieu Area Council Boy Scouts of America, Inc. (a non-profit organization) as of December 31, 2011 and the related statements of changes in net assets, cash flows, and functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2010 financial statements, and in our report dated June 20, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Calcasieu Area Council Boy Scouts of America, Inc. as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



June 1, 2012

Calcasieu Area Council
 Boy Scouts of America, Inc.
STATEMENTS OF FINANCIAL POSITION
 December 31, 2011
 With Comparative Totals for 2010

ASSETS	Operating	Capital	Endowment	Total All Funds	
	Fund	Fund	Fund	2011	2010
CURRENT ASSETS					
Cash and cash equivalents	\$ 144,132	\$ 184,479	\$ -	\$ 328,611	\$ 203,763
Inventory	37,047	-	-	37,047	36,933
Prepaid expense	6,332	129	-	6,461	9,816
Pledges receivable	76,154	-	-	76,154	15,300
Other current assets	1,459	-	-	1,459	864
Total current assets	265,124	184,608	-	449,732	266,676
NONCURRENT ASSETS					
Land, Building, and Equipment Net of accumulated depreciation	-	477,558	-	477,558	498,633
Total noncurrent assets	-	477,558	-	477,558	498,633
ENDOWMENT FUND					
Cash and cash equivalents	-	-	37,453	37,453	38,260
Investments	-	-	854,483	854,483	849,998
Total endowment fund	-	-	891,936	891,936	888,258
Total assets	\$ 265,124	\$ 662,166	\$ 891,936	\$ 1,819,226	\$ 1,653,567
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 18,816	\$ -	\$ -	\$ 18,816	\$ 6,395
Accrued liabilities	5,133	-	-	5,133	5,476
Deferred income	-	-	-	-	14,058
Custodian accounts	25,915	-	-	25,915	27,000
Total current liabilities	49,864	-	-	49,864	52,929
NET ASSETS					
Unrestricted	139,106	-	-	139,106	129,734
Temporarily restricted	76,154	662,166	891,936	1,630,256	1,470,904
Total net assets	215,260	662,166	891,936	1,769,362	1,600,638
Total liabilities and net assets	\$ 265,124	\$ 662,166	\$ 891,936	\$ 1,819,226	\$ 1,653,567

See notes to financial statements

Calcasieu Area Council
Boy Scouts of America, Inc
STATEMENTS OF CHANGES IN NET ASSETS
For the year ended December 31, 2011
With Comparative Totals for the Year Ended 2010

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2011	2010
Changes in Unrestricted Net Assets					
Direct Support					
Friends of Scouting	123,690	-	-	123,690	147,077
Less Provision for Uncollectibles	<u>(34,521)</u>	-	-	<u>(34,521)</u>	<u>(9,275)</u>
Net Friends of Scouting	89,169	-	-	89,169	137,802
Special Fundraising Events Gross	56,097	-	-	56,097	49,092
Less Cost of Net Benefits	<u>(13,385)</u>	-	-	<u>(13,385)</u>	<u>(6,726)</u>
Net Special Fundraising Events	42,712	-	-	42,712	42,366
Total Direct Support	131,881	-	-	131,881	180,168
Indirect Support					
United Way	118,441	-	-	118,441	109,490
Revenue					
Sale of Supplies, net cost of sales of \$72,264	30,954	-	-	30,954	34,523
Product Sales - Gross	156,510	-	-	156,510	167,558
Less: Cost of Goods Sold	<u>(46,947)</u>	-	-	<u>(46,947)</u>	<u>(51,677)</u>
Less Commissions paid to units	<u>(55,203)</u>	-	-	<u>(55,203)</u>	<u>(58,842)</u>
Net Product Sales	54,360	-	-	54,360	57,039
Investment Income	13,432	59	-	13,491	11,762
Royalties - Oil & Gas	38,735	-	-	38,735	40,766
Camping Revenue	94,792	-	-	94,792	92,037
Activity Revenue	108,232	-	-	108,232	145,815
Sale of Timber	67,500	101,499	-	168,999	-
Conservation Program	-	9,090	-	9,090	-
Other Revenue	<u>6,180</u>	<u>651</u>	-	<u>6,831</u>	<u>2,483</u>
Total Revenue	414,185	111,299	-	525,484	384,425
Net Assets Released from Restrictions					
Reclass Friends of Scouting	16,300	-	-	16,300	23,350
Reclass Foundations & Trusts	-	-	-	-	10,173
Reclass Capital Campaign	-	<u>(57,170)</u>	-	<u>(57,170)</u>	<u>61,103</u>
Total Reclassification of Net Assets	16,300	<u>(57,170)</u>	-	<u>(40,870)</u>	94,626
Total Support and Revenue	680,807	54,129	-	734,936	768,709
Expenses					
Program Services	483,933	42,221	-	526,154	587,419
Support Services					
Management & General	74,706	5,954	-	80,660	88,652
Fundraising	<u>68,206</u>	<u>5,954</u>	-	<u>74,160</u>	<u>80,294</u>
Total Supporting Services	142,912	11,908	-	154,820	168,946
Charter and National Service Fee	<u>9,940</u>	-	-	<u>9,940</u>	<u>18,109</u>
Total Expenses	<u>636,785</u>	<u>54,129</u>	-	<u>690,914</u>	<u>774,474</u>
Increase (Decrease) in Unrestricted Net Assets	44,022	-	-	44,022	(5,765)

See notes to financial statements

Calcasteu Area Council
Boy Scouts of America, Inc
STATEMENTS OF CHANGES IN NET ASSETS
For the year ended December 31, 2011
With Comparative Totals for the Year Ended 2010

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2011	2010
Changes in Temporarily Restricted Net Assets					
Direct Support					
Friends of Scouting	16,250	-	-	16,250	22,300
Foundations & Trusts	-	-	-	-	10,173
Other Direct Support	-	3,000	10,620	13,620	15,251
Total Direct Support	<u>16,250</u>	<u>3,000</u>	<u>10,620</u>	<u>29,870</u>	<u>47,724</u>
Indirect Support					
United Way	60,904	-	-	60,904	-
Revenue					
Investment income	-	-	2,705	2,705	6,473
Realized gain (loss) on investments	-	-	21,195	21,195	(73,696)
Unrealized gain (loss) on investments	-	-	(30,842)	(30,842)	155,036
Total Revenue	<u>-</u>	<u>-</u>	<u>(6,942)</u>	<u>(6,942)</u>	<u>87,813</u>
Total Support and Revenue	<u>77,154</u>	<u>3,000</u>	<u>3,678</u>	<u>83,832</u>	<u>135,537</u>
Net Assets Released from Restrictions					
Reclass Friends of Scouting	(16,300)	-	-	(16,300)	(23,350)
Reclass Foundations & Trusts	-	-	-	-	(10,173)
Reclass endowment fund	-	-	-	-	306,708
Reclass Capital Campaign	-	57,170	-	57,170	(61,103)
Total Reclassification of Net Assets	<u>(16,300)</u>	<u>57,170</u>	<u>-</u>	<u>40,870</u>	<u>212,082</u>
Inc (Dec) in Temporarily Restricted Net Assets	<u>60,854</u>	<u>60,170</u>	<u>3,678</u>	<u>124,702</u>	<u>347,619</u>
Changes in Permanently Restricted Net Assets					
Net Assets Released from Restrictions					
Reclass endowment fund	-	-	-	-	(306,708)
Decrease in Permanently Restricted Net Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(306,708)</u>
Net Assets, Beginning of Year					
Unrestricted Net Assets	129,734	-	-	129,734	186,392
Temporarily Restricted Net Assets	15,300	567,346	888,258	1,470,904	1,072,392
Permanently Restricted Net Assets	-	-	-	-	306,708
Total Net Assets, Beginning of Year	<u>145,034</u>	<u>567,346</u>	<u>888,258</u>	<u>1,600,638</u>	<u>1,565,492</u>
Transfers	<u>(34,650)</u>	<u>34,650</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year					
Unrestricted Net Assets	139,106	-	-	139,106	129,734
Temporarily Restricted Net Assets	76,154	662,166	891,936	1,630,256	1,470,904
TOTAL NET ASSETS, END OF YEAR	<u>\$ 215,260</u>	<u>\$ 662,166</u>	<u>\$ 891,936</u>	<u>\$ 1,769,362</u>	<u>\$ 1,600,638</u>

See notes to financial statements.

Calcasieu Area Council
Boy Scouts of America, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2011
With Comparative Totals for the Year Ended 2010
Funds 1 through 3

Program Service	Supporting Services			Total Expenses	
	Management & General	Fund Raising	Total	2011	2010
Employee Compensation					
Salaries	\$ 222,258	\$ 31,344	\$ 31,344	\$ 62,688	\$ 307,281
Employee Benefits	41,210	5,812	5,812	11,624	58,342
Payroll Taxes	16,702	2,356	2,356	4,712	23,089
Employee-Related Expense	2,870	405	405	810	3,316
Total Employee Compensation	283,040	39,917	39,917	79,834	392,028
Other Expenses					
Professional Fees	-	6,500	-	6,500	8,358
Supplies	60,350	8,511	8,511	17,022	84,773
Telephone	7,426	1,047	1,047	2,094	9,219
Postage and Shipping	4,450	628	628	1,256	4,526
Occupancy	50,951	7,186	7,186	14,372	86,183
Rental and Maintenance of Equipment	5,761	812	812	1,624	9,413
Printing and Publications	1,435	202	202	404	2,036
Travel	24,871	3,507	3,507	7,014	52,871
Conferences and Meetings	4,621	652	652	1,304	3,626
Specific Assistance to Individuals	300	-	-	-	1,914
Recognition Awards	17,975	2,535	2,535	5,070	14,308
Insurance	17,215	2,428	2,428	4,856	23,693
Other Expense	10,629	1,499	1,499	2,998	12,859
Total Other Expense	205,984	35,507	29,007	64,514	313,779
Expenses Before Depreciation	489,024	75,424	68,924	144,348	705,807
Depreciation of Buildings/Equipment	37,130	5,236	5,236	10,472	50,558
Total Functional Expense	\$ 526,154	\$ 80,660	\$ 74,160	\$ 154,820	\$ 756,365

See notes to financial statements.

Calcasieu Area Council
Boy Scouts of America, Inc
STATEMENTS OF CASH FLOWS
For the year ended December 31, 2011
With Comparative Totals for the Year Ended 2010

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2011	2010
Cash Flows from Operations					
Received from Support and Revenue	\$ 544,946	\$ 12,741	\$ -	\$ 557,687	\$ 618,658
Payments to Employees and Suppliers	(610,641)	(6,398)	-	(617,039)	(692,513)
Payment for Charter and National Service Fee	(9,940)	-	-	(9,940)	(18,109)
Specific Assistance to Individuals	(300)	-	-	(300)	(1,914)
Net Cash Flows from Operating Activities	(75,935)	6,343	-	(69,592)	(93,878)
Cash Flows from Investing Activities					
Purchase of Fixed Assets	-	(26,785)	-	(26,785)	(23,632)
Royalty Income Received	38,735	-	-	38,735	40,766
Sale of Timber	67,500	101,499	-	168,999	-
Investment Income Received	13,432	59	13,518	27,009	18,235
Investment Purchases	-	-	(457,226)	(457,226)	(539,216)
Investment Sales	-	-	442,901	442,901	531,139
Net Cash Flows from Investing Activities	119,667	74,773	(807)	193,633	27,292
Cash Flows from Financing Activities					
Interfund Transfers	(34,650)	34,650	-	-	-
Net Cash Flows from Financing Activities	(34,650)	34,650	-	-	-
Net Increase (Decrease) in Cash	9,082	115,766	(807)	124,041	(66,586)
Cash at the Beginning of the Year	135,050	68,713	38,260	242,023	308,609
Cash at the End of the Year	\$ 144,132	\$ 184,479	\$ 37,453	\$ 366,064	\$ 242,023
Reconciliation of Cash Flow From Operations					
Increase (Decrease) Total Net Assets	70,226	94,820	3,678	168,724	35,146
Adjustments to Net Assets to Reconcile Cash Flows:					
(Increase) Decrease in Accounts Receivable	(60,854)	-	-	(60,854)	1,050
(Increase) Decrease in Inventory	(114)	-	-	(114)	1,891
(Increase) Decrease in Prepaid Expense	3,484	129	-	3,613	12,244
(Increase) Decrease in Other Current Assets	(595)	-	-	(595)	31
(Decrease) Increase in Accounts Payable	12,420	-	-	12,420	(8,405)
(Decrease) Increase in Accrued expenses	(342)	-	-	(342)	245
(Decrease) Increase in Deferred Income	(14,058)	-	-	(14,058)	(45,538)
(Decrease) Increase in Other Current Liabilities	(1,085)	-	-	(1,085)	991
Depreciation	-	47,602	-	47,602	50,558
Net Investment Income	(52,167)	(59)	(3,678)	(55,904)	(142,091)
Sale of Timber	(67,500)	(101,499)	-	(168,999)	-
Transfers	34,650	(34,650)	-	-	-
Net Cash Flows From Operating Activities	\$ (75,935)	\$ 6,343	\$ -	\$ (69,592)	\$ (93,878)

See notes to financial statements.

Calcasieu Area Council Boy Scouts of America, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 1 Organization and Purpose

The Calcasieu Area Council Boy Scouts of America, Inc. operates in Lake Charles, Louisiana, including the parishes of Calcasieu, Jefferson Davis, Allen, Cameron, Beauregard, and Vernon. The Council is a not-for-profit corporation organized under the laws of the State of Louisiana 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 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, and kindred virtues using the methods which are now in common use by the Boy Scouts of America. The Council's support comes primarily from sustaining membership enrollment and the United Way.

The Council's website address is www.calcasieubsa.org

Note 2 Summary of Significant Accounting Policies

The Council follows the standards of accounting and financial reporting for voluntary health and welfare agencies prescribed by the Boy Scouts of America and the American Institute of Certified Public Accountants. The following significant accounting policies are in accordance with these standards:

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The Organization also prepares financial statements in accordance with FASB Accounting Standards Codification (ASC) 958-205 and subsections. Under these standards, 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. In addition, the Organization is required to present a statement of cash flows.

Donor imposed restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restriction.

Calcasieu Area Council Boy Scouts of America, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 2 Summary of Significant Accounting Policies – (continued)

Although restricted contributions typically are reported as support that increases restricted net assets, they may be reported as unrestricted support if the restrictions are met in the same reporting period, the policy is followed consistently, and it is disclosed.

Basis of Presentation

These financial statements include only those accounts maintained by and directly under the control of the Council office. They do not include any accounts of local scout units or other organizations affiliated with the Council.

Promises to give/pledges

Unconditional promises to give that are expected to be collected within one year are recorded at the time the Council receives a pledge card at their net realizable value. Conditional promises to give are not included as support until such time as the conditionals are substantially met.

Cash and cash equivalents

The Council considers all liquid investments with a maturity of three months or less 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. Obsolete items are expensed at the time such obsolescence is determined. Cost is determined using the average method.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts. The Organization accounts for investments in accordance with FASB 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 consolidated statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the consolidated statement of changes in net assets.

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 consolidated statement of financial position.

Investment Policy

The Organization's investment policy intends for the Organization to invest in assets that would produce results exceeding the investment's purchase price and incur a significant yield of return, while assuming a moderate level of investment risk. The Organization expects its Endowment

Calcasieu Area Council Boy Scouts of America, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 2 Summary of Significant Accounting Policies – (continued)

Fund, over time, to provide a reasonable rate of return. To satisfy the long-term rate-of-return objective, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy

On March 23, 2010, the board of directors (through the executive committee) approved a cap on the endowment spending policy. The policy defines the total funds available from the Endowment Fund in a given year (the distributable income) as a maximum of \$20,000. If the market value of the Endowment Fund falls to or below the amount of the fund's donor restricted gifts, then the spending policy will be amended in accordance with the guidelines not to exceed the actual earnings of the fund. The executive committee (subject to the board of directors' approval) may amend this spending policy.

Property, equipment and depreciation

Current fund resources used for property or equipment acquisitions are recorded as transfers to the capital fund. The Council capitalizes all expenditures in excess of \$1,000 for property and equipment at cost, or if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is provided for over the estimated useful life of each asset based on the straight-line method of recording depreciation expense. The estimated useful lives of such assets are summarized below:

	<u>Years</u>
Buildings	25
Camp improvements	15
Office equipment	5 -10
Camp equipment	5 -10
Aquatic equipment	5

Income taxes

The Council is generally exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law 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 currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Deferred Income

Revenues that apply to activity and camping events in the future are not recorded as income until the event has occurred. During the years ended December 31, 2011 and 2010, deferred revenues were \$0 and \$14,058, respectively

Calcasieu Area Council Boy Scouts of America, Inc

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 2 Summary of Significant Accounting Policies – (continued)

Donated materials and services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. 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 Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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 Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising cost

The Council has elected to expense advertising cost as incurred. Advertising expense was \$6,286 and \$6,724 at December 31, 2011 and 2010, respectively. Advertising costs for 2011 and 2010 include a contribution totaling approximately \$6,200 for advertising services performed for the Organization.

Note 3 Endowment Fund

The Council's Endowment Fund includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets, identified by the board of directors to be used for future investment and growth, are included in unrestricted net assets.

Calcasieu Area Council Boy Scouts of America, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 3 **Endowment Fund** – (continued)

Changes in the endowment net assets (deficit) for the year ended December 31, 2011, are as follows:

	<u>Temporarily Restricted</u>
Endowment Fund Net Assets, 12/31/10	\$888,258
Investment Return	8,979
Contributions	10,620
Appropriation of endowment Assets for expenditure	<u>(15,921)</u>
Endowment Fund Net Assets, 12/31/11	<u>\$891,936</u>

Note 4 **Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes or periods as of December 31, 2011:

Temporarily-Restricted Endowment	\$891,936
Capital improvements	662,166
Periods after December 31, 2011	<u>76,154</u>
Total temporarily restricted net assets	<u>\$1,630,256</u>

Note 5 **Pledges Receivable**

Pledges receivable at December 31, 2011 and 2010, consist of the following:

	<u>2011</u>	<u>2010</u>
United Way	\$60,904	\$ -
Friends of Scouting	<u>15,250</u>	<u>15,300</u>
Total	<u>\$76,154</u>	<u>\$15,300</u>

Allocations from United Way of \$60,904 (designated for general operating purposes for the first six months of 2012) have been recorded in the financial statements since the amounts were pledged in 2011.

Calcasieu Area Council Boy Scouts of America, Inc

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

Note 6 Investments

Investments at December 31, 2011 and 2010 are composed of the following:

	-----2011-----		-----2010-----	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash Equivalents				
Money Market	\$ 37,453	\$ 37,453	\$ 38,260	\$ 38,260
Marketable Debt Securities				
U.S. Government Obligations	21,291	25,652	21,291	25,217
Corporate Obligations	<u>-</u>	<u>-</u>	<u>25,491</u>	<u>26,191</u>
	21,291	25,652	46,782	51,408
Equity Securities				
Mutual Funds	711,182	722,874	647,348	689,583
Equities	<u>83,456</u>	<u>105,957</u>	<u>86,266</u>	<u>109,007</u>
	<u>794,638</u>	<u>828,831</u>	<u>733,614</u>	<u>798,590</u>
Total investments	<u>\$853,382</u>	<u>\$891,936</u>	<u>\$818,656</u>	<u>\$888,258</u>

The following table summarizes the investment return and its classification for the years ending December 31, 2011 and 2010:

	-----2011-----				2010
	<u>Operating</u>	<u>Capital</u>	<u>Endowment</u>	<u>Total</u>	<u>Total</u>
Interest & Dividends	\$13,432	\$59	\$5,205	\$18,696	\$20,527
Trustee Fees	-	-	(2,500)	(2,500)	(2,292)
Realized gain (loss)	-	-	21,195	21,195	(73,696)
Unrealized gain (loss)	-	-	<u>(30,842)</u>	<u>(30,842)</u>	<u>155,036</u>
Total investment gain (loss)	<u>\$13,432</u>	<u>\$59</u>	<u>\$(6,942)</u>	<u>\$6,549</u>	<u>\$99,575</u>

The above investment return is classified in the 2011 and 2010 statement of changes in net assets as follows:

	<u>2011</u>	<u>2010</u>
Unrestricted	\$13,491	\$11,762
Temporarily Restricted	<u>(6,942)</u>	<u>87,813</u>
Total	<u>\$6,549</u>	<u>\$99,575</u>

Income from interest and dividends on investments and realized and unrealized gains and losses on the sales of investments ("Investment Income, Gains, and Losses") are recorded initially in the Endowment Fund. Distributions of Investment Income, Gains, and Losses from the Endowment Fund are recorded as income by the Operating and Capital Funds in the period in which the distributions are made in accordance with the Council's spending policy (Note 2). For 2011 and 2010, the investment expense was \$2,500 and \$2,292, respectively.

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Note 7 Summary of Fair Value Exposure

The FASB *Fair Value Measurement* standard clarifies the definition of fair value for financial reporting, established a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Council has adopted this standard for its financial assets and liabilities measured on a recurring and nonrecurring basis (ASC 820-10). *Fair Value Measurement* defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc)

Level 3: Significant unobservable inputs (including the Organization's own assumptions in determining the fair value of investments)

The investments for the year ended December 31, 2011 were all level 1 quoted at prices in active markets for identical securities

Note 8 Property, Land, and Equipment

Property and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation expense for the year ended December 31, 2011 and 2010 is \$47,602 and \$50,558, respectively

The composition of property, land and equipment at December 31, 2011 and 2010 is as follows

	<u>2011</u>	<u>2010</u>
Land	\$111,613	\$ 97,734
Building and improvements	874,939	867,775
Furniture and equipment	273,103	268,286
Vehicles	<u>23,570</u>	<u>23,570</u>
	1,283,225	1,257,365
Less: accumulated Depreciation	<u>805,667</u>	<u>758,732</u>
Total	<u>\$477,558</u>	<u>\$498,633</u>

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Note 9 Employee Benefit Plans

Retirement Plan

The National Office of the Boy Scouts of America has a qualified defined benefit multiemployer contributory retirement plan (the "Plan") administered at the national office that covers employees of the National Council and this 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 percent of compensation and the council contributes an additional 6.75 percent to the plan. The pension expense (excluding the contributions made by employees) of the Council for the years ended December 31, 2011 and 2010 was \$15,198 and \$16,124, respectively, and covered current service cost.

The actuarial information for the multi-employer plan as of February 1, 2011, indicates that it is in compliance with ERISA regulations regarding funding. The assumed rate of return used in determining actuarial present values of accumulated benefits was 7.75 percent. The actuarial information stated that there was a change from the prior year in actuarial assumptions, cost method, treatment of actuarial gains and losses, and amortization of past or prior service cost. In 2011, the unit credit method, as required under the Pension Protection Act of 2006, is used in the actuarial valuation; amortization of gains and losses is over seven years; and the amortization of past or prior service cost is seven years. The actuarial valuation includes all Plan amendments as of February 1, 2011.

Healthcare Plan

The Council's employees participate in a healthcare plan provided by the National Council. The Council pays all of the cost for participating employees a portion for the cost of any of their dependents. During the years ended December 31, 2011 and 2010, the Council remitted approximately \$32,455 and \$36,313, respectively, on behalf of its employees to the National Council related to the healthcare plan.

Note 10 Functional Allocations of Expenses

The cost of providing the various programs, activities and supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain indirect costs have been allocated to the functional categories based on the Council's analysis of time devoted to each category. The Council's allocation of \$674,174 of indirect costs was based on the percentages below. Direct costs of \$6,800 were allocated to the appropriate areas. In accordance with the policy of the National Council of the Boy Scouts of America, the payment of the charter fee to the National Council is not allocated as a functional expense.

Program service	78%
Management and general	11%
Fund raising	<u>11%</u>
Total	<u>100%</u>

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NOTES TO FINANCIAL STATEMENTS

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Note 11 Legacies Not Yet Recordable

The Council is the beneficiary under various wills and trust agreements, the total realizable amount of which is not presently determinable. Such amounts will be recognized in the Council's financial statements when clear title is established and the proceeds are measurable.

Note 12 Concentration of Credit Risk

The Organization maintains its cash and money market accounts in commercial banks, an investment company, and a bank trust department. Accounts at the commercial banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. Balances in excess of FDIC coverage at December 31, 2011 were \$0. Cash maintained by the bank trust department and the investment company in money market funds is not insured.

Note 13 Compensated Absences

Full time employees earn up to twenty-four days of vacation pay and twelve days sick pay per year depending on the length of service. Unused vacation is not carried forward, but in the event of separation of employment, employees will be paid for vacation earned and not used in the year of separation. Unused sick pay may be carried forward, but in the event of separation of employment, employees will not be paid for remaining sick days. The Organization has not accrued unpaid compensated absences because the amount cannot be reasonably estimated.

Note 14 Contingent Liabilities

The Council is subject to pending claims and litigation which arise primarily in the ordinary course of business. The Council does not anticipate any losses with respect to such pending claims and litigation as of December 31, 2011.

Note 15 Commitments

Forestland Consulting and Management Agreement

On December 6, 2010, the Council entered into an agreement with Crosby Resource Management (Crosby), whereby Crosby agreed to perform forest management services. Crosby, among other services, agreed to market timber sales and coordinate and supervise a conservation program contract. During 2011, timber sales totaled \$187,776. Crosby received 10% and the Council received \$168,999 which was recorded as unrestricted revenues.

Conservation Program Contract

On June 9, 2011 the Council entered into a Conservation Program Contract with the Natural Resources Conservation Service, whereby scheduled spraying, burning and planting are prescribed. The program provides for funding of \$50,621, to be paid as services are performed through 2026. During 2011, \$9,090 was received for scheduled services performed.

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Note 16 Prior Period Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was derived.

Note 17 Subsequent Events

These financial statements considered subsequent events through June 1, 2012, the date the financial statements were available to be issued.