

UTAH NATIONAL PARKS COUNCIL



FINANCIAL STATEMENTS

Years Ended December 31, 2010 and 2009

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Orem, Utah 84057
www.utahscouts.org

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statements of Financial Position	2
Statements of Changes in Net Assets	3
Statements of Functional Expenses	7
Statements of Cash Flows	8
Notes to the Financial Statements	9



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INDEPENDENT AUDITOR'S REPORT

Utah National Parks Council
Boy Scouts of America
Orem, Utah

We have audited the accompanying statements of financial position of the Utah National Parks Council, Boy Scouts of America (a nonprofit organization) as of December 31, 2010 and 2009, and the related statements of changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the Utah National Parks Council, Boy Scouts of America as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

HINTON, BURDICK, HALL & SPILKER, PLLC
May 10, 2011

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

ASSETS	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2010	2009	2010	2009	2010	2009	2010	2009
Current Assets								
Cash	\$ 1,630,353	\$ 2,569,784	\$ 35,332	\$ 72,294	\$ 179,837	\$ 37,257	\$ 1,845,522	\$ 2,679,335
Short-term investments	-	-	-	-	182,080	22,544	182,080	22,544
Accounts and notes receivable	27,177	35,082	-	550	-	-	27,177	35,632
Pledges receivable, net	292,656	461,283	6,118	6,188	16,734	16,484	315,508	483,955
Inventories	247,332	271,096	-	-	-	-	247,332	271,096
Interfund loan	1,194,041	1,253,437	(1,471,222)	(1,442,575)	277,181	189,138	-	-
Prepaid expenses	342,598	769,011	-	-	-	-	342,598	769,011
Total current assets	3,734,157	5,359,693	(1,429,772)	(1,363,543)	655,832	265,423	2,960,217	4,261,573
Non-Current Assets								
Accounts, notes and other receivables	-	-	-	-	76,024	99,386	76,024	99,386
Pledges receivable, net	-	-	-	-	60,809	63,868	60,809	63,868
Land, building and equipment, net	-	-	9,692,787	9,904,709	-	-	9,692,787	9,904,709
Long-term investments	-	-	-	-	2,331,748	2,403,144	2,331,748	2,403,144
Cash surrender value	-	-	-	-	-	-	-	-
Total non-current assets	-	-	9,692,787	9,904,709	2,468,581	2,566,398	12,161,368	12,471,107
Total assets	<u>\$ 3,734,157</u>	<u>\$ 5,359,693</u>	<u>\$ 8,263,015</u>	<u>\$ 8,541,166</u>	<u>\$ 3,124,413</u>	<u>\$ 2,831,821</u>	<u>\$ 15,121,585</u>	<u>\$ 16,732,680</u>
LIABILITIES								
Current Liabilities								
Accounts payable	\$ 162,854	\$ 265,331	\$ -	\$ -	\$ 72	\$ 1,359	162,926	266,690
Payroll taxes withheld	1,024	30,968	-	-	-	-	1,024	30,968
Custodian accounts	1,339,303	1,657,436	-	-	-	-	1,339,303	1,657,436
Deferred activity income	74,913	30,349	-	-	-	-	74,913	30,349
Deferred camp income	99,297	142,902	-	-	-	-	99,297	142,902
Deferred other income	16,285	828,378	-	-	-	-	16,285	828,378
Other current liabilities	-	148	-	-	-	-	-	148
Total current liabilities	1,693,676	2,955,512	-	-	72	1,359	1,693,748	2,956,871
Net Assets								
Unrestricted net assets	(705,973)	(771,149)	8,087,425	8,345,456	685,296	620,112	8,066,748	8,194,419
Temporarily restricted net assets	2,746,454	3,175,330	51,090	71,210	-	-	2,797,544	3,246,540
Permanently restricted net assets	-	-	124,500	124,500	2,439,045	2,210,350	2,563,545	2,334,850
Total net assets	2,040,481	2,404,181	8,263,015	8,541,166	3,124,341	2,830,462	13,427,837	13,775,809
Total liabilities and net assets	<u>\$ 3,734,157</u>	<u>\$ 5,359,693</u>	<u>\$ 8,263,015</u>	<u>\$ 8,541,166</u>	<u>\$ 3,124,413</u>	<u>\$ 2,831,821</u>	<u>\$ 15,121,585</u>	<u>\$ 16,732,680</u>

The accompanying notes are an integral part of these financial statements

UTAH NATIONAL PARKS COUNCIL, BOY SCOUTS OF AMERICA
STATEMENTS OF CHANGES IN NET ASSETS

Years Ended December 31, 2010 and 2009

Changes in Unrestricted Net Assets:	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2010	2009	2010	2009	2010	2009	2010	2009
Direct public support								
Friends of scouting - gross	\$ 160,344	\$ 184,653	\$ -	\$ -	\$ -	\$ -	\$ 160,344	\$ 184,653
Less provision for uncollectible	(122,850)	(26,580)	-	-	-	-	(122,850)	(26,580)
Net friends of scouting	37,494	158,073	-	-	-	-	37,494	158,073
Project sales	13,249	18,111	6,000	15,496	-	-	19,249	33,607
Capital campaign	-	-	122,213	80,904	-	-	122,213	80,904
Special events - gross	116,735	115,547	-	-	-	-	116,735	115,547
Less cost of direct benefit	(44,140)	(52,915)	-	-	-	-	(44,140)	(52,915)
Net special events	72,595	62,632	-	-	-	-	72,595	62,632
Legacies and bequests	7,000	-	-	-	-	11,753	7,000	11,753
Foundations and trusts	3,869	52,645	-	-	-	-	3,869	52,645
Other direct support	10,800	10,000	-	-	-	-	10,800	10,000
Total direct public support	145,007	301,461	128,213	96,401	-	11,753	273,220	409,614
Indirect support								
Other indirect support	5,372	9,168	-	-	-	-	5,372	9,168
Total indirect support	5,372	9,168	-	-	-	-	5,372	9,168
Revenue								
Sales of supplies - gross	521,139	463,463	-	-	-	-	521,139	463,463
Less cost of goods sold	(378,448)	(318,728)	-	-	-	-	(378,448)	(318,728)
Net sale of supplies	142,691	144,735	-	-	-	-	142,691	144,735
Product sales - gross	54,069	41,868	-	-	-	-	54,069	41,868
Less cost of goods sold	(22,933)	(17,838)	-	-	-	-	(22,933)	(17,838)
Less commissions paid to units	(17,846)	(16,262)	-	-	-	-	(17,846)	(16,262)
Net product sales	13,291	7,768	-	-	-	-	13,291	7,768
Investment income	72,563	48,730	-	-	-	9,000	72,563	57,730
Gain (loss) on investments	55,202	4,686	-	(1,703)	133,798	405,312	189,000	408,295
Camping revenue	1,950,247	1,891,476	-	-	-	-	1,950,247	1,891,476
Activity revenue	2,464,321	642,490	1,957	862	-	-	2,466,278	643,352
Other revenue	390,623	350,343	1,150	16,800	-	-	391,773	367,143
Total revenue	5,088,938	3,090,228	3,107	15,959	133,798	414,312	5,225,843	3,520,500

The accompanying notes are an integral part of these financial statements

UTAH NATIONAL PARKS COUNCIL, BOY SCOUTS OF AMERICA
STATEMENTS OF CHANGES IN NET ASSETS (Continued)

Years Ended December 31, 2010 and 2009

Changes in Unrestricted Net Assets:	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2010	2009	2010	2009	2010	2009	2010	2009
Net assets released from restrictions								
Reclass friends of scouting	3,174,960	3,011,186	-	-	-	-	3,174,960	3,011,186
Reclass project sales	370	(1,714)	-	-	-	-	370	(1,714)
Reclass capital campaign	-	-	20,000	8,941	-	-	20,000	8,941
Reclass foundations	-	1,983	-	-	-	-	-	1,983
Reclass other direct	-	(500)	-	-	-	-	-	(500)
Reclass other indirect	-	5,437	-	-	-	-	-	5,437
Total reclassification of net assets	3,175,330	3,016,392	20,000	8,941	-	-	3,195,330	3,025,333
Total support and revenue	8,414,646	6,417,249	151,320	121,301	133,798	426,065	8,699,764	6,964,615
Expenses								
Employee compensation								
Salaries	3,090,721	2,996,504	-	-	-	-	3,090,721	2,996,504
Employee benefits	492,433	459,679	-	458	-	-	492,433	460,137
Payroll taxes	262,787	297,971	-	-	-	-	262,787	297,971
Employee related expenses	2,892	-	-	-	-	-	2,892	-
Total employee compensation	3,848,833	3,754,153	-	458	-	-	3,848,833	3,754,611
Other expenses								
Professional fees	80,440	68,366	-	-	-	-	80,440	68,366
Supplies	2,001,720	1,207,841	-	-	-	-	2,001,720	1,207,841
Telephone	85,916	81,029	-	-	-	-	85,916	81,029
Postage and shipping	77,165	32,449	-	-	-	-	77,165	32,449
Occupancy	388,352	394,480	-	-	-	-	388,352	394,480
Rental and maintenance of equipment	95,839	60,511	-	-	-	-	95,839	60,511
Printing and publications	35,553	40,025	-	-	-	-	35,553	40,025
Travel	1,136,337	235,922	-	-	-	-	1,136,337	235,922
Conferences and meetings	51,439	56,651	-	-	-	-	51,439	56,651
Specific assistance to individuals	-	500	-	-	-	-	-	500
Recognition awards	82,075	108,896	-	-	956	2,710	83,030	111,606
Interest expense	1,743	(93)	-	9,000	-	-	1,743	8,907
Insurance	143,414	134,417	-	-	-	-	143,414	134,417
Other expenses	171,132	71,024	-	16	-	-	171,132	71,040
Depreciation of buildings/equipment	-	-	541,298	505,226	-	-	541,298	505,226
Total other expenses	4,351,123	2,492,018	541,298	514,242	956	2,710	4,893,376	3,008,971
Charter and national service fee	85,225	81,380	-	-	-	-	85,225	81,380
Total expenses	8,285,181	6,327,551	541,298	514,700	956	2,710	8,827,435	6,844,962
Increase (decrease) in unrestricted net assets	129,465	89,698	(389,978)	(393,399)	132,842	423,354	(127,671)	119,653

The accompanying notes are an integral part of these financial statements

UTAH NATIONAL PARKS COUNCIL, BOY SCOUTS OF AMERICA
STATEMENTS OF CHANGES IN NET ASSETS (Continued)
Years Ended December 31, 2010 and 2009

Changes in Temporarily Restricted Net Assets	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2010	2009	2010	2009	2010	2009	2010	2009
Direct support								
Friends of scouting - gross	2,891,004	3,239,755	-	-	-	-	2,891,004	3,239,755
Less provision for uncollectible	(144,550)	(64,795)	-	-	-	-	(144,550)	(64,795)
Net friends of scouting	2,746,454	3,174,960	-	-	-	-	2,746,454	3,174,960
Project sales	-	370	-	-	-	-	-	370
Capital campaign	-	-	(120)	16,140	-	-	(120)	16,140
Foundations and trusts	-	-	-	-	-	-	-	-
Total direct support	2,746,454	3,175,330	(120)	16,140	-	-	2,746,334	3,191,470
Indirect support	-	-	-	-	-	-	-	-
Net assets released from restrictions								
Reclass friends of scouting	(3,174,960)	(3,011,186)	-	-	-	-	(3,174,960)	(3,011,186)
Reclass project sales	(370)	1,714	-	-	-	-	(370)	1,714
Reclass capital campaign	-	-	(20,000)	(8,941)	-	-	(20,000)	(8,941)
Reclass foundations	-	(1,983)	-	-	-	-	-	(1,983)
Reclass other direct	-	500	-	-	-	-	-	500
Reclass other indirect	-	(5,436)	-	-	-	-	-	(5,436)
Total reclassification of net assets	(3,175,330)	(3,016,391)	(20,000)	(8,941)	-	-	(3,195,330)	(3,025,332)
Total support and revenue	(428,876)	158,939	(20,120)	7,199	-	-	(448,996)	166,138
Increase (decrease) in temporarily restricted net assets	(428,876)	158,939	(20,120)	7,199	-	-	(448,996)	166,138

The accompanying notes are an integral part of these financial statements

UTAH NATIONAL PARKS COUNCIL, BOY SCOUTS OF AMERICA
STATEMENTS OF CHANGES IN NET ASSETS (Continued)

Years Ended December 31, 2010 and 2009

Changes in Permanently Restricted Net Assets	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2010	2009	2010	2009	2010	2009	2010	2009
Direct support								
Other direct support	-	-	-	-	228,695	149,300	228,695	149,300
Total direct support	-	-	-	-	228,695	149,300	228,695	149,300
Indirect support	-	-	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total reclassification of net assets	-	-	-	-	-	-	-	-
Total support and revenue	-	-	-	-	228,695	149,300	228,695	149,300
Increase (decrease) in permanently restricted net assets	-	-	-	-	228,695	149,300	228,695	149,300
Increase (decrease) in total net assets	(299,411)	248,637	(410,098)	(386,200)	361,537	572,654	(347,972)	435,092
Net assets, beginning of year								
Unrestricted net assets	(771,149)	(503,216)	8,345,456	8,298,635	620,112	279,347	8,194,420	8,074,766
Temporarily restricted net assets	3,175,330	3,016,391	71,210	64,011	-	-	3,246,540	3,080,402
Permanently restricted net assets	-	-	124,500	124,500	2,210,350	2,061,050	2,334,850	2,185,550
Total net assets, beginning of year	2,404,181	2,513,175	8,541,167	8,487,146	2,830,462	2,340,396	13,775,810	13,340,717
Transfers	(64,289)	(357,631)	131,947	440,220	(67,658)	(82,589)	-	-
Adjustments to net assets								
Unrestricted adjustments	-	-	-	-	-	-	-	-
Temporarily restricted adjustments	-	-	-	-	-	-	-	-
Permanently restricted adjustments	-	-	-	-	-	-	-	-
Total adjustments to net assets	-	-	-	-	-	-	-	-
Net assets, end of year								
Unrestricted net assets	(705,973)	(771,149)	8,087,425	8,345,456	685,296	620,112	8,066,748	8,194,419
Temporarily restricted net assets	2,746,454	3,175,330	51,090	71,210	-	-	2,797,544	3,246,540
Permanently restricted net assets	-	-	124,500	124,500	2,439,045	2,210,350	2,563,545	2,334,850
Total net assets, end of year	<u>\$ 2,040,481</u>	<u>\$ 2,404,181</u>	<u>\$ 8,263,015</u>	<u>\$ 8,541,166</u>	<u>\$ 3,124,341</u>	<u>\$ 2,830,462</u>	<u>\$ 13,427,837</u>	<u>\$ 13,775,809</u>

The accompanying notes are an integral part of these financial statements

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended December 31, 2010 and 2009

Expenses	Support Services									
	Program Service		Management and General		Fundraising		Total Support Services		Total Expenses	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Employee compensation										
Salaries	\$ 2,278,484	\$ 2,220,217	\$ 602,628	\$ 575,954	\$ 209,610	\$ 200,332	\$ 812,238	\$ 776,286	\$ 3,090,722	\$ 2,996,504
Employee benefits	345,501	322,788	109,014	101,904	37,918	35,445	146,932	137,349	492,433	460,137
Payroll taxes	195,688	227,365	49,783	52,385	17,316	18,221	67,099	70,606	262,787	297,971
Employee related expenses	1,996	-	665	-	231	-	896	-	2,892	-
Total employee compensation	2,821,669	2,770,370	762,090	730,243	265,075	253,998	1,027,165	984,241	3,848,834	3,754,611
Other expenses										
Professional fees	54,675	44,955	22,904	21,405	2,861	2,004	25,765	23,409	80,440	68,364
Supplies	1,989,190	1,178,484	8,273	10,561	4,257	18,796	12,530	29,357	2,001,720	1,207,841
Telephone	62,353	58,894	17,482	16,423	6,081	5,712	23,563	22,135	85,916	81,029
Postage and shipping	58,960	18,507	11,454	5,023	6,751	8,918	18,205	13,941	77,165	32,449
Occupancy	343,897	349,725	32,982	33,205	11,472	11,550	44,454	44,755	388,351	394,480
Rent and maintenance of equipment	83,055	48,134	9,485	9,183	3,299	3,194	12,784	12,377	95,839	60,511
Printing and publications	20,772	25,099	351	1,141	14,429	13,785	14,780	14,926	35,552	40,025
Travel	1,088,294	183,342	35,645	37,993	12,398	14,587	48,043	52,580	1,136,337	235,922
Conferences and meetings	39,843	45,608	8,604	8,194	2,993	2,850	11,597	11,044	51,440	56,651
Specific assistance to individuals	-	500	-	-	-	-	-	-	-	500
Recognition awards	35,537	39,649	1,424	760	46,069	71,197	47,493	71,957	83,030	111,606
Interest Expense	1,203	6,146	401	2,049	139	713	540	2,762	1,743	8,907
Insurance	98,955	92,903	32,985	30,801	11,473	10,713	44,458	41,514	143,413	134,417
Other expenses	114,068	49,374	38,011	16,075	19,052	5,591	57,063	21,666	171,131	71,040
Total other expenses	3,990,803	2,141,320	220,001	192,813	141,275	169,610	361,275	362,423	4,352,077	2,503,743
Expenses before depreciation	6,812,472	4,911,690	982,090	923,056	406,350	423,608	1,388,440	1,346,664	8,200,912	6,258,354
Depreciation of buildings and equipment	373,496	348,606	124,499	116,202	43,304	40,418	167,803	156,620	541,299	505,227
Total functional expenses	<u>\$ 7,185,968</u>	<u>\$ 5,260,296</u>	<u>\$ 1,106,589</u>	<u>\$ 1,039,258</u>	<u>\$ 449,654</u>	<u>\$ 464,026</u>	<u>\$ 1,556,242</u>	<u>\$ 1,503,284</u>	<u>\$ 8,742,211</u>	<u>\$ 6,763,580</u>
Functional expense percentages	82.20%	77.77%	12.66%	15.37%	5.14%	6.86%			100.00%	100.00%

The accompanying notes are an integral part of these financial statements

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
STATEMENTS OF CASH FLOWS

Years Ended December 31, 2010 and 2009

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2010	2009	2010	2009	2010	2009	2010	2009
Cash Flows from Operations								
Increase (decrease) total net assets	\$ (299,411)	\$ 248,637	\$ (410,098)	\$ (386,200)	\$ 361,537	\$ 572,654	\$ (347,972)	\$ 435,092
Adjustments to net assets to reconcile cash flows								
Depreciation	-	-	541,298	505,226	-	-	541,298	505,226
Noncash contributions of assets	-	-	(6,000)	(15,496)	-	-	(6,000)	(15,496)
Accounts receivable	7,905	23,449	550	3,771	-	-	8,454	27,219
Pledges receivable	168,627	(200,220)	70	(440)	2,809	(29,048)	171,506	(229,707)
Inventory	23,764	(47,157)	-	-	-	-	23,764	(47,157)
Deferred expense-activities	-	-	-	-	-	-	-	-
Prepaid expenses	426,416	(477,438)	-	10	-	-	426,416	(477,427)
Accounts payable	(102,477)	42,502	-	(30,761)	(1,287)	1,359	(103,764)	13,099
Payroll taxes	(29,944)	(2,840)	-	458	-	-	(29,944)	(2,382)
Custodian accounts	(318,133)	365,258	-	-	-	-	(318,132)	365,257
Deferred activities income	44,564	(11,435)	-	-	-	-	44,564	(11,435)
Deferred camp income	(43,605)	19,088	-	-	-	-	(43,605)	19,088
Deferred other income	(812,093)	744,616	-	-	-	-	(812,093)	744,616
Other current liabilities	(151)	351	-	-	-	-	(150)	350
Transfers	(64,289)	(357,631)	131,947	440,220	(67,658)	(82,589)	-	-
Net unrealized (gain) loss on investments	-	(4,583)	-	1,616	(32,700)	(720,782)	(32,700)	(723,749)
Net realized (gain) loss on investments	(55,202)	(103)	-	87	(101,098)	315,470	(156,300)	315,454
Net (gain)loss on sale of property and equipment	-	-	(1,150)	(16,800)	-	-	(1,150)	(16,800)
Total adjustments	(754,618)	93,857	666,715	887,891	(199,934)	(515,590)	(287,836)	466,156
Net cash flows from operations	(1,054,029)	342,494	256,617	501,691	161,603	57,064	(635,808)	901,248
Cash Flows from Investing Activities								
Acquisition of property and equipment	-	-	(323,376)	(742,247)	-	-	(323,376)	(742,247)
Proceeds from sale of property and equipment	-	-	1,150	22,348	-	-	1,150	22,348
Net change in investments and noncurrent receivables	55,202	334,494	-	105,169	69,020	(142,007)	124,222	297,656
Net cash flows from investing activities	55,202	334,494	(322,226)	(614,730)	69,020	(142,007)	(198,004)	(422,243)
Cash Flows from Financing Activities								
Interfund loan	59,396	(236,195)	28,647	185,333	(88,043)	50,862	-	-
Net cash flows from financing activities	59,396	(236,195)	28,647	185,333	(88,043)	50,862	-	-
Net increase (decrease) in cash flows	(939,431)	440,793	(36,962)	72,294	142,580	(34,081)	(833,813)	479,006
Cash at the beginning of the year	2,569,784	2,128,991	72,294	-	37,257	71,338	2,679,335	2,200,329
Cash at the end of the year	\$ 1,630,353	\$ 2,569,784	\$ 35,332	\$ 72,294	\$ 179,837	\$ 37,257	\$ 1,845,522	\$ 2,679,335

Supplemental Disclosure:

Noncash additions to property and equipment for 2010 and 2009, respectively, include various donated materials and services totaling \$6,000 and \$15,496.

The Council sold property with a net book value of \$0 (\$10,000 accumulated depreciation) resulting in a gain/loss of \$1,150 in 2010 and a net book value of \$5,548 (\$3,900 accumulated depreciation) resulting in a gain of \$16,800 in 2009

For 2010 and 2009, respectively, the net unrealized gain on investments of \$753,482 and \$723,749 for each of the funds is as follows: operating - \$0 and \$4,583; capital - (\$0) and (\$1,616); endowment - \$32,700 and \$720,782

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA NOTES TO FINANCIAL STATEMENTS

Note 1. Entity and Summary of Significant Accounting Policies

Entity – Utah National Parks Council Boy Scouts of America is a non-profit organization formed in 1921 to instill values in young people and in other ways prepare them to make ethical choices over their lifetime in achieving their full potential. The Council helps to accomplish this goal by providing outstanding leadership, training, programs, and activities for the young men. The Council serves young men in the area from North Central Utah to Southern Utah. Contributions are used for service to young men ages 7-21 and young women ages 14-21 in 19 counties of the state of Utah. The mission of the Boy Scouts of America is to prepare young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Law.

The Council is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization whereby only unrelated business income, as defined by section 509(a)(1) of the Code, is subject to federal income tax. The Council currently has no unrelated business income for the years ended December 31, 2010 and 2009, and accordingly, has not recorded any provision for income taxes.

The Organization adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* [“FIN 48”]) on January 1, 2009. Accordingly, an organization must recognize the tax benefit associated with expenses taken for tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions and, accordingly, has not recognized any liability for unrecognized tax benefits. For the years ended December 31, 2010 and 2009, there were no interest or penalties recorded or included in these financial statements.

Date of Management’s Review – In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through May 10, 2011, the date the financial statements were available to be issued.

Financial Statement Presentation – The Council has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Council 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. The Council uses fund accounting.

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA NOTES TO FINANCIAL STATEMENTS

Note 1. Entity and Summary of Significant Accounting Policies (Continued)

Public Support and Revenue – Annual campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The majority of the promises to give are received from North Central and Southern Utah contributors as a result of the annual campaign. An allowance for uncollectible promises is provided based on management’s evaluation of potential uncollectible promises receivable at year end.

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. 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 reported in the statement of activities as net assets released from restrictions. Other gifts of long-lived assets shall be reported as unrestricted support in the absence of donor-imposed restrictions on the use of the asset.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets and are available for use by the Council. Some endowment fund earnings are reported in the operating fund (see spending policy on the following pages).

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Some members of the Council have donated significant amounts of time to the Council in furthering the Organization’s programs and objectives. No amounts have been included in the financial statements for donated member or volunteer services since they did not meet the criteria for recognition under accounting standards.

Although restricted contributions typically are reported as support that increases restricted net assets, the Council shows restricted contributions, gains, and investment income whose restrictions are met in the same reporting period as unrestricted support.

Accounting Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA NOTES TO FINANCIAL STATEMENTS

Note 1. Entity and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents – The Council considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments – The Council has adopted the provisions of FASB ASC 958-320-25 (formerly SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*.) Accordingly, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Spending Policy – The Council has a board approved total return spending policy that allows the operating fund to receive and recognize investment earnings originating from the endowment fund. For the years ending December 31, 2010 and 2009, the board approved spending policy was 5% of the beginning of the year market value.

Depreciation and Amortization – Buildings, furniture and equipment are being depreciated over their estimated useful lives using a straight-line method. The Council has elected to capitalize amounts over \$2,000.

Inventories – Inventories are carried at average cost. Inventories consist of awards, clothing, camping, activity, and other supplies for sale.

Deferred Revenues and Expenses – Deferred revenues and expenses include items that have not been earned or incurred as of the balance sheet date, but that are expected to be recognized as revenue and expenses in the subsequent period.

Functional Expenses – Expenses are charged directly to program, management, or fundraising, in general categories based on specific identification. Indirect expenses have been allocated based on time charged and salary expenditures.

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Note 2. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at fair value in the Statement of Financial Position. The valuation inputs (methods used for measuring fair value) in regards to the fair value hierarchy of SFAS No. 157 are deemed to be level 1 for the securities and level 2 for the REITs. Investments as of December 31, 2010 and 2009, are as follows:

	December 31, 2010			
	Operating Fund	Capital Fund	Endowment Fund	Total
Securities (debt and equity)	\$ -	\$ -	\$ 1,101,031	\$ 1,101,031
REITs	-	-	1,400,000	1,400,000
Other	-	-	12,797	12,797
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,513,828</u>	<u>\$ 2,513,828</u>
Short-term investments	\$ -	\$ -	\$ 182,080	\$ 182,080
Long-term investments	-	-	2,331,748	\$ 2,331,748
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,513,828</u>	<u>\$ 2,513,828</u>
	December 31, 2009			
	Operating Fund	Capital Fund	Endowment Fund	Total
Securities (debt and equity)	\$ -	\$ -	\$ 2,388,512	\$ 2,388,512
Other	-	-	37,176	37,176
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,425,688</u>	<u>\$ 2,425,688</u>
Short-term investments	\$ -	\$ -	\$ 22,544	\$ 22,544
Long-term investments	-	-	2,403,144	2,403,144
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,425,688</u>	<u>\$ 2,425,688</u>

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Note 3. Land, Building and Equipment

Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. At December 31, 2010 and 2009, the costs of such assets were as follows:

	2010	2009
Land	\$ 975,924	\$ 975,924
Buildings and improvements	11,450,197	11,021,123
Equipment	874,995	853,065
Construction in progress	1,382,652	1,514,280
Total cost	14,683,768	14,364,392
Less accumulated depreciation	4,990,981	4,459,683
Net	<u>\$ 9,692,787</u>	<u>\$ 9,904,709</u>

Note 4. Retirement Plans

Defined Benefit Plan – The Boy Scouts of America has a defined benefit multiemployer retirement plan that covers eligible employees of the National Council and this Council, and is administered by the National Council. The Council acts as an agent for the Plan in remitting contributions. Eligible employees contribute 2 percent of compensation and the Council contributes an additional 6.5 percent to the Plan. All full-time employees are eligible to participate after one year of employment. The Council has no liability to pay retirement benefits should the Plan fail.

As the Plan is a multi-employer plan, the individual information for each employer is not available. The actuarial information for the multi-employer plan as of February 1, 2010, indicated 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 costs. In 2010, 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, 2010.

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Note 4. Retirement Plans (Continued)

The following is a summary of the required contribution rates, covered salaries, and Council contributions for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Employee's portion	2.0%	2.0%
Employer's portion	<u>6.5%</u>	<u>6.25%</u>
Total	<u>8.5%</u>	<u>8.25%</u>
Salaries	<u>\$ 2,180,450</u>	<u>\$ 2,107,764</u>
Employee contributions	\$ 43,609	\$ 42,153
Employer matching contributions	<u>141,754</u>	<u>131,730</u>
Total contributions	<u>\$ 185,363</u>	<u>\$ 173,883</u>

The contributions by the Council for 2010 and 2009 were paid by the due dates or within 30 days thereafter.

The Council's total payroll for 2010 and 2009 for all employees was \$3,090,721 and \$2,996,504.

The pension benefit obligation (or actuarial present value of credited accumulated benefits) is a standardized measure intended to convey the estimated obligation to provide benefits based on employee service to date. The measure helps the user to assess the funding status and progress made in accumulating sufficient assets to pay benefits when due.

The benefit formula is based on years of service and the highest three year's salaries of the last five years. The Plan is integrated with social security. The assets of the Plan are held in a master trust and are managed by professional money managers. The primary investments are in stocks, bonds, and other securities.

**UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS**

Note 4. Retirement Plans (Continued)

The following is a summary presenting the actuarial present values of credited accumulated benefits and the net assets available for benefits in the Plan as of December 31, 2010 and 2009, in which the Council participates:

Plan	Actuarial Present Value of Accumulated Projected Benefits		Book Value of Net Assets Available
	Non-Vested	Vested	
Boy Scouts of America Retirement Plan for Employees			
December 31, 2010	\$ 38,573,982	\$ 810,516,397	\$ 817,010,082
December 31, 2009	\$ 37,693,148	\$ 775,081,970	\$ 694,635,654

The Plan issues its own component unit financial report with a fiscal year end of January 31st. Such reports contain employee benefit provisions and ten-year historical trend data. A copy of the annual report for the Plan may be obtained from Plan Administrator, 1325 West Walnut Hill Lane, P.O. Box 152079, Irving, Texas 75015.

Defined Contribution Plan – Employees who are participating in the retirement plan are also eligible for a tax sheltered annuity program sponsored by either Boy Scouts of America or Beneficial Life Insurance Company. Employees have a choice of several plans available. The eligible employees can contribute up to a maximum of 20% of their salary to an individual retirement annuity.

Note 5. Long-Term Investments

Investments in the endowment fund and other funds which will be held for an undetermined length of time are treated as long-term investments.

Note 6. Nonmonetary Transactions

The Council received donations of materials and services for construction projects that have been recorded at various camps. These donations are recorded at their estimated value. The amount of these donations in the capital fund for 2010 and 2009 is \$6,000 and \$15,496. The operations fund also received noncash donations in 2010 and 2009 of \$13,249 and \$18,111.

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Note 7. Leases or Rent

The Council has entered a number of leases for its various shops and camps. Following are the more significant agreements:

St. George Scout Shop and office – \$30,000 annually (May 2007 to May 2011; the council is currently in negotiations to renew the lease, and expects to do so by July 31, 2011).

Ephraim Scout Shop – \$7,200 annually (lease is renewed on an annual basis).

Beaver High Adventure Base – \$11,700 annually to the State of Utah (for up to 99 years.)

Schedule of Lease Payments – The estimated amount of lease and rent payments for the subsequent five years is as follows:

2011	\$ 74,725
2012	74,725
2013	74,725
2014	74,725
2015	<u>74,725</u>
Total	<u>\$ 373,625</u>

Total rent and lease expense for 2010 and 2009 is \$73,139 and \$71,998.

Note 8. Line of Credit

On July 26, 2010, the Council entered into a line of credit agreement with a bank which allows the Council to borrow up to \$1,000,000. The agreement is reviewed for renewal annually on July 31. The line of credit is collateralized by the Council Service Center at 748 N. 1340 W. Orem UT, has an interest rate of Zions Prime Rate plus 0.5%, and had a balance of \$0 at December 31, 2010.

Note 9. Concentrations of Market Risk

The Council’s carrying amount of the bank deposits at December 31, 2010 is \$1,845,522 in cash and the bank balance is \$1,810,634 of which \$310,177 is covered by federal depository insurance.

Amounts invested with brokerage firms are covered by S.I.P.C., a non-federal insurance corporation, up to \$500,000 (including a maximum of \$250,000 for cash claims) for other investments. In addition to coverage by S.I.P.C., the brokerage firms have other insurance coverage (not FDIC) to cover accounts from \$2,000,000 to \$10,000,000. Investments in brokerage firms at December 31, 2010 include:

Fidelity	\$1,104,966
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UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Note 10. Investment Income, Gains and Losses – Unrestricted Net Assets

The following schedule summarizes the investment return in the Statement of Changes in Net Assets for the years ended December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Interest and dividend income	\$ 72,563	\$ 57,730
Net gain (loss) on investments*	<u>189,000</u>	<u>408,295</u>
	<u>\$ 261,563</u>	<u>\$ 466,025</u>

*Investment expenses for 2010 and 2009 are \$12,114 and \$13,561 and are included with the net gain (loss) on investments.

The above investment return is all classified in the Statement of Changes in Net Assets as unrestricted.

Note 11. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2010 and 2009.

	<u>December 31, 2010</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>
Contributions made for future years' operations	\$ 2,746,454	\$ -
Office building and camp development	<u>-</u>	<u>51,090</u>
	<u>\$ 2,746,454</u>	<u>\$ 51,090</u>

	<u>December 31, 2009</u>	
	<u>Operating Fund</u>	<u>Capital Fund</u>
Contributions made for future years' operations	\$ 3,175,330	\$ -
Office building and camp development	<u>-</u>	<u>71,210</u>
	<u>\$ 3,175,330</u>	<u>\$ 71,210</u>

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Note 12. Permanently Restricted Net Assets

	<u>December 31, 2010</u>	
	<u>Capital Fund</u>	<u>Endowment Fund</u>
Permanently restricted net assets include land restricted for use as:		
Scout Camp	\$ 124,500	\$ -
Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support:		
General operations	<u>-</u>	<u>2,439,045</u>
	<u>\$ 124,500</u>	<u>\$ 2,439,045</u>
	<u>December 31, 2009</u>	
	<u>Capital Fund</u>	<u>Endowment Fund</u>
Permanently restricted net assets include land restricted for use as:		
Scout Camp	\$ 124,500	\$ -
Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support:		
General operations	<u>-</u>	<u>2,210,350</u>
	<u>\$ 124,500</u>	<u>\$ 2,210,350</u>

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Note 13. Promises to Give

Unconditional promises to give at December 31, 2010 and 2009, are as follows:

	<u>2010</u>	<u>2009</u>
Pledges due in less than one year	\$ 460,058	\$ 548,750
Pledges due in one to five years	10,000	10,000
Pledges expected in over five years	<u>354,308</u>	<u>360,000</u>
Total pledges receivable, gross	824,366	918,750
Less: allowance for uncollectables	(144,550)	(64,795)
Less: provision for discounting future value*	<u>(303,499)</u>	<u>(306,132)</u>
Total pledges receivable, net	<u>\$ 376,317</u>	<u>\$ 547,823</u>
Net current portion	\$ 315,508	\$ 483,955
Net noncurrent portion	<u>60,809</u>	<u>63,868</u>
Total pledges receivable, net	<u>\$ 376,317</u>	<u>\$ 547,823</u>

*A rate of six percent is used to discount promises to give that are due or expected to be received in more than one year.

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Note 14. Loss on Disposal of Property and Equipment

For the year ended December 31, 2010, there was a net gain on the disposal of property and equipment of \$1,150, which is included as other revenue in the Statement of Changes in Net Assets. For the year ended December 31, 2009, there was a net gain on the disposal of property and equipment of \$16,800, which is included as other revenue in the Statement of Changes in Net Assets.

Note 15. Fair Value Measurement

Fair values of assets measured on a recurring basis at December 31, 2010 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
REITS Endowment	\$ 1,400,000	\$ -	\$ 1,400,000	\$ -
Securities Endowment	1,113,828	1,113,828	-	-
Total	<u>\$ 2,513,828</u>	<u>\$ 1,113,828</u>	<u>\$ 1,400,000</u>	<u>\$ -</u>

Fair values of assets measured on a recurring basis at December 31, 2009 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Securities Operating Fund	\$ -	\$ -	\$ -	\$ -
Securities Endowment	2,425,688	2,425,688	-	-
Securities Capital Fund	-	-	-	-
Total	<u>\$ 2,425,688</u>	<u>\$ 2,425,688</u>	<u>\$ -</u>	<u>\$ -</u>

During 2010, the Council moved a significant portion of its investments to REITs, which resulted in a transfer from Level 1 to Level 2. The REITs are valued at the price per share paid at the time of purchase, which is the most observable fair market value information available as of the date of this report.

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS

Note 16. Endowment

Utah National Parks Council's endowment includes both donor-restricted endowment and funds designated by the Board of Trustees to function as endowments. As required by Generally Accepted Accounting Principles (GAAP), net assets associated with endowment funds, including funds designated by Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law – The Board of Trustees of the Council based on information from the Boy Scouts National Office has interpreted the Uniform Prudent Management of Institutional Funds Act as adopted by the State of Utah as not applying to the Council's endowment as the trust is managed by a corporate trustee. The Council will continue to follow the guidelines of the Investment Policy Statement and applicable state trust law in managing the funds of the endowment that are included in the trust.

As a result of this interpretation, the Council classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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 or unrestricted net assets based on the existence of any donor restrictions. The Council considers the following factors in making a determination to appropriate or accumulate donor-restricted and unrestricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Council
- (7) The investment policies of the Council

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Note 16. Endowment (Continued)

Endowment net asset composition by type of fund as of December 31, 2010 and 2009 are as follows:

	December 31, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted in Endowment Fund	\$ -	\$ -	\$ 2,439,045	\$ 2,439,045
Board-designated in Endowment Fund	685,296	-	-	685,296
Donor-restricted in Capital Fund	-	-	124,500	124,500
Total Funds	<u>\$ 685,296</u>	<u>\$ -</u>	<u>\$ 2,563,545</u>	<u>\$ 3,248,841</u>

	December 31, 2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted in Endowment Fund	\$ -	\$ -	\$ 2,210,350	\$ 2,210,350
Board-designated in Endowment Fund	620,112	-	-	620,112
Donor-restricted in Capital Fund	-	-	124,500	124,500
Total Funds	<u>\$ 620,112</u>	<u>\$ -</u>	<u>\$ 2,334,850</u>	<u>\$ 2,954,962</u>

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS

Note 16. Endowment (Continued)

Changes in endowment net assets for the years ended December 31, 2010 and 2009 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, January 1, 2009	\$ 279,347	\$ -	\$ 2,061,050	\$ 2,340,397
Investment return:				
Investment income	50,233	-	-	50,233
Net realized and unrealized gains (losses)	405,312	-	-	405,312
Total investment return	455,545	-	-	455,545
Contributions	11,753	-	149,300	161,053
Appropriation of endowment assets for expenditure	(126,533)	-	-	(126,533)
Net Assets, December 31, 2009	620,112	-	2,210,350	2,830,462
Investment return:				
Investment income	123,147	-	-	123,147
Net realized and unrealized gains (losses)	133,798	-	-	133,798
Total investment return	256,945	-	-	256,945
Contributions	-	-	228,695	228,695
Appropriation of endowment assets for expenditure	(191,761)	-	-	(191,761)
Net Assets, December 31, 2010	\$ 685,296	\$ -	\$ 2,439,045	\$ 3,124,341

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 the donor or applicable state law requires the Council to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. There were no such deficiencies as of December 31, 2010 and 2009.

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS

Note 16. Endowment (Continued)

Return objectives and risk parameters – The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that it will earn a base return of 5% of the original principal, expressed in dollars, above the trailing 3 year average of the Consumer Price Index. Asset allocations should be targeted to produce expected returns consistent with this target using long term historical returns of asset classes as a guide. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, the Council 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). The Council targets a diversified asset allocation that places a greater emphasis on equity-based investment to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objective relate to spending policy – The council has a board approved total return spending policy that allows the operating fund to receive and recognize investment earnings originating from the endowment funds. As of December 31, 2010 and 2009, the Board's approved spending policy was to distribute the unrestricted dividend and interest and releases on temporarily restricted dividend and interest earned on endowment assets during the year, which was \$123,147 and \$126,533. This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 17. Contingencies

The Council is involved with two matters of litigation; however, the outcome of any pending or threatened litigation is unknown and cannot be estimated as of the date of this report. Management also believes any final outcome of these matters will not have a material adverse effect on the financial position of the Council.