

UTAH NATIONAL PARKS COUNCIL



FINANCIAL STATEMENTS

Years Ended December 31, 2012 and 2011

748 North 1340 West
Orem, Utah 84057
www.utahscouts.org

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MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
DEAN R. BURDICK, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA

KENNETH A. HINTON, CPA
MORRIS J. PEACOCK, CPA
PHILLIP S. PEINE, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA

INDEPENDENT AUDITOR'S REPORT

To the Executive Board and Audit Committee of
Utah National Parks Council, Boy Scouts of America

We have audited the accompanying financial statements of the Utah National Parks Council, Boy Scouts of America (a nonprofit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the Utah National Parks Council, Boy Scouts of America as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


HintonBurdick, PLLC
St. George, Utah
May 10, 2013

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

December 31, 2012 and 2011

ASSETS	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Current Assets								
Cash	\$ 2,421,108	\$ 1,772,069	\$ 254,605	\$ 328,080	\$ 118,424	\$ 95,315	\$ 2,794,137	\$ 2,195,464
Short-term investments	-	-	-	-	101,906	55,321	101,906	55,321
Accounts and notes receivable	24,848	33,048	-	350	-	-	24,848	33,398
Pledges receivable, net	114,044	182,680	110,559	101,568	24,980	16,634	249,583	300,882
Inventories	215,985	268,198	-	-	-	-	215,985	268,198
Prepaid expenses	530,229	383,131	-	-	-	-	530,229	383,131
Total current assets	3,306,214	2,639,126	365,164	429,998	245,310	167,270	3,916,688	3,236,394
Non-Current Assets								
Interfund loan	1,521,015	1,194,041	(1,521,015)	(1,522,941)	-	328,900	-	-
Accounts, notes and other receivables	-	-	-	-	92,299	85,764	92,299	85,764
Pledges receivable, net	-	-	-	-	75,469	71,662	75,469	71,662
Land, building and equipment, net	-	-	10,246,416	10,394,183	-	-	10,246,416	10,394,183
Long-term investments	-	-	-	-	2,500,115	2,363,841	2,500,115	2,363,841
Total non-current assets	1,521,015	1,194,041	8,725,401	8,871,242	2,667,883	2,850,167	12,914,299	12,915,450
Total assets	<u>\$ 4,827,229</u>	<u>\$ 3,833,167</u>	<u>\$ 9,090,565</u>	<u>\$ 9,301,240</u>	<u>\$ 2,913,193</u>	<u>\$ 3,017,437</u>	<u>\$ 16,830,987</u>	<u>\$ 16,151,844</u>
LIABILITES AND NET ASSETS								
Current Liabilities								
Accounts payable	\$ 146,316	\$ 140,089	\$ 33	\$ 5,787	\$ -	\$ -	\$ 146,349	\$ 145,876
Accrued expenses	2,177	-	-	-	-	-	2,177	-
Payroll taxes withheld	1,879	1,338	-	-	-	-	1,879	1,338
Custodian accounts	1,140,790	1,426,389	-	-	-	-	1,140,790	1,426,389
Deferred activity income	803,304	121,352	-	-	-	-	803,304	121,352
Deferred camp income	129,774	120,209	-	-	-	-	129,774	120,209
Deferred other income	10,717	13,215	-	-	-	-	10,717	13,215
Other current liabilities	-	17	-	-	-	-	-	17
Total current liabilities	2,234,957	1,822,609	33	5,787	-	-	2,234,990	1,828,396
Net Assets								
Unrestricted net assets	(199,819)	(731,343)	8,687,777	9,081,530	362,101	537,996	8,850,059	8,888,183
Temporarily restricted net assets	2,792,091	2,741,901	278,255	89,423	14,758	6,880	3,085,104	2,838,204
Permanently restricted net assets	-	-	124,500	124,500	2,536,334	2,472,561	2,660,834	2,597,061
Total net assets	2,592,272	2,010,558	9,090,532	9,295,453	2,913,193	3,017,437	14,595,997	14,323,448
Total liabilities and net assets	<u>\$ 4,827,229</u>	<u>\$ 3,833,167</u>	<u>\$ 9,090,565</u>	<u>\$ 9,301,240</u>	<u>\$ 2,913,193</u>	<u>\$ 3,017,437</u>	<u>\$ 16,830,987</u>	<u>\$ 16,151,844</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, 2012 and 2011

Changes in Unrestricted Net Assets:	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Direct public support								
Net friends of scouting	\$ 451,828	\$ 333,755	\$ -	\$ -	\$ -	\$ -	\$ 451,828	\$ 333,755
Project sales	46,422	26,630	46,410	26,391	-	-	92,832	53,021
Capital campaign	-	-	32,340	1,314,187	-	-	32,340	1,314,187
Special events - gross	122,957	104,211	-	-	-	-	122,957	104,211
Less cost of direct benefit	(27,600)	(22,975)	-	-	-	-	(27,600)	(22,975)
Net special events	95,357	81,236	-	-	-	-	95,357	81,236
Legacies and bequests	-	150	-	-	-	-	-	150
Foundations and trusts	19,398	69,912	-	-	-	-	19,398	69,912
Other direct support	33	8,575	-	-	-	-	33	8,575
Total direct public support	613,038	520,258	78,750	1,340,578	-	-	691,788	1,860,835
Indirect support								
Other indirect support	6,117	5,183	-	-	-	-	6,117	5,183
Total indirect support	6,117	5,183	-	-	-	-	6,117	5,183
Revenue								
Sales of supplies - gross	472,247	469,218	-	-	-	-	472,247	469,218
Less cost of goods sold	(343,269)	(332,282)	-	-	-	-	(343,269)	(332,282)
Net sale of supplies	128,978	136,936	-	-	-	-	128,978	136,936
Product sales - gross	49,985	37,110	-	-	-	-	49,985	37,110
Less cost of goods sold	(17,755)	(15,987)	-	-	-	-	(17,755)	(15,987)
Less commissions paid to units	(20,721)	(13,138)	-	-	-	-	(20,721)	(13,138)
Net product sales	11,509	7,986	-	-	-	-	11,509	7,985
Investment income	101,438	99,826	-	-	-	-	101,438	99,826
Gain (loss) on investments	30,305	36,122	-	-	152,192	(145,357)	182,497	(109,235)
Camping revenue	2,192,820	2,239,774	-	-	-	-	2,192,820	2,239,774
Activity revenue	743,377	812,196	1,926	3,281	-	-	745,303	815,477
Other revenue	312,538	331,072	4,662	16,385	-	-	317,200	347,457
Total revenue	3,520,965	3,663,912	6,588	19,666	152,192	(145,357)	3,679,745	3,538,222

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, 2012 and 2011

Changes in Unrestricted Net Assets:	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Net assets released from restrictions								
Reclass friends of scouting	2,740,901	2,746,454	-	-	-	-	2,740,901	2,746,454
Reclass project sales	-	-	-	-	-	-	-	-
Reclass capital campaign	-	-	41,712	5,150	-	-	41,712	5,150
Reclass foundations	-	-	-	-	-	-	-	-
Reclass other direct	-	-	-	-	-	-	-	-
Reclass other indirect	-	-	-	-	-	-	-	-
Total reclassification of net assets	2,740,901	2,746,454	41,712	5,150	-	-	2,782,613	2,751,604
Total support and revenue	6,881,021	6,935,806	127,050	1,365,394	152,192	(145,357)	7,160,263	8,155,843
Expenses								
Employee compensation								
Salaries	2,927,668	3,059,009	-	-	-	-	2,927,668	3,059,009
Employee benefits	550,457	508,268	-	-	-	-	550,457	508,268
Payroll taxes	267,827	278,193	-	-	-	-	267,827	278,193
Employee related expenses	15,663	1,099	-	-	-	-	15,663	1,099
Total employee compensation	3,761,615	3,846,569	-	-	-	-	3,761,615	3,846,568
Other expenses								
Professional fees	77,258	95,924	-	11,650	-	-	77,258	107,574
Supplies	1,363,355	1,380,973	-	-	-	-	1,363,355	1,380,973
Telephone	86,451	86,202	-	-	-	-	86,451	86,202
Postage and shipping	53,700	59,263	-	-	-	-	53,700	59,263
Occupancy	456,747	442,040	-	-	-	-	456,747	442,040
Rental and maintenance of equipment	126,800	133,103	-	-	-	-	126,800	133,103
Printing and publications	30,448	31,855	2,985	-	-	-	33,433	31,855
Travel	260,802	243,463	-	-	-	-	260,802	243,463
Conferences and meetings	47,555	55,136	-	-	-	-	47,555	55,136
Specific assistance to individuals	-	(20)	-	-	-	-	-	(20)
Recognition awards	41,945	59,210	-	-	1,113	1,943	43,058	61,153
Interest expense	3,930	4,654	-	-	-	-	3,930	4,654
Insurance	149,696	144,093	-	-	-	-	149,696	144,093
Other expenses	127,005	118,117	-	-	-	-	127,005	118,117
Depreciation of buildings/equipment	-	-	517,819	535,005	-	-	517,819	535,005
Total other expenses	2,825,692	2,854,013	520,804	546,655	1,113	1,943	3,347,609	3,402,612
Charter and national service fee	89,166	85,225	-	-	-	-	89,166	85,225
Total expenses	6,676,473	6,785,807	520,804	546,655	1,113	1,943	7,198,390	7,334,405
Increase (decrease) in unrestricted net assets	204,548	149,999	(393,754)	818,739	151,079	(147,300)	(38,127)	821,438

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, 2012 and 2011

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								
Net friends of scouting	2,791,092	2,740,900	-	-	-	-	2,791,092	2,740,900
Project sales	-	-	-	-	-	-	-	-
Capital campaign	-	-	230,544	43,483	-	-	230,544	43,483
Foundations and trusts	-	1,000	-	-	-	-	-	1,000
Total direct support	2,791,092	2,741,900	230,544	43,483	-	-	3,021,636	2,785,383
Revenue								
Investment Income	-	-	-	-	7,878	6,880	7,878	6,880
Net assets released from restrictions								
Reclass friends of scouting	(2,740,901)	(2,746,454)	-	-	-	-	(2,740,901)	(2,746,454)
Reclass project sales	-	-	-	-	-	-	-	-
Reclass capital campaign	-	-	(41,712)	(5,150)	-	-	(41,712)	(5,150)
Reclass foundations	-	-	-	-	-	-	-	-
Reclass other direct	-	-	-	-	-	-	-	-
Reclass other indirect	-	-	-	-	-	-	-	-
Total reclassification of net assets	(2,740,901)	(2,746,454)	(41,712)	(5,150)	-	-	(2,782,613)	(2,751,604)
Total support and revenue	50,191	(4,554)	188,832	38,333	7,878	6,880	246,901	40,659
Increase (decrease) in temporarily restricted net assets	50,191	(4,554)	188,832	38,333	7,878	6,880	246,901	40,659

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, 2012 and 2011

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Changes in Permanently Restricted Net Assets								
Direct support								
Legacies and bequests	-	-	-	-	38,272	2,940	38,272	2,940
Other direct support	-	-	-	-	25,501	30,576	25,501	30,576
Total direct support	-	-	-	-	63,773	33,516	63,773	33,516
Indirect support	-	-	-	-	-	-	-	-
Revenue	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total reclassification of net assets	-	-	-	-	-	-	-	-
Total support and revenue	-	-	-	-	63,773	33,516	63,773	33,516
Increase (decrease) in permanently restricted net assets	-	-	-	-	63,773	33,516	63,773	33,516
Increase (decrease) in total net assets	254,739	145,445	(204,922)	857,072	222,730	(106,904)	272,547	895,613
Net assets, beginning of year								
Unrestricted net assets	(731,341)	(705,973)	9,081,531	8,087,425	537,996	685,296	8,888,186	8,066,748
Temporarily restricted net assets	2,741,900	2,746,454	89,423	51,090	6,880	-	2,838,203	2,797,544
Permanently restricted net assets	-	-	124,500	124,500	2,472,561	2,439,045	2,597,061	2,563,545
Total net assets, beginning of year	2,010,559	2,040,481	9,295,455	8,263,015	3,017,437	3,124,340	14,323,451	13,427,836
Transfers	326,974	(175,367)	-	175,367	(326,974)	-	-	-
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	(199,819)	(731,341)	8,687,777	9,081,531	362,101	537,996	8,850,059	8,888,186
Temporarily restricted net assets	2,792,091	2,741,900	278,255	89,423	14,758	6,880	3,085,104	2,838,203
Permanently restricted net assets	-	-	124,500	124,500	2,536,334	2,472,561	2,660,834	2,597,061
Total net assets, end of year	<u>\$ 2,592,272</u>	<u>\$ 2,010,559</u>	<u>\$ 9,090,532</u>	<u>\$ 9,295,454</u>	<u>\$ 2,913,193</u>	<u>\$ 3,017,437</u>	<u>\$ 14,595,997</u>	<u>\$ 14,323,450</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, 2012 and 2011

Expenses	Program Service		Support Services				Total Support Services		Total Expenses	
			Management and General		Fundraising					
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Employee compensation										
Salaries	\$ 2,153,014	\$ 2,265,926	\$ 574,743	\$ 588,417	\$ 199,911	\$ 204,667	\$ 774,654	\$ 793,084	\$ 2,927,668	\$ 3,059,010
Employee benefits	386,375	356,807	121,738	112,375	42,344	39,087	164,082	151,462	550,457	508,269
Payroll taxes	201,535	210,696	49,184	50,079	17,107	17,419	66,291	67,498	267,826	278,194
Employee related expenses	10,808	758	3,603	253	1,253	88	4,856	341	15,664	1,099
Total employee compensation	2,751,732	2,834,187	749,268	751,124	260,615	261,261	1,009,883	1,012,385	3,761,615	3,846,572
Other expenses										
Professional fees	40,288	63,597	34,908	40,129	2,062	3,849	36,970	43,978	77,258	107,575
Supplies	1,339,968	1,358,762	14,299	11,138	9,088	11,073	23,387	22,211	1,363,355	1,380,973
Telephone	63,394	62,770	17,107	17,385	5,950	6,047	23,057	23,432	86,451	86,202
Postage and shipping	35,408	38,630	10,217	11,267	8,075	9,365	18,292	20,632	53,700	59,262
Occupancy	410,695	396,673	34,168	33,659	11,884	11,708	46,052	45,367	456,747	442,040
Rent and maintenance of equipment	113,862	119,813	9,599	9,860	3,339	3,430	12,938	13,290	126,800	133,103
Printing and publications	17,091	22,968	950	1,367	15,392	7,520	16,342	8,887	33,433	31,855
Travel	219,572	201,817	30,590	30,899	10,640	10,747	41,230	41,646	260,802	243,463
Conferences and meetings	38,357	47,816	6,824	5,431	2,374	1,889	9,198	7,320	47,555	55,135
Specific assistance to individuals	-	(20)	-	-	-	-	-	-	-	(20)
Recognition awards	27,353	42,835	978	573	14,727	17,744	15,705	18,317	43,058	61,152
Interest Expense	2,712	3,211	904	1,070	314	372	1,218	1,442	3,930	4,653
Insurance	103,290	99,670	34,430	32,958	11,976	11,464	46,406	44,422	149,696	144,092
Other expenses	85,726	79,560	28,575	26,375	12,704	12,182	41,279	38,557	127,005	118,117
Total other expenses	2,497,716	2,538,103	223,549	222,111	108,525	107,391	332,074	329,502	2,829,790	2,867,605
Expenses before depreciation	5,249,448	5,372,290	972,817	973,234	369,140	368,652	1,341,957	1,341,887	6,591,405	6,714,176
Depreciation of buildings and equipment	357,295	369,154	119,098	123,051	41,426	42,800	160,524	165,851	517,819	535,006
Total functional expenses	\$ 5,606,743	\$ 5,741,444	\$ 1,091,915	\$ 1,096,285	\$ 410,566	\$ 411,452	\$ 1,502,481	\$ 1,507,737	\$ 7,109,224	\$ 7,249,181
Functional expense percentages	78.87%	79.20%	15.36%	15.12%	5.77%	5.68%			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, 2012 and 2011

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2012	2011	2012	2011	2012	2011	2012	2011
Cash Flows from Operations								
Increase (decrease) total net assets	\$ 254,739	\$ 145,445	\$ (204,922)	\$ 857,072	\$ 222,730	\$ (106,904)	\$ 272,547	\$ 895,613
Adjustments to net assets to reconcile cash flows								
Depreciation	-	-	517,819	535,005	-	-	517,819	535,005
Change in value-split interest agreement	-	-	-	-	(6,534)	(9,740)	(6,534)	(9,740)
Contributions restricted for investment in endowment	-	-	-	-	(57,239)	(23,776)	(57,239)	(23,776)
Bad debt	15,684	7,279	-	-	-	-	15,684	7,279
Noncash contributions of assets	-	-	(46,410)	(26,391)	-	-	(46,410)	(26,391)
Accounts receivable	8,200	(5,872)	350	(349)	-	-	8,550	(6,222)
Pledges receivable	52,952	102,698	(8,990)	(95,450)	(12,154)	(10,753)	31,808	(3,504)
Inventory	52,213	(20,866)	-	-	-	-	52,213	(20,866)
Deferred expense-activities	-	-	-	-	-	-	-	-
Prepaid expenses	(147,098)	(40,537)	-	-	-	-	(147,098)	(40,537)
Accounts payable	6,225	(22,763)	(5,754)	5,787	-	(71)	471	(17,048)
Accrued Expense	2,177	-	-	-	-	-	2,177	-
Payroll taxes	541	314	-	-	-	-	541	314
Custodian accounts	(285,599)	87,086	-	-	-	-	(285,599)	87,085
Deferred activities income	681,952	46,439	-	-	-	-	681,952	46,439
Deferred camp income	9,565	20,913	-	-	-	-	9,565	20,913
Deferred other income	(2,498)	(3,070)	-	-	-	-	(2,498)	(3,070)
Other current liabilities	(17)	20	-	-	-	-	(17)	19
Transfers	-	(175,367)	-	175,367	-	-	-	-
Net unrealized (gain) loss on investments	-	-	-	-	(155,739)	187,104	(155,739)	187,104
Net realized (gain) loss on investments	(30,305)	(36,122)	-	-	3,547	(41,746)	(26,758)	(77,868)
Net (gain)loss on sale of property and equipment	-	-	-	(540)	-	-	-	(540)
Total adjustments	363,992	(39,848)	457,015	593,429	(228,119)	101,018	592,888	654,596
Net cash flows from operations	618,731	105,597	252,093	1,450,501	(5,389)	(5,886)	865,435	1,550,209
Cash Flows from Investing Activities								
Acquisition of property and equipment	-	-	(323,642)	(1,210,010)	-	-	(323,642)	(1,210,010)
Proceeds from sale of property and equipment	-	-	-	540	-	-	-	540
Net change in investments	30,305	36,122	-	-	(30,667)	(50,693)	(362)	(14,571)
Net cash flows from investing activities	30,305	36,122	(323,642)	(1,209,470)	(30,667)	(50,693)	(324,004)	(1,224,041)
Cash Flows from Financing Activities								
Contributions restricted for investment in endowment	-	-	-	-	57,239	23,776	57,239	23,776
Interfund loan	-	-	(1,926)	51,719	1,926	(51,719)	-	-
Net cash flows from financing activities	-	-	(1,926)	51,719	59,165	(27,943)	57,239	23,776
Net increase (decrease) in cash flows	649,036	141,719	(73,475)	292,750	23,109	(84,522)	598,670	349,947
Cash at the beginning of the year	1,772,072	1,630,353	328,080	35,332	95,315	179,837	2,195,467	1,845,522
Cash at the end of the year	\$ 2,421,108	\$ 1,772,072	\$ 254,605	\$ 328,082	\$ 118,424	\$ 95,315	\$ 2,794,137	\$ 2,195,469

Supplemental Disclosure:

Noncash additions to property and equipment for 2012 and 2011, respectively, include various donated materials and services totaling \$46,410 and \$26,391.

The Council sold property with a net book value of \$0 (\$20,400 accumulated depreciation) resulting in a gain of \$540 in 2011.

For 2012 and 2011, respectively, the net unrealized gain (loss) on investments of \$155,739 and \$(187,104) is included in the endowment fund

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, 2012 and 2011, 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, 2012 and 2011, 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, 2013, the date the financial statements were available to be issued.

Fund Accounting and Financial Statement Presentation – 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 the Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (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.

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 (See also note 2).

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.

Board 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, 2012 and 2011, the board approved spending policy was 5% of the market value of the trust investments as the average of the 36 months ending in June of the prior year.

Land, Buildings, and Equipment – Land, buildings, and equipment are recorded at cost. Donated land, buildings, and equipment are recorded at the approximate fair market value of the asset on the date of donation. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. 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. Land, buildings, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The Council capitalizes items over \$5,000 with a useful life greater than one year.

Construction-in-progress represents cost incurred on the construction of assets that have not been completed or placed in service as of the end of the year.

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.

Reclassification – Certain reclassifications have been made to the 2011 financial information to conform to the current-year presentation. These reclassifications have no effect on the change in net assets for 2011.

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 ASC 820-10 are deemed to be level 1 for the securities and level 2 for the REITs. Investments as of December 31, 2012 and 2011, are as follows:

	December 31, 2012			
	Operating Fund	Capital Fund	Endowment Fund	Total
Securities (debt and equity)	\$ -	\$ -	\$ 1,036,731	\$ 1,036,731
REITs	-	-	1,434,917	1,434,917
*Other	-	-	130,373	130,373
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,602,021</u>	<u>\$ 2,602,021</u>
Short-term investments	\$ -	\$ -	\$ 101,906	\$ 101,906
Long-term investments	-	-	2,500,115	\$ 2,500,115
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,602,021</u>	<u>\$ 2,602,021</u>
	December 31, 2011			
	Operating Fund	Capital Fund	Endowment Fund	Total
Securities (debt and equity)	\$ -	\$ -	\$ 943,742	\$ 943,742
REITs	-	-	1,400,000	1,400,000
*Other	-	-	75,420	75,420
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,419,162</u>	<u>\$ 2,419,162</u>
Short-term investments	\$ -	\$ -	\$ 55,321	\$ 55,321
Long-term investments	-	-	2,363,841	\$ 2,363,841
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,419,162</u>	<u>\$ 2,419,162</u>

*The Other category consists primarily of cash and cash equivalents associated with investments held by brokerage firms.

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, 2012 and 2011, the costs of such assets were as follows:

	2012	2011
Land	\$ 975,924	\$ 975,924
Buildings and improvements	11,574,505	11,523,911
Equipment	929,489	902,072
Construction in progress	2,789,905	2,497,866
Total cost	16,269,823	15,899,773
Less accumulated depreciation	6,023,407	5,505,590
Net	<u>\$ 10,246,416</u>	<u>\$ 10,394,183</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 plan name is the Boy Scouts of America Master Pension Trust – Boy Scouts of America Retirement Plan for Employees. 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 7% 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, 2012, 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 2012, 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, 2012.

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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Employee's portion	2.0%	2.0%
Employer's portion	<u>7.0%</u>	<u>6.75%</u>
Total	<u>9.0%</u>	<u>8.75%</u>
Salaries	<u>\$ 2,233,367</u>	<u>\$ 2,133,224</u>
Employee contributions	\$ 44,659	\$ 42,664
Employer matching contributions	<u>156,344</u>	<u>143,992</u>
Total contributions	<u>\$ 201,003</u>	<u>\$ 186,656</u>

The contributions by the Council for 2012 and 2011 were paid by the due dates or within 30 days thereafter.

The Council's total payroll for 2012 and 2011 for all employees was \$2,927,668 and \$3,059,009.

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, 2012 and 2011, 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, 2012	\$ 37,525,553	\$ 888,602,223	\$ 937,092,522
December 31, 2011	\$ 42,712,792	\$ 845,549,204	\$ 917,750,123

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 Boy Scouts of America. 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 2012 and 2011 is \$46,410 and \$26,391. The operations fund also received noncash donations in 2012 and 2011 of \$46,422 and \$26,630.

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 (Lease is renewed on an annual basis).

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:

2013	\$ 74,564
2014	74,564
2015	74,564
2016	74,564
2017	<u>72,150</u>
Total	<u>\$ 370,406</u>

Total rent and lease expense for 2012 and 2011 is \$80,193 and \$82,123.

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, 2012.

Note 9. Concentrations of Credit Risk

Financial instruments that potentially subject the Council to credit risk consist principally of cash at financial institutions and investments. At times, including as of December 31, 2012 and 2011, the balances in cash accounts exceed FDIC insurance limits.

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

Note 10. Investment Income, Gains and Losses

The following schedule summarizes the investment return 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	\$ 109,316	\$ 106,706
Net gain (loss) on investments*	<u>182,497</u>	<u>(109,235)</u>
	<u>\$ 291,813</u>	<u>\$ (2,529)</u>

*Investment expenses for 2012 and 2011 are \$12,299 and \$10,467 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 follows:

	<u>2012</u>	<u>2011</u>
Unrestricted	\$ 283,935	\$ (9,409)
Temporarily-restricted	<u>7,878</u>	<u>6,880</u>
	<u>\$ 291,813</u>	<u>\$ (2,529)</u>

Note 11. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods at December 31, 2012 and 2011.

	<u>December 31, 2012</u>		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>
Contributions made for future years' operations	\$ 2,792,093	\$ -	\$ -
Office building and camp development	-	278,525	-
Camp maintenance	-	-	14,758
	<u>\$ 2,792,093</u>	<u>\$ 278,525</u>	<u>\$ 14,758</u>

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

Note 11. Temporarily Restricted Net Assets (Continued)

	December 31, 2011		
	Operating Fund	Capital Fund	Endowment Fund
Contributions made for future years' operations	\$ 2,741,901	\$ -	\$ -
Office building and camp development	-	89,423	-
Camp maintenance	-	-	6,880
	<u>\$ 2,741,901</u>	<u>\$ 89,423</u>	<u>\$ 6,880</u>

Note 12. Permanently Restricted Net Assets

	December 31, 2012	
	Capital Fund	Endowment Fund
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	-	2,536,334
	<u>\$ 124,500</u>	<u>\$ 2,536,334</u>

	December 31, 2011	
	Capital Fund	Endowment Fund
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	-	2,472,561
	<u>\$ 124,500</u>	<u>\$ 2,472,561</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, 2012 and 2011, are as follows:

	<u>2012</u>	<u>2011</u>
Pledges due in less than one year	\$ 249,583	\$ 300,882
Pledges due in one to five years	10,000	10,000
Pledges expected in over five years	<u>363,221</u>	<u>362,371</u>
Total pledges receivable, gross	622,804	673,253
Less: provision for discounting future value*	<u>(297,752)</u>	<u>(300,709)</u>
Total pledges receivable, net	<u>\$ 325,052</u>	<u>\$ 372,544</u>
Net current portion	\$ 249,582	\$ 300,882
Net noncurrent portion	<u>75,470</u>	<u>71,662</u>
Total pledges receivable, net	<u>\$ 325,052</u>	<u>\$ 372,544</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.

Note 14. Gift Annuities Receivable

The non-current accounts, notes and other receivable balances on the Statements of Financial Position of \$92,299 and \$85,764 at December 31, 2012 and 2011 consist of receivables relating to the Council's interest in gift annuities. These gift annuities are managed by the National Council and are valued at the present value for the net amount (after fees) the Council may expect to receive as of year-end. The present value is based on applicable mortality tables and current market conditions. The valuation inputs in regards to the fair value hierarchy of ASC 820-10 are deemed to be level 3 (significant unobservable inputs). For the years ending December 31, 2012 and 2011, the Council's receivable for gift annuity interests increased by \$6,535 and \$9,740, respectively, and these changes are included in the Statements of Changes in Net Assets.

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

Note 15. Gain on Disposal of Property and Equipment

For the year ended December 31, 2011, there was a net gain on the disposal of property and equipment of \$540, which is included as other revenue in the Statement of Changes in Net Assets.

Note 16. Fair Value Measurement

Fair values of investment assets measured on a recurring basis at December 31, 2012 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	\$ 1,434,917	\$ -	\$ 1,434,917	\$ -
Securities Endowment	1,167,104	1,167,104	-	-
Total	<u>\$ 2,602,021</u>	<u>\$ 1,167,104</u>	<u>\$ 1,434,917</u>	<u>\$ -</u>

Fair values of investment assets measured on a recurring basis at December 31, 2011 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	1,019,162	1,019,162	-	-
Total	<u>\$ 2,419,162</u>	<u>\$ 1,019,162</u>	<u>\$ 1,400,000</u>	<u>\$ -</u>

The REITS are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or ask price for over-the-counter securities not listed on a securities exchange, or at cost or obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market.

UTAH NATIONAL PARKS COUNCIL BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS

Note 17. 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 17. Endowment (Continued)

Endowment net asset composition by type of fund as of December 31, 2012 and 2011 are as follows:

	December 31, 2012			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted in Endowment Fund	\$ -	\$ 14,758	\$ 2,536,334	\$ 2,551,092
Board-designated in Endowment Fund	362,101	-	-	362,101
Donor-restricted in Capital Fund	-	-	124,500	124,500
Total Funds	<u>\$ 362,101</u>	<u>\$ 14,758</u>	<u>\$ 2,660,834</u>	<u>\$ 3,037,693</u>

	December 31, 2011			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted in Endowment Fund	\$ -	\$ 6,880	\$ 2,472,561	\$ 2,479,441
Board-designated in Endowment Fund	537,996	-	-	537,996
Donor-restricted in Capital Fund	-	-	124,500	124,500
Total Funds	<u>\$ 537,996</u>	<u>\$ 6,880</u>	<u>\$ 2,597,061</u>	<u>\$ 3,141,937</u>

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

Note 17. Endowment (Continued)

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

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, January 1, 2011	\$ 685,296	\$ -	\$ 2,439,045	\$ 3,124,341
Investment return:				
Investment income	96,753	6,880	-	103,633
Net realized and unrealized gains (losses)	(109,235)	-	-	(109,235)
Total investment return	(12,482)	6,880	-	(5,602)
Contributions	-	-	33,516	33,516
Appropriation of endowment assets for expenditure	(134,818)	-	-	(134,818)
Net Assets, December 31, 2011	537,996	6,880	2,472,561	3,017,437
Investment return:				
Investment income	96,157	7,878	-	104,035
Net realized and unrealized gains (losses)	182,497	-	-	182,497
Total investment return	278,654	7,878	-	286,532
Contributions	-	-	63,773	63,773
Appropriation of endowment assets for expenditure	(454,549)	-	-	(454,549)
Net Assets, December 31, 2012	<u>\$ 362,101</u>	<u>\$ 14,758</u>	<u>\$ 2,536,334</u>	<u>\$ 2,913,193</u>

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, 2012 and 2011.

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NOTES TO FINANCIAL STATEMENTS

Note 17. 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, 2012 and 2011, 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 \$126,462 and \$132,875. 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 18. 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 these matters will not have a material adverse effect on the financial position of the Council.

Note 19. Subsequent Event

On December 8, 2012, the Council signed an agreement to sell certain mineral interests in Uintah County, Utah, to International Petroleum Limited Liability Company of Salt Lake City, UT for a total of \$132,000. An amended agreement was signed effective December 8, 2012, recognizing the property is subject to a lease in favor of Branta Exploration and Production which does not expire until July 25, 2013. On April 4, 2013, the Council received \$66,000, or one half of the agreed amount. The amended agreement states that the balance of \$66,000 will be paid within five days of July 25, 2013. The Council executed a Royalty Deed in favor of the buyer for the mineral rights and the transaction was recorded in 2013.