

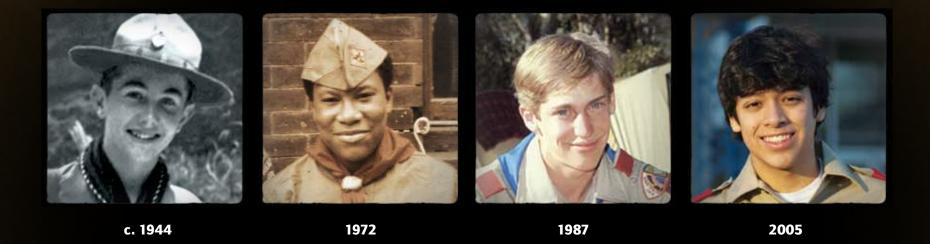






# celebrating the adventure









For just under a century, the Boy Scouts of America has challenged the imagination of millions of young men throughout our nation. Throughout its existence, the BSA has helped inspire dreams, build lifelong friendships, and shape future leaders. Many things have changed since Robert Baden-Powell led the first group of ambitious boys on a weeklong campout at Brownsea Island, but the ideals he instilled remain. Today's Scout continues to thrive by keeping good morals, a love for his country, and a trust in God. As we look ahead to the next 100 years, we also look back to where we've been . . . and celebrate the adventure.



In 1939—deep in the Great Depression—the Boy Scouts of America opened what would become Philmont Scout Ranch. Fewer than 200 Scouts visited Philmont that first summer, but optimistic ranch employees launched a building program that fall, knowing better times were coming.

In 2009—deep in what some have called the Great Recession—we announced the creation of a new highadventure base, The Summit Bechtel Family National Scout Reserve, in West Virginia. Like our forebears, we know that better times are coming.

During a century of service to America, we have faced challenges and seized opportunities. We have grown, and we have changed. In 2009, our 99th year, we've reflected on the lessons of the past and looked for ways to apply those lessons to the future.

Better times are indeed coming for America and for Scouting. We invite you to join us as we celebrate the adventure and continue the journey.

"A Scout is cheerful," proclaimed the 1911 Handbook for Boys. "He smiles whenever he can." That sentiment is as true for today's Scouts as it was for these Explorers at the 1953 National Scout Jamboree.



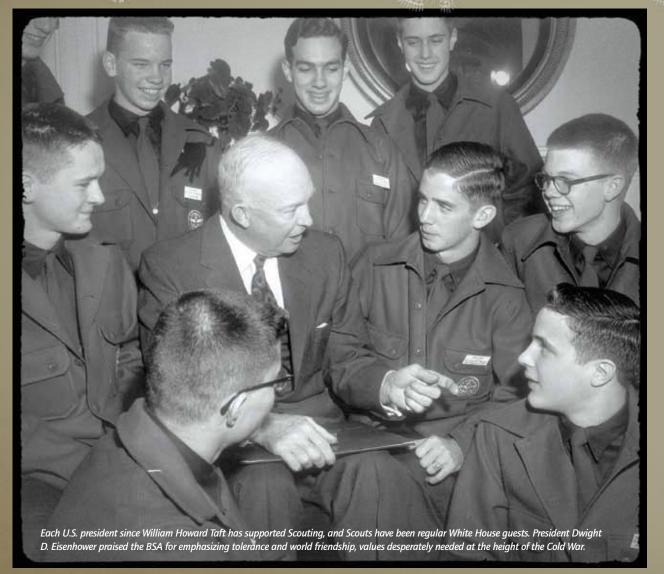
**John Gottschalk** President



Robert J. Mazzuca Chief Scout Executive



**National Commissioner** 



# - Who We Are

With the support of more than 1.1 million volunteers and 118,288 national community organizations, the Boy Scouts of America provides educational programs for approximately 2.9 million young people in building character, developing leadership capabilities, training in the responsibilities of active citizenship, and developing personal fitness. As part of our Good Turn for America national service initiative, we have contributed more than 8.5 million community service hours to issues that address hunger, inadequate housing, poor health, the environment, and emergency preparedness since the program began in February 2004.

# **₩ Who We Served in 2009**

1,634,951 boys ages 7 to 10 in Cub Scouting

898,320 boys ages 11 to 17 in Boy Scouting and **Varsity Scouting** 

257,361 young men and women ages 14 to 20 in Venturing and Sea Scouting

848,688 boys and girls in elementary through high school in Learning for Life character education programs

121,407 young men and women ages 14 to 20 in Exploring career-based programs

# **₩ What We Promise**

The BSA prepares young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Scout Law.

# :: What We Delivered in 2009

### National Service

Eagle Scout is the highest attainable rank in Boy Scouting, and Scouts must demonstrate proficiency in leadership, service, and outdoor skills at multiple levels before achieving the Eagle rank. In 2009, a record-high 52,470 Scouts earned the Eagle badge and the 2 millionth Eagle Scout was named (the first Eagle badge was awarded in 1912). In addition to the 21 life skills badges required to earn Eagle rank, each Scout must complete an extensive service project that he plans, organizes, leads, and manages before his 18th birthday. In 2009, Eagle Scout service projects provided approximately \$47 million in service to communities across the nation (based on an average national value of \$20.25 per volunteer hour).

# **Conservation and Outdoor Programs**

Preserve America's Waterways is one of the most ambitious projects of its kind and challenges communitybased youth organizations to give back 1 million community service hours preserving and protecting our nation's waterways. In 2009, Scouts alone contributed more than 700,000 hours to projects which had an impact in, on, and under the water streams, lakes, oceans, and other bodies of water. This was done in cooperation with local marinas, Army Corps of Engineers' facilities, local community parks, and state and federal properties.

# **Healthy Living**

In keeping with our Scout Oath of being physically strong, mentally awake, and morally straight, we created an online physical wellness training course and recommended physical standards for outdoor activities. The course helps define physical wellness, nutrition, and the importance of self-responsibility. The standards focus on optimum height and weight ratios for Scouts to participate in various outdoor programs. To combat smoking among young people, our Smoking Stinks program included distribution of posters showing the results of smoking on the human

body, the addition of educational text and requirements about substance abuse in seven life skills badges, and a nationwide video contest through *Boys' Life* magazine.

# Community Involvement

Our collaboration with more than 118,000 educational, faith-based, and other national community organizations enables them to use the Scouting program under their own leadership in service to their members. As our nation becomes increasingly diverse, we are working with our local councils and several national Hispanic community organizations, such as the League of United Latin American Citizens (LULAC), to promote leadership development, personal fitness, and education for Hispanic youth and their families in Scouting.

# Multicultural Emphasis

The BSA is a member of the World Organization of the Scout Movement, which boasts a membership of approximately 28 million members from 220 countries and territories around the globe. As one of the larger Scout associations in world Scouting, we support the growth and development of Scouting in those countries seeking assistance. Additionally, one of our members is the chairman of the 12-member world Scouting governing board. Here at home, we have developed publications in 21 different languages.

# **Education Outreach**

Scouting has always encouraged a balanced mix of academics and sports along with active participation from parents. In all of our programs, more than half of the 125 life skills badges are related to science, technology, engineering, and math, including robotics, geology, and composites. ScoutParents, our national parent initiative, emphasized capturing a parent's interest and support in becoming more involved and committed to the success of their child's Scouting experience. A total of 454,488 parents of Scouts made a commitment to be active as a ScoutParent.



The BSA's 1916 federal charter mandates annual reports to Congressreports that are delivered by Scout delegates from across America. Among those presenting the 2009 Report to House Speaker Nancy Pelosi were National Venturing President Matthew McGroarty, Life Scout Colin Byers, National Sea Scout Boatswain Connor Rieve, and Webelos Scout Edward Myers. Here, Order of the Arrow National Chief Brad Lichota presents Speaker Pelosi with a campership certificate in her honor.

# **::** A Century of Service

In 1910, no one imagined that one boy's good deed would spark a movement that has impacted more than 100 million American young people. True to Scouting principles, our 100th Anniversary will celebrate how we have prepared them to live, work, and play with character and integrity as well as educate them about global poverty and disease through our collaboration with the United Nations Foundation malaria-prevention campaign, Nothing But Nets. Since our founding, we have taught the importance of putting others before yourself and doing what is right, even if it is the hard thing to do. Scouting is as vital and relevant today as when our journey began, and we will continue to quide America's young people during our next century of service.

PHILMONT SCOUT RANCH BOY SCOUT CAMP A 127,000 acre training and recreational area owned by the Boy Scouts of America Like the BSA's new high-adventure base in West Virginia, Philmont Scout Ranch opened at a time of great economic uncertainty. As Philmont benefactor Waite Phillips once said, "Nothing worthwhile was ever accomplished without the will to start, the enthusiasm to continue and, regardless of temporary obstacles, the persistence to complete."

Each year, a million visitors flock to West Virginia's New River Gorge to enjoy whitewater rafting, rock climbing, fishing, and other activities. They'll soon be joined by thousands of Boy Scouts and Venturers.

In November 2009, the BSA announced plans to build a new high-adventure base, The Summit Bechtel Family National Scout Reserve, near Beckley, W. Va. Adjacent to 70,000 acres of National Park Service land, the 10,600-acre site will offer world-class outdoor opportunities when it opens in 2013.

And it will do even more than that. The Summit will also become the permanent site of the National Scout Jamboree that summer, replacing Fort A. P. Hill, where jamborees have been held since 1981. And it eventually will house the BSA's new Center for Leadership Excellence, a facility that will greatly expand opportunities for leadership and outdoor skills training.

Before selecting the West Virginia site, a task force combed through 80 proposals from 28 states, looking for just the right combination of natural beauty, recreational opportunities, and access to highways, airports, and medical facilities. Land acquisition and initial development is being made possible by a \$50 million gift from Distinguished Eagle Scout Stephen D. Bechtel Jr. and his S. D. Bechtel Jr. Foundation. This foundation gift is the largest in BSA history, and it will impact the lives of generations of Scouts and Scouters in the BSA's second century and beyond.



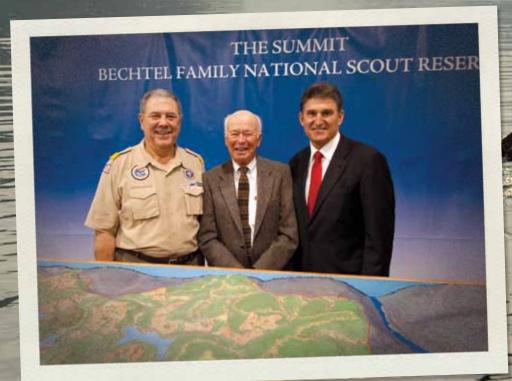
# :: The Jamboree Goes High-Tech

Planning intensified this year for the 2010 National Scout Jamboree, which promises to be the safest and most fun-filled jamboree yet. It also will be the most technologically advanced.

All registration, training, and communications are being handled online for the jamboree's 43,000 Scouts and adult leaders. The jamboree site will feature enhanced cell-phone coverage and wireless Internet access, allowing participants to more easily share the fun and excitement of the event with friends and family back home.

One of just 14 American Heritage Rivers, the New River flows near the BSA's planned high-adventure base in West Virginia. This mecca for paddlers will be one of many attractions at The Summit Bechtel Family National Scout Reserve.

On hand for the November announcement of the BSA's newest high-adventure base were Chief Scout Executive Bob Mazzuca, lead donor Stephen D. Bechtel Jr., and West Virginia Gov. Joe Manchin. "I'm blessed to be able to give back," Bechtel said. "I'm proud to help return the many gifts Scouting provided to me."



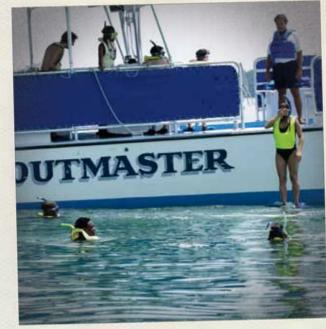
# More than 20,000 Scouts and leaders hike Philmont Scout Ranch's trails each year. Many of them, like these Scouts from the 1950s, linger beside the Cimarroncito Reservoir and Cathedral Rock, one of Philmont's most iconic locales. **8** 2009 BSA Annual Report

Economic challenges couldn't stop more than 49,000 Scouts and Scouters from visiting the BSA's three high-adventure bases in 2009. Philmont Scout Ranch and the Northern Tier High Adventure bases enjoyed their third-highest attendance totals in history, while the Florida National High Adventure Sea Base set a new attendance record.

Participants were attracted by many things: the rugged beauty of the Sangre de Cristo Mountains, the exquisite solitude of the Boundary Waters Canoe Area Wilderness, the warm breezes of the Florida Keys. Most of all, they were attracted by the opportunity to challenge themselves, to expand their skills, and to refresh their souls.

While continuing to offer such timeless opportunities, the BSA's high-adventure program also evolved in 2009. Philmont unveiled its Philmont Leadership Challenge training program for adults this year, building on the success of the National Advanced Youth Leadership Experience program. Sea Base launched the Order of the Arrow Ocean Adventure and continued to expand its popular Scuba Live Aboard and Florida Fishing Adventure programs. Northern Tier added four new Autumn Rendezvous activities, ranging from weekend escapes to 10-day treks.

The high-adventure bases evolved behind the scenes as well, with more streamlined registration and an improved participant experience. Most notably, Philmont opened a state-of-the-art infirmary, only the third licensed health facility of its kind in New Mexico.



From humble beginnings in 1975, the Florida National High Adventure Sea Base has grown into a year-round hub of aquatic adventure. Each year, thousands of Scouts travel to the Florida Keys and the Bahamas for unparalleled sailing, scuba, camping, and fishing adventures.

Each base has an active alumni association that preserves its history, provides financial support, and helps promote its programs. In 2009, those groups strengthened their mutual ties, sharing resources and ideas for providing even better support to the special places they love. The groups also launched an exchange program that allows alumni from each base to participate in high-adventure programs at the other two sites.

In *High Country*, the Philmont Staff Association's magazine, PSA President Jim Lynch mused about swapping his hiking boots for deck shoes on a future Sea Base adventure. "It might be as nice to see sunrise at sea as it is from Baldy Mountain," he wrote.



# More than 2 million young men, including this Scout from the 1960s, have stood before their Scoutmasters and received the Eagle Scout Award. It's a moment that marks the end of a journey and the beginning of a lifetime of service. **10** 2009 BSA Annual Report

For most Boy Scouts, the Eagle Scout leadership service project marks the final stop on a long journey or, depending on one's perspective, the first step toward a lifetime of service. Over the years, generations of Scouts have built nature trails, restored cemeteries, or installed birdhouses to fulfill their service requirement. While those project ideas remain popular, many of today's Scouts are choosing projects that are closer to their hearts—even if they are on the other side of the world.

In August, Maryland Scout Alex Griffith traveled to Krasnoyarsk, Russia, to build a playground at the children's hospital where he'd spent his earliest months. Adopted before his first birthday, Alex had long dreamed of giving back to the facility. To make that dream a reality, he raised nearly \$63,000, enlisted the help of 634 volunteers from 23 states and five countries, and overcame red tape, language problems, and his own struggle with attention deficit disorder and impulse control.

While Alex was planning the playground, Madison, N.J., Scout Teddy Bogdanski was training volunteers to create a three-dimensional map of his city's downtown district. Mayor Mary-Anna Holden, who was one of Teddy's volunteers, said the map will help with everything from city planning to tourism promotion.

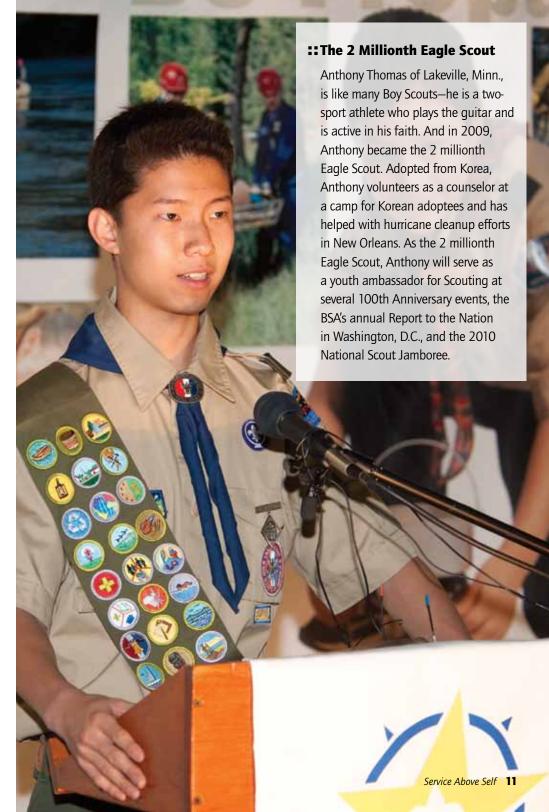
Scouts complete some 50,000 Eagle Scout service projects a year. That means that every day, dozens of Scouts are mapping their cities, building playgrounds, or blazing trails across America and around the globe.



For his Eagle Scout service project, Alex Griffith built a playground in the city of his birth, Krasnoyarsk, Russia. But he did more than that. He also forged ties of friendship between Russia and America, ties that are symbolized at the playground in carvings of a Russian bear and a bald eagle.



To become Eagle Scouts, many young men blaze nature trails or spruce up historic cemeteries. Teddy Bogdanski took another tack, using computer technology to create a 3-D map of his hometown, Madison, N.J.





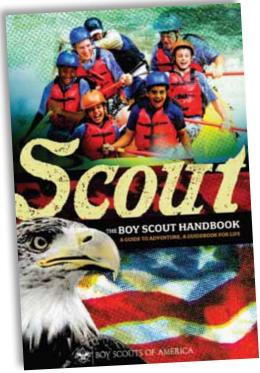
Early Scouts communicated using the dots and dashes of Morse code. Today's Scouts use the bits and bytes of computers. In 2009, the BSA launched technology initiatives to reach prospective Scouts, engage current Scouts and Scouters, and support local councils.

Featured prominently on the BSA Web site, Words to Live By is a new recruitment campaign that uses striking photographs and clever slogans to illustrate the fun and adventure of Scouting while highlighting the program's values. The campaign includes an array of fliers, banners, billboards, Web site banner ads, and public service announcements local councils can adapt for their own use.

Words to Live By works hand in hand with Brand on Demand, a new service that lets local councils create brand-consistent, cost-effective marketing pieces. Through the service, a local council staff member can select a template, enter council-specific information like dates, times, and locations, and send a print-ready document directly to a commercial printer or save it for later use. Offered free to local councils, Brand on Demand simplifies the creation of marketing materials and helps the BSA build a strong, consistent national brand.

Morse code was a second language to generations of Scouts, including these World War II-era Scouts, shown with a signaling mirror. Today's Scouts seldom use signaling mirrors, Morse code, or semaphore flags, but they're as interested as ever in communicating with one another.





One of the most recognizable symbols of the Scouting brand, the Boy Scout Handbook, got a high-tech makeover in 2009. The 475-page book, which combines vintage images with the latest in outdoor techniques, features an interactive companion Web sitethe first of its kind for the BSA. The site, www.bsahandbook.org, offers videos, expanded content, and links to other sites of interest, making the handbook more useful than ever. In another first, the new handbook is also available as an application on Apple's iPhone, the platform of choice for many of today's Scoutskids who never experienced the predigital world.

# ::Online and On the Go

As 2009 ended, more than 50,000 people a day were connecting with the BSA through its presence on Twitter, Facebook, and YouTube. Some received Twitter updates about the 100th Anniversary Celebration. Others gave shout-outs to their local units on the BSA's Facebook page. Still others watched YouTube videos introducing the BSA's partnership with the United Nations Foundation's malaria-prevention program, Nothing But Nets. With these amazing social-media tools, Scouts, adult leaders, parents, and alumni can now interact with the BSA whenever and wherever they like.





# lue o scout During 1941, Scouts like these distributed more than 1.6 million posters advertising defense bonds and stamps. It was just one of 69 war-related projects the BSA completed before the end of World War II. The service has continued ever since with conservation projects, get-out-the-vote campaigns, and drives like Scouting for Food. 14 2009 BSA Annual Report



# ::Zachariah Lynch

When 2-year-old Ephraim Lynch fell in a pond near his Westerly, R.I., home, the only person in sight was his 6-year-old brother, Zachariah, a Cub Scout. Fortunately, that was all the help Ephraim needed.

Remembering his Scouting skills, Zach reached down, grabbed Ephraim, and started screaming for help. When no help arrived, he summoned all his strength and pulled Ephraim to safety.

Zach received the BSA's Heroism Award, but he doesn't think of himself as a hero. "He was just trying to make sure his brother was OK," his mother, Zina, said.



# ::Leonard Thompson

Broken homes and broken lives plaque Leonard Thompson's south Dallas neighborhood. Many boys there, he says, barely know what a father is.

Some, however, have the next best thing in Leonard, the founding Scoutmaster of Troop 3223 at Porter Temple CME Church. Through outings, service projects, and personal example, Leonard is teaching his 25 Scouts a different way to live.

"You couldn't ask for nothing better for a boy than Scouting," he said. "It's something that will stay with you all your life."



Andrew Zimbek learned many lessons on his way to becoming an Eagle Scout. But the lessons he taught the other members of Troop 412 in Olathe, Kan., might be even more valuable.

He taught them that it's OK to do things a little slower. He taught them that there is ability in disability. He taught them that autism might describe him, but it will never define him.

Over time, the other Scouts even forgot about the tics Andrew's autism caused. "They didn't see them or recognize them," said chartered organization representative Chris Foote.





# :: Venturing Mentors

Each week, the members of Venturing Crew 4 in Marin County, Calif., help school-age children with homework, with sports, and with life. The crew is one of three resulting from a new partnership between the BSA's Marin Council and Big Brothers Big Sisters of the North Bay.

In 2009, the California Venturers spent thousands of hours offering friendship and support to 73 at-risk "Littles." They also enjoyed the best Scouting has to offer, including leadership training, outdoor opportunities, and—most importantly—the satisfaction of serving others.

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In 2009, the BSA kicked off a celebration that's been 100 years in the making. To commemorate the 100th Anniversary, a multifaceted campaign was designed to engage members, alumni, and the general public.

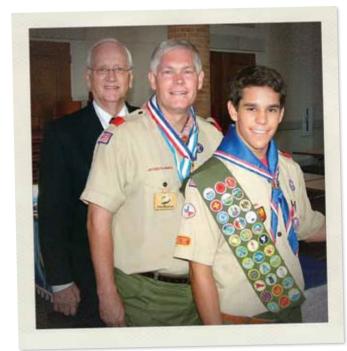
Although the celebration formally kicked off on December 10 with an Internet-based audiocast rally, the engagement began even earlier. By the end of the year, 22,326 alumni had registered through the Alumni Connection program, 23,742 ribbons had been earned through the Year of Celebration program, 2,330 individuals had been nominated to the Hall of Leadership, and thousands of trees had been slated for planting in the BSA Centennial Forest in Montana. Moreover, a promotional campaign had already yielded 203 million positive impressions through 1,830 unique print, broadcast, and online media hits.

In the 1920s and 1930s, many Scout troops formed their own bands and orchestras, some of which evolved into today's top drum and bugle corps. In 2009, the BSA began striking up the band to celebrate our 100th Anniversary.

During the year, plans were also finalized for Adventure Base 100, which will bring an interactive Scouting experience to communities across America. The 10,000-square-foot Adventure Base 100 campus includes a ropes course, interactive digital exhibits, a multisensory IMAX-like dome, and historic artifacts from the National Scouting Museum. Between the Tournament of Roses parade in January and a stop in New York City in November, Adventure Base 100 will visit more than 40 cities during 2010.



Throughout 2010, Adventure Base 100 will tour America, sharing the Scouting story with past, present, and future Scouts. Among the most popular components of Adventure Base 100 is this compact yet challenging ropes course.







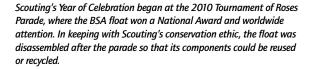
Capping off the year, the U.S. Mint and U.S. Postal Service unveiled commemorative coin and stamp designs. Sales of the coins are expected to generate donations of up to \$3.5 million to grow Scouting in hard-to-serve communities—a perfect example of how the 100th Anniversary is helping the BSA celebrate the adventure and continue the journey of Scouting.

# **::**Generations Connection

The Generations Connection program celebrates the shared values, strong ties, and great memories fostered in Scouting families. One such family, the Sessions family of Texas, boasts three generations of Eagle Scouts, including former FBI Director Judge William S. Sessions and his son, U.S. Congressman Pete Sessions.

Both Judge Sessions and Congressman Sessions credit Scouting with helping to bridge generations and strengthen their family. "Scouting connects our family as sure as DNA," Judge Sessions said. "I've had the privilege to share many Scouting adventures with my sons and grandsons, and it has brought our family closer together."

The 100th Anniversary Celebration is highlighting Scouting's impact across generations of countless families. One such family includes former FBI Director Judge William S. Sessions, U.S. Congressman Pete Sessions, and Eagle Scout Bill Sessions.



# A World War II-era Scout prepares to start a fire as an older Scout lo stopwatch in hand. Through timeless activities like fire-building competition Scouts learn confidence, skills, and the importance of being prepared. **18** 2009 BSA Annual Report

# boy scouts of america annual traditional membership summary

At December 31			
Registered Youth	2008	2009	Gain/Loss
Tiger Cubs	231,471	232,075	0.3
Cub Scouts	798,060	769,777	-3.5
Webelos Scouts	636,104	633,099	-0.5
Total Cub Scout-Age Youth	1,665,635	1,634,951	-1.8
Boy Scouts	844,939	838,080	-0.8
Varsity Scouts	60,940	60,240	-1.1
Total Boy Scout-Age Youth	905,879	898,320	-0.8
Venturers	261,122	257,361	-1.4
Total Traditional Scouts	2,832,636	2,790,632	-1.5
Registered Adults	2008	2009	Gain/Loss
Cub Scout Leaders	470,400	465,106	-1.1
Boy Scout Leaders	528,534	510,460	-3.4
Varsity Scout Leaders	23,392	23,027	-1.6
Venturing Leaders	65,621	64,360	-1.9
Council Leaders	44,356	45,055	1.6
Total Traditional Leaders	1,132,303	1,108,008	-2.1
Registered Units	2008	2009	Gain/Loss
Cub Scout Packs	50,213	49,037	-2.3
Boy Scout Troops	41,628	40,977	-1.6
Varsity Scout Teams	8,423	8,522	1.2
Venturing Crews	19,998	19,752	-1.2
Total Traditional Units	120,262	118,288	-1.6

Statistics for individuals represent individual programs in which youth and adults are registered at yearend. An individual may be simultaneously registered in more than one program.

# learning for life annual participation summary

# At December 31

Youth Participants	2008	2009	Gain/Loss
Elementary	604,334	449,756	-25.6
Middle/Junior High	184,597	127,242	-31.1
High School	350,111	231,744	-33.8
Explorers	146,564	121,407	-17.2
Special Needs	56,616	39,946	-29.4
Total Youth Participants	1,342,222	970,095	-27.7
Adult Participants	2008	2009	Gain/Loss
Elementary	3,365	2,055	-38.9
Middle/Junior High	1,225	823	-32.8
High School	1,229	706	-42.6
Explorers	33,475	29,963	-10.5
Special Needs	1,364	948	-30.5
Total Adult Participants	40,658	34,495	-15.2
Participant Groups	2008	2009	Gain/Loss
Elementary	2,514	1,911	-24.0
Middle/Junior High	1,131	795	-29.7
High School	980	595	-39.3
Explorers	6,857	6,137	-10.5
Special Needs	1,314	974	-25.9
Total Learning for Life Groups	12,796	10,412	-18.6

Learning for Life is a corporation affiliated with the Boy Scouts of America that offers career and character education programs.





# 2009 report of the treasurer and consolidated financial statements

The National Council is well positioned to continue its support of the 299 local Boy Scout councils. In 2009, the organization continued its internal reorganization begun in 2008. It relocated its four regional operations from being in separate regional offices to instead residing within the National Office. This and other organizational changes positioned its staff to continue better serving local councils and promoting the Scouting brand, particularly in preparation for the 100th Anniversary Celebration of Scouting in America in 2010.

Also in 2009, the National Council looked further to the future and purchased land in West Virginia to be a new high-adventure base, The Summit Bechtel Family National Scout Reserve (the Summit), and a permanent home for the National Scout Jamboree. This is a very exciting development for which the major support that has been provided is apparent in a number of places in the financial statements. Amidst all this, the Boy Scouts continued to deliver an exciting and valuable program to young people in 2009, with youth members and Explorers registered in approximately 2,912,000 individual programs. Moreover, adult leaders providing support to these youth were registered in approximately 1,138,000 individual programs. Over 49,000 Scouts and Scouters attended national high-adventure bases.

The following further discusses sources, uses, and stewardship of the National Council's resources during 2009.

# *Unrestricted net assets:*

Unrestricted net assets, which include general operations and other unrestricted net assets, increased overall by \$84,644,000 during 2009. The investment portfolios within other unrestricted net assets account for the majority of this increase; however, the day-to-day

activities of general operations did generate a surplus available for appropriations of \$10,556,000 during 2009, an increase of \$9,446,000 from 2008. General operating surpluses are important for two reasons: (1) demonstrating fiscal responsibility in ensuring adequate resources are available to satisfy all obligations, and (2) enabling special initiatives such as the 100th Anniversary Celebration and capital improvements that otherwise might not be possible.

Other unrestricted net assets comprise funds previously appropriated by the Board, such as for endowment, land, buildings and equipment, and special program and administrative initiatives. Also included are funds related to the Retirement Benefits Trust (RBT), the General Liability Insurance Program (GLIP), and self-funding events, such as the world and national jamborees or Top Hands.

### Revenues

Fees decreased \$3,004,000 or 3.8 percent from 2008 to 2009. This correlates with a decline in membership.

Net results of Supply operations increased \$9,614,000 to \$28,953,000 from its 2008 amount of \$19,339,000 due to increases in wholesale and retail sales.

Magazine publications' net operating results decreased by \$97,000 from 2008 to 2009, primarily due to a decline in advertising sales.

Contributions from local councils related to the RBT decreased by \$2,374,000 as a result of decreasing the percentage contribution directed to the RBT and increasing the funding to the pension plan, which is not included within these financial statements.

Net investments reported gain/loss went from a 2008 loss of \$146,005,000 to a \$97,130,000 gain for 2009. The total return for investments held in the unrestricted endowment was 23.9 percent during 2009 compared with a 27.7 percent loss during 2008. The endowment, RBT, and GLIP investments are among the designated assets within this portfolio, and these are overseen by a committee of the Board that also oversees restricted investment portfolios. The related investment purchases and sales are primarily the result of the decisions of investment managers in fulfilling their investment mandates.

# **Expenses**

Due to the uncertain nature of the current economic environment, the National Council maintained its daily operations below its 2008 levels in the areas of payroll, benefits, travel, and office expenses.

Total expenses decreased by \$13,301,000 in 2009, down from \$153,946,000 during 2008. Overall, total program services expenses accounted primarily for the decline while supporting services expenses decreased by \$232,000 in 2009. Nearly \$12,200,000 of the program services expense decrease from 2008 can be attributed to the combination of a decrease in the GLIP reserve requirement and no GLIP dividend in 2009.

# **Board actions during 2010**

At its February 2010 meeting, the National Executive Board appropriated the aforementioned \$10,556,000 surplus generated from general operations along with \$191,000 in remainder funds from prior appropriations as follows: \$5,022,000 for program development and program marketing initiatives, \$1,080,000 for administrative initiatives, and \$4,645,000 for 100th Anniversary Celebration initiatives.



Net assets restricted by donors are either permanently restricted (endowment) and may not be spent or they are temporarily restricted and their use is restricted to a specific purpose or during a specific time period.

Temporarily restricted contribution income increased to \$49,530,000, an increase of \$40,733,000 from 2008 donation levels. The majority of this represents pledges receivable that are designated for the Summit.

During 2009, \$4,625,000 of temporarily restricted net assets was used for donor-specified purposes, compared with \$3,922,000 in 2008.

Overall, net assets restricted by donors increased in 2009 by \$60,420,000 to a total of \$125,468,000.

# Total net assets:

The National Council's total net assets increased in 2009 by \$145,064,000 compared to a decrease of \$191,924,000 in 2008. As mentioned earlier, during both 2008 and 2009, a significant portion of the changes in the National Council's net assets was attributable to investment performance of the endowment and other investment portfolios. In 2009, the organization totaled \$112,119,000 in investment gains compared with a loss in 2008 of \$171,915,000.

# :: Financial Condition, Liquidity, and Capital Resources

Cash and cash equivalents increased by \$23,597,000 during 2009. \$29,458,000 of cash was provided by operations during 2009. Management believes that cash generated from operations, together with liquidity provided by existing cash balances, will be sufficient to satisfy its liquidity requirements during the next 12 months.

In 2009, \$21,075,000 was borrowed to finance the purchase of the land for the Summit. The organization did repay \$5,850,000 of this debt in January 2010. Total projected cost for the Summit is approximately \$176,000,000 through December 31, 2013. Funding of the Summit will be provided through a combination of debt financing and donations.

In addition to the land purchase, capital is required to expand, improve, or replace the National Council's high-adventure facilities, its distribution center and retail stores (Scout shops), and the rest of its infrastructure in order to maintain a high level of service to its constituents. During 2009, the National Council added \$32,106,000 to its properties. It sold one of its regional facilities and intends to sell the remaining three in 2010. With the exception of the aforementioned land purchase, these capital investments were funded from existing cash balances.

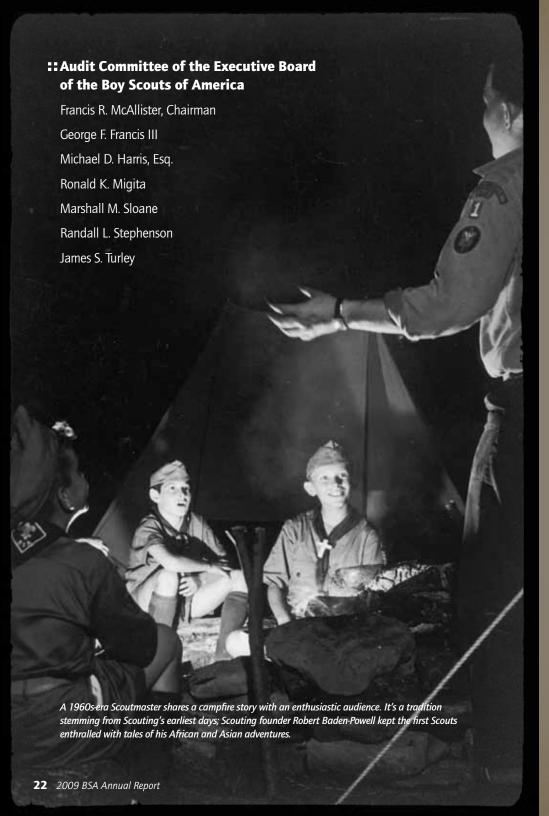
The National Council remains in solid financial condition, thanks to the efforts of the National Executive Board, Advisory Council, other dedicated volunteers, and staff who make Scouting what it is. A strong National Council helps to make sure the Scouting program remains effective and true to its mission.

Respectfully,

Aubrey B. Harwell Jr. Treasurer

March 18, 2010





# audit opinion

2001 Ross Avenue Suite 1800 Dallas, Texas 75201-2997 Telephone 214-999-1400



To the Executive Board of the Boy Scouts of America

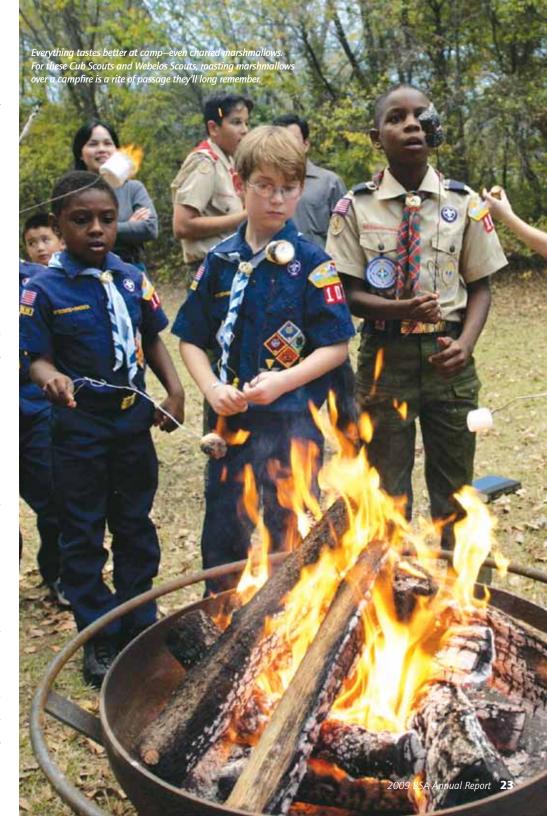
In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of revenues, expenses and other changes in net assets, functional expenses, and cash flows present fairly, in all material respects, the financial position of the Boy Scouts of America and its subsidiaries at December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Boy Scouts of America's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Boy Scouts of America 2008 financial statements, and in our report dated March 18, 2009, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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March 18, 2010

# consolidated balance sheet

December 31 (In thousands)	2009	2008
Assets		
Cash and cash equivalents	\$47,369	\$23,772
Investments, at fair value including collateral for securities on loan of \$40,305 (2008—\$36,867) (Note 2)	632,959	519,692
Accounts receivable, less allowance of \$121 (2008–\$122)	25,264	18,111
Pledges receivable, less discount of \$6,556 (2008—\$257) (Note 14)	42,419	966
Other receivables	1,418	1,449
Inventories, less provision for obsolescence of \$3,850 (2008-\$1,905)	50,915	53,844
Land, buildings, and equipment, net (Note 4)	100,183	80,523
Other	28,688	16,646
Total assets	\$929,215	\$715,003
Liabilities and Net Assets		
Accounts payable and accrued liabilities	46,542	37,105
Unearned fees and subscriptions	61,291	34,675
Notes payable (Note 15)	21,075	0
Insurance reserves (Note 7)	65,529	68,176
Payable upon return of securities loaned (Note 2)	<u>40,305</u>	36,867
Total liabilities	234,742	176,823
Local councils' minority interest in limited partnership	14,494	3,265
Net assets:		
Unrestricted (Note 9):		
General operations	35,787	27,048
Board designated	<u>518,724</u>	442,819
Total unrestricted	554,511	469,867
Temporarily restricted (Note 10)	64,308	15,077
Permanently restricted (Note 10)	<u>61,160</u>	49,971
Total net assets	679,979	534,915
Total liabilities and net assets	\$929,215	\$715,003



# consolidated statement of revenues, expenses, and other changes in net assets

Year ended December 31, 2009 (with comparative totals for 2008) (In thousands)	Unrestricted (Note 9)	Temporarily Restricted (Note 10)	Permanently Restricted (Note 10)	Total 2009	Total 2008
Revenues:					
Fees (Note 5)	\$76,757			\$76,757	\$79,761
Supply operations—Sales	143,333			143,333	124,229
Cost of sales and expenses	(114,380)			(114,380)	(104,890)
	28,953			28,953	19,339
Magazine publication—Sales	16,844			16,844	17,820
Cost of production and expenses	(14,916)			(14,916)	(15,795)
Dativament Danafta Trust Contributions from local souncils (Note 11)	1,928 8,423			1,928 8,423	2,025 10,797
Retirement Benefits Trust—Contributions from local councils (Note 11) Contributions and bequests	8,423 4,375	\$49,530	\$526	8,423 54,431	15,255
Other—Including trading post sales	8,072	\$45,550	\$J2U	8,072	11,664
Cost of sales and expenses	(3,237)			(3,237)	(5,105)
	4,835			4,835	6,559
Total revenues before net investment gain (loss)	125,271	49,530	526	175,327	133,736
Net investment gain (loss)	97,130	4,326	10,663	112,119	(171,915)
Total revenues (losses)	222,401	53,856	11,189	287,446	(38,179)
Net assets released from restrictions:					
Donor restrictions satisfied	4,625	(4,625)			
Expenses:					
Program services:					
Field operations	33,274			33,274	39,368
Human resources and training	9,196			9,196	11,026
Program development and delivery	55,651			55,651	51,754
Program marketing	9,018			9,018	9,981
World Scout Bureau fees	1,361			1,361	1,344
Insurance programs—Losses and costs (Notes 7 and 8)	21,830			21,830	29,986
Premiums	(6,000)			(6,000)	(6,060)
	15,830			15,830	23,926
Total program services	<u>124,330</u>			<u>124,330</u>	137,399
Supporting services:	14 500			14502	16.067
Management and general	14,502 1,813			14,502 1,813	16,067 480
Fundraising Total supporting services	16,315			1,615 16,315	16,547
Total expenses	140,645			140,645	153,946
Change in net assets including local councils' minority interest	86,381	49,231	11,189	146,801	(192,125)
Less: local councils' minority interest in limited		13,231			(192,129)
partnership gain/(loss)	1,737			1,737	(201)
Change in net assets	84,644	49,231	11,189	145,064	(191,924)
Net assets, beginning of year	469,867	15,077	49,971	534,915	726,839
Net assets, end of year	\$554,511	\$64,308	\$61,160	\$679,979	\$534,915

The accompanying notes are an integral part of these consolidated financial statements.

# consolidated statement of functional expenses

Years ended December 31, 2009 and 2008	(In th	iousands)						
Program Services	Field O	perations		Resources raining		Development Delivery	Program	Marketing
	2009	2008	2009	2008	2009	2008	2009	2008
Salaries Benefits Travel Office expense and occupancy Depreciation and amortization Insurance losses and costs Premiums Net insurance programs All other expenses Allocated expenses <sup>1</sup>	\$16,225 4,289 2,945 6,190 896	\$17,082 5,129 3,793 6,957 1,330 5,098 (21)	\$4,160 1,251 564 468 208 2,777 (232)	\$4,462 1,435 789 1,042 288 3,203 (193)	\$16,241 4,379 868 4,017 2,532 25,296 2,318	\$14,244 3,573 1,027 4,572 2,425 23,825 2,088	\$3,533 899 534 1,465 297 2,920 (630)	\$4,769 1,086 464 1,813 364 1,980 (495)
Total expenses	\$33,274	\$39,368	\$9,196	\$11,026	\$55,651	\$51,754	\$ 9,018	\$9,981

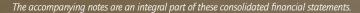
<b>Program Services</b>	World Scout	World Scout Bureau Fees		Insurance Programs		ram Services
	2009	2008	2009	2008	2009	2008
Salaries					\$40,159	\$40,557
Benefits					10,818	11,223
Travel					4,911	6,073
Office expense and occupancy					12,140	14,384
Depreciation and amortization					3,933	4,407
Insurance losses and costs			\$21,830	\$29,986	21,830	29,986
Premiums			(6,000)	(6,060)	(6,000)	(6,060)
Net insurance programs			15,830	23,926	15,830	23,926
All other expenses	\$1,361	\$1,344			35,145	35,450
Allocated expenses <sup>1</sup>					1,394	1,379
Total expenses	\$1,361	\$1,344	\$15,830	\$23,926	\$124,330	\$137,399

Supporting Services	Managemer	nt and General	Fundr	aising	Total Suppo	rting Services	Total	Expenses
	2009	2008	2009	2008	2009	2008	2009	2008
Salaries Benefits Travel Office expense and occupancy Depreciation and amortization Insurance losses and costs Premiums	\$12,589 2,923 711 2,882 1,621	\$14,300 3,180 886 1,927 1,483	\$1,077 250 118 52 4	\$319 100 29 7 1	\$13,666 3,173 829 2,934 1,625	\$14,619 3,280 915 1,934 1,484	\$53,825 13,991 5,740 15,074 5,558 21,830 (6,000)	\$55,176 14,503 6,988 16,318 5,891 29,986 (6,060)
Net insurance programs All other expenses Allocated expenses <sup>1</sup>	3,522 (9,746)	3,854 (9,563)	312	24	3,834 (9,746)	3,878 (9,563)	15,830 38,979 (8,352)	23,926 39,328 (8,184)
Total expenses	\$14,502	\$16,067	\$1,813	\$480	\$16,315	\$16,547	\$140,645	\$153,946

<sup>&</sup>lt;sup>1</sup>Certain expenses have been allocated to Supply operations, Magazine publications, and Program services. The accompanying notes are an integral part of these consolidated financial statements.

# consolidated statement of cash flows

Years ended December 31, 2009 and 2008	(In thousands)			
	2009	2008		
Cash Flows from Operations:				
Change in net assets	\$145,064	\$(191,924)		
Adjustments to reconcile change in net assets to net cash provided (used) by operations:				
Depreciation and amortization	7,593	7,822		
Net (gains) losses on sales of securities and unrealized changes in the fair value of investments	(94,472)	190,900		
Interest and dividends reinvested	(7,727)	(8,313)		
Contributions to the permanently restricted endowment	(493)	(2,666)		
Contributions restricted for purchases of fixed assets	(2,731)	(286)		
Losses on disposal of assets	140	44		
Local councils' minority interest in partnership gain/(loss)	1,737	(201)		
Changes in assets and liabilities:				
(Increase) in accounts receivable	(7,153)	(4,172)		
(Increase) decrease in pledges receivable	(41,453)	69		
Decrease in other receivables	31	562		
Decrease (increase) in inventories	2,929	(2,016)		
(Increase) in other assets	(7,413)	(1,334)		
Increase (decrease) in accounts payable and accrued liabilities	9,437	(4,939)		
Increase in unearned fees and subscriptions	26,616	1,143		
(Decrease) increase in insurance reserves	(2,647)	5,924		
Net cash provided (used) by operations	29,458	(9,387)		
ash Flows from Investing:				
Additions to properties	(18,081)	(11,304)		
Net (purchases) sales of investments	(11,068)	22,835		
Increase (decrease) in securities lending payable	3,438	(28,762)		
Proceeds from sale of property and other	1,284	41		
Net cash (used) by investing activities	(24,427)	(17,190)		
ash Flows from Financing:				
Increase in line of credit financing	5,850	0		
Contributions to the permanently restricted endowment	493	2,666		
Contributions restricted for the purchase of fixed assets	2,731	286		
Contributions by local councils to limited partnership	9,836	3,558		
Withdrawals by local councils from limited partnership	(344)	(92)		
Net cash provided by financing activities	18,566	6,418		
Increase (decrease) in cash and cash equivalents	23,597	(20,159)		
Cash and cash equivalents, beginning of year	23,772	43,931		
Cash and cash equivalents, end of year	\$47,369	\$23,772		
supplemental Cash Flow Information:				
Non-cash asset financing	\$15,225	\$0		













# notes to consolidated financial statements

# **::** Note 1. Summary of Significant **Accounting Policies**

On June 15, 1916, the Boy Scouts of America was officially chartered by Congress with the stated purpose to promote "... the ability of boys to do things for themselves and others, to train them in Scoutcraft, and to teach them patriotism, courage, self-reliance, and kindred virtues. . . . " Toward this purpose, major activities of the National Council include merchandise sales, magazine publications, and the conduct of national events. The National Council also provides local councils with program materials and support in the areas membership growth, fundraising, communications, administration, insurance, employee benefits, investment management, and human resources.

**Consolidation.** The consolidated financial statements combine the accounts and results of operations and activities of the National Council of the Boy Scouts of America and its affiliates—Learning for Life, the Learning for Life Foundation, Boy Scouts of America Commingled Endowment Fund, L.P., the Boy Scouts of America National Foundation, and Arrow WV, Inc. Arrow WV, Inc. is a new entity that was formed in 2009 to support the future home of the National Scout Jamboree and a new high-adventure base, the Summit. Results of operations and activities of local councils are not included. All significant intercompany transactions have been eliminated.

**Net Assets.** Restricted net assets comprise those amounts restricted by donors, grantors or applicable state law for endowment or other specific purposes. Temporarily restricted net assets comprise those amounts restricted by donors or grantors for use during a specified time period or for a particular purpose. The expiration of a temporary restriction

is evidenced by a transfer of net assets to the unrestricted classification.

Unrestricted net assets include "general operations" and "board designated." General operations comprise the ongoing, day-to-day activities of the National Council, including, but not limited to, merchandise sales, magazine publications, high-adventure base operations, program development, field support, and program marketing. Board designated net assets are designated by the Executive Board of the National Council or an authorized committee of the Executive Board of the National Council, These assets act. as endowment; help defray future health costs for National Council and local council employees and their retirees; are invested in property, plant and equipment; support the general liability insurance program (Note 7); or, fund specific program efforts.

Statement of Cash Flows. For purposes of reporting cash flows, cash includes demand deposits with banks or financial institutions, on-hand currency, and other kinds of accounts that have the general characteristics of demand deposits. Cash equivalents include short-term investments with original maturities of three months or less but do not include short-term investment funds of thirdparty investment managers.

# **Estimated Fair Values of Financial Instruments.**

Financial instruments include cash, investments, accounts and pledges receivable, accounts payable, and debt. Cash, accounts receivable, accounts payable and debt are deemed to be stated at their fair values. Investments are reported at fair value (Note 2). Held for sale properties are reported at the lesser of carrying cost or fair value less cost to sale and are classified on the balance sheet as other assets.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received.

**Inventories.** Inventories of merchandise, printing stock, and supplies are carried at the lower of average cost or market. Periodically, but no less often than once each year, inventory is evaluated for obsolescence. If inventory quantities on hand exceed reasonably anticipated future demands, inventory is written down to its net realizable value. The difference between current carrying cost and net realizable value is a period cost. Damaged inventory items are expensed immediately.

Land, Buildings, and Equipment. These assets are stated at cost or, if acquired by gift, at the estimated fair market value at the date of gift. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method. Estimated useful lives for financial reporting purposes are as follows: buildings and improvements, 10 to 40 years; computer software and hardware, 3 to 10 years; and furniture, fixtures and other equipment, 3 to 10 years. Land improvements are amortized over 20 years. Leasehold improvements are amortized over the lesser of the lease term or the life of the asset.

**Revenue.** Registration and licensing fees are recorded as income in the applicable membership, participation or licensing period. High-adventure and jamboree fees are recorded as income in the applicable period of

# **::** Note 1. Summary of Significant Accounting Policies (continued)

attendance. National service fees are paid by the local councils for administrative services provided and are recognized in the period earned.

Revenues from merchandise sales are recognized at the point of sale and are reported net of returns and allowances. Subscription and advertising revenues are reflected as earned income when publications are issued. Investment gain (loss) includes interest and dividends earned during the period as well as realized and unrealized gains and losses on investments, net of investment expenses. Contributions received from local councils for the Retirement Benefits Trust (Note 11) are recorded as revenue in the period that the contribution is receivable.

Pledges (Note 14) and contributions are recognized as revenues in the year in which an unconditional promise to give is received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Restricted pledges and contributions which are to be utilized in the same period as donated are initially recorded as restricted revenues. Beguests are recorded when the amount and timing of receipt of funds are known. Contributions of fixed assets are recorded as board designated net assets as no time restriction is assumed for their use. Insurance premium revenue is recognized pro rata over the terms of the related policies.

**Concentration of Market and Credit Risk.** Market risk represents the potential loss the National Council faces due to a decrease in the value of its investments and assets held at fair value.

Credit risk represents the potential loss the National Council faces due to possible nonperformance by obligors and counterparties of the terms of their

contracts. Financial instruments that potentially subject the National Council to concentrations of credit risk consist principally of cash equivalents, the investment portfolio (Note 2) and accounts receivable and pledges receivable. Credit risk on pledges receivable is managed by discounting the pledges based on a rate that reflects the risk of that pledge not being collectable.

In order to limit credit risk with respect to cash equivalents and the investment portfolio, the National Council invests in obligations of the United States government, mutual funds, and other marketable securities. These investments are held by diverse, high-quality financial institutions. The National Council grants unsecured credit to local councils and others for merchandise sales and insurance coverage within established guidelines for creditworthiness. These transactions make up the majority of accounts receivable.

**Donated Services.** A substantial number of volunteers have donated significant amounts of their time to the operations of the National Council, and numerous media organizations have provided public service advertising. Services that create or enhance nonfinancial assets (e.g., camps, buildings, etc.) or require specialized skills and are performed by people possessing those skills are recorded as contributions and as expenses or as additions to land, buildings and equipment. Amounts recorded as contributed services are not material, and it is not practicable to estimate the fair value of all donated services received.

**Collections.** The National Council has paintings and artifacts in various museums and National Council-owned buildings. The largest collection resides at the National Scouting Museum in Irving, Texas, which houses collectibles appraised at approximately

\$45,000,000. The last appraisal was conducted in June 2006. Costs associated with acquisition and maintenance of these collections has been expensed. During 2009, no major additions or disposals of collection items occurred.

# **Program Services Expenses comprise:**

- Field Operations. Support for local councils, including but not limited to, administration of standards of performance, inspection of council campsites, assistance with long-range planning, conduct of regional training and conferences for professionals and volunteers, administration of an extensive program of local council financial support, and administration and funding of the defense of our private membership rights.
- Human Resources and Training. Administration of all aspects of human resources policies, including recruiting, placement, and training of professional employees; promoting diversity; managing compensation and benefits programs; and monitoring employee relations.
- Program Development and Delivery. Development of the basic program; providing camping and outdoor literature, materials, and techniques, as well as engineering service, to local councils; managing the volunteer training programs of the Boy Scouts of America and handling all national program support in the areas of health and safety, activities, program evaluation, and low-income program; developing uniforms and insignia and other program elements; operating the National Scouting Museum; operating the high-adventure bases and the national jamboree.

# **::** Note 1. Summary of Significant Accounting Policies (continued)

- **Program Marketing.** Administration of public relations, including providing news releases, features for print and broadcast media, and internal news in the form of newsletters, fact sheets, and the annual report for the nationwide Scouting family. In addition, protection and promotion of the Scouting brand.
- World Scout Bureau Fees. Payment of fees to the World Organization of the Scout Movement in support of international enrichment programs based on an established fee for each registered, uniformed youth and adult member.
- Insurance Programs. Support of the group medical, life, dental, and general liability insurance programs for local councils and the National Council.

The Use of Estimates in Preparing Financial

**Statements.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Tax Status.** The National Council and its other affiliates: Learning for Life, the Learning for Life Foundation, and the Boy Scouts of America National Foundation, are exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and have been classified as organizations that are not private foundations. Arrow WV, Inc., which was formed in June 2009, has submitted paperwork to the Internal Revenue Service requesting its 501(c)(3) tax exemption

and awaits approval. Legal counsel does not anticipate any issues with the approval for exempt status, and these financial statements have been prepared with an exempt tax status assumption. Each of the partners of the Boy Scouts of America Commingled Endowment Fund, L.P. is responsible for reporting its allocable share of the partnership's income or loss on their individual tax returns.

Income from certain activities (primarily magazine advertising income and net revenue from sales of livestock) not directly related to the National Council's tax-exempt purpose is subject to taxation as unrelated business income. As of December 31, 2009, the National Council has a cumulative net operating loss of approximately \$25,348,000. Management has determined that it is more likely than not that the net operating loss will not be realized and has therefore provided a full valuation allowance against any deferred tax asset

**Uncertainty in Income Taxes.** The National Council recognizes interest and penalties related to underpayment of income taxes as income tax expense. As of December 31, 2009, the National Council had not recorded any amounts related to unrecognized income tax benefits or accrued interest and penalties. The National Council does not anticipate any significant changes to unrecognized income tax benefits over the next year.

Nature of Comparative Totals for 2008. The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Alone, such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in

conjunction with the National Council's financial statements for the year ended December 31, 2008, from which the summarized information was derived. PricewaterhouseCoopers LLP issued an unqualified opinion on those financial statements.

**Reclassifications.** Certain comparative prior vear amounts in the financial statements and accompanying notes have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported net assets or changes in net assets.

# **Recent Accounting Pronouncements.**

- Accounting Standards Codification. In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 168, The FASB Accounting Standards Codification (ASC) and the Hierarchy of Generally Accepted Accounting Principles: A Replacement of FASB Statement No. 162. On July 1. 2009, the FASB ASC became the source of authoritative U.S. Generally Accepted Accounting Principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. The ASC supersedes all non-SEC accounting and reporting standards, effective for financial statements issued for annual periods ending after September 15, 2009. The adoption of the FASB ASC did not have a material impact on the financial statements.
- **Subsequent Events.** The National Council has performed a review of subsequent events through the date of the audit opinion, which is the date the financial statements were available to be issued, and concluded there were no events or transactions during this subsequent event reporting period that required recognition or disclosure in the consolidated financial statements.

### :: Note 2. Investments

For 2009, net investment income includes \$14,753,000 of interest and dividends and \$98,458,000 of net realized gains and unrealized changes in the fair value of investments less \$1,092,000 in investment manager expenses.

Investment securities may be purchased or sold on a when-issued or delayed delivery basis. These transactions involve a commitment to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When delayed delivery purchases are outstanding, liquid assets will be set aside or earmarked internally, until the settlement date, in an amount sufficient to meet the purchase price. When purchasing a security on a delayed delivery basis, the rights and risks of ownership are assumed, including the risk of price and yield fluctuations, and such fluctuations are taken into account when determining net asset values. Delayed delivery transactions may be disposed of or renegotiated after they are entered into, and whenissued securities may be sold before they are delivered, which may result in an investment gain or loss.

Investment securities of the National Council whose values are expressed in foreign currencies are translated to U.S. dollars at the bid price of such currency against U.S. dollars last quoted by an approved pricing vendor or major bank on the valuation date. Dividend and interest income and certain expenses denominated in foreign currencies are translated to U.S. dollars based on the exchange rates in effect on the date the income is earned and the expense is incurred. Exchange gains and losses are realized upon ultimate receipt or disbursement.

At December 31, 2009, investments comprised the following:	
	<u>Fair Value</u>
Money market	\$17,767,000
Fixed income	
Government (includes securities lending collateral of \$12,527,000)	61,294,000
Corporate (includes securities lending collateral of \$13,529,000)	81,861,000
Common/collective trusts*	88,083,000
Other	<u>20,463,000</u>
Total fixed income	251,701,000
Equities	
Common stocks-domestic (includes securities lending collateral of \$9,973,000)	208,061,000
Common stocks-foreign (includes securities lending collateral of \$4,276,000)	136,110,000
Real estate partnerships	17,568,000
Other	<u>1,752,000</u>
Total equities	<u>363,491,000</u>
Total investments	<u>\$632,959,000</u>

\*Common/collective trust investments comprise the following domestic, investment and non-investment grade securities: U.S. Treasury, agency,

lending program with its investment custodian, State Street. This program allows State Street to loan securities, which are assets of the National Council, to approved brokers. State Street requires the borrowers, pursuant to a security loan agreement, to deliver collateral at least equal to 102 percent of the market value of U.S. securities loaned, and 105 percent of the market value of non-U.S. securities loaned, to secure each loan. In the event of a default by the borrower, State Street shall indemnify the National Council by purchasing replacement securities equal to the number of unreturned loaned securities or, if replacement securities are not able to be purchased, State Street

shall credit the National Council for the market value

corporate, mortgage-backed, and asset-backed.

The National Council participates in a securities

of the unreturned securities. In each case. State Street would apply the proceeds from the collateral for such loan to make the National Council whole.

As of December 31, 2009, the market value of securities on loan to approved brokers was \$39.112.000. Collateral received for securities on loan was invested in the State Street Navigator Securities Lending Prime Portfolio. Total collateral of \$40,305,000, received for securities on loan at December 31, 2009, is held by State Street on behalf of the National Council. Income associated with the securities lending program amounted to \$420,000 for 2009, and is included in net investment income. The following table summarizes the securities loaned and the related collateral as of December 31, 2009:

# :: Note 2. Investments (continued)

Securities Loaned and the Related Collateral		
	<u>Fair Value</u>	<u>Fair Value</u> <u>of Collateral</u>
Securities		
Common stocks—foreign	\$4,050,000	\$4,276,000
Common stocks—domestic	9,594,000	9,973,000
Corporate obligations	13,240,000	13,529,000
Government obligations	12,228,000	12,527,000
Total investments purchased with cash collateral	\$39,112,000	\$40,305,000
Investments Purchased with Collateral		
State Street Navigator Securities Lending Prime Portfolio		<u>\$40,305,000</u>

Effective January 1, 2008, the National Council adopted fair value accounting guidance issued by the FASB. Doing so did not have a material impact on the National Council's financial statements. Fair value accounting guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available.

Observable inputs are used by market participants in pricing an asset or liability based on market data obtained from sources independent of the National Council. Unobservable inputs reflect the National Council's judgment regarding assumptions market participants would use in pricing an asset or liability based on the best information available in the circumstances. In instances where the determination of the fair value measurement is based on inputs from more than one level of the fair value hierarchy the entire fair value measurement is classified within the hierarchy based on the lowest level of input that is significant to the fair value measurement in its entirety.

The hierarchy is measured in three levels based on the reliability of inputs:

- Level 1—Valuations based on quoted prices in active markets for identical assets as of the reporting date.
- Level 2—Valuations based on pricing inputs that are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability and are developed based on market data obtained from independent sources.
- Level 3—Valuations are derived from other valuation methodologies, including pricing models, discounted cash flow models and similar techniques. Level 3 valuations incorporate certain assumptions and projections that are not observable in the market and require significant professional judgment in determining the fair value assigned to such assets or

liabilities. Level 3 investments comprise primarily real estate investment funds and bank loans at December 31, 2009.

Real estate investment funds are carried at estimated fair value based on the reported net asset value provided by the general partner of the fund. The general partner of the fund marks the underlying real estate assets to fair value using the following procedures and parameters:

- All real estate investments are valued on at least an annual basis with the objective of providing a quarterly valuation schedule that is balanced with respect to property type, location and percentage of portfolio carrying value.
- Newly acquired investments are carried at cost until their first scheduled valuation approximately 12 months after acquisition (the initial valuation) unless within the first 12 months market factors indicate cost may not be a reliable indicator of fair value.
- Subsequent to and including the initial valuation, the fair value of an investment will be determined by an annual valuation prepared in accordance with standard industry practice by an independent third-party appraiser which is licensed and has an MAI designation (Member of the Appraisal Institute).
- All investments not scheduled for valuation in a particular quarter will be reviewed to determine if an interim value adjustment is warranted based on property or market level changes. If warranted, an updated valuation will be prepared by an independent third-party appraiser which is licensed and has an MAI designation.

# :: Note 2. Investments (continued)

• Any capitalized costs relating to investments incurred during periods between independent valuations will be added to the most recent independent valuation to determine the current carrying value of the investment.

The appraisal process, while based on independent third-party valuations as well as verified property and market level information, may result in a valuation estimate that differs materially from the sales price actually realized due to the particular motivations of buyers and sellers, as well as the subjectivity inherent in the process. Although the estimated fair values represent subjective estimates, the general partner of the fund believes these estimated values are reasonable approximations of market prices. Management has obtained an understanding of the valuation methodology utilized to value the underlying assets and believes the reported net asset value of the fund is an accurate fair value of the investment.

Bank loans are valued using a pricing model. When a pricing model is used to value investments, inputs to the model are adjusted when changes to inputs and assumptions are corroborated by evidence such as transactions in similar instruments, completed or pending third-party transactions in the underlying investment or comparable entities, subsequent rounds of financing, recapitalizations and other transactions, offerings in the equity or debt capital markets, and changes in financial ratios or cash flows.

### **Risk Factors:**

**Currency/foreign exchange risk.** The National Council may hold investments denominated in currencies other than the U.S dollar, the National Council's functional currency. In such instances,

At December 31, 2009, investments comprised the following levels of asset	s:
Level 1	\$64,796,000
Level 2	547,239,000
Level 3	<u>20,924,000</u>
Total	<u>\$632,959,000</u>
During 2009, Level 3 investments changed as follows:	
Balance December 31, 2008	\$29,247,000
Purchases	3,228,000
Sales	(3,719,000)
Realized (losses)	(201,000)
Unrealized (losses)	(7,631,000)
Transfers from other levels	0
Balance December 31, 2009	<u>\$20,924,000</u>

there is exposure to currency risk, as the value of the investments denominated in other currencies will fluctuate due to changes in exchange rates. To the extent that these investments create risk in respect of movements in foreign exchange rates, the National Council may hedge this risk, in a cost-effective manner, to the extent possible.

**Interest rate/credit risk.** The National Council's investment portfolios are subject to interest rate and credit risk. The value of debt securities may decline as interest rates increase. The investment portfolios could lose money if the issuer of a fixed income security is unable to pay interest or repay principal when it is due. Market price risk. The prices of securities held by the National Council may decline in response to certain events, including those directly involving the companies whose securities it owns. Those events may include, but are not necessarily limited to: conditions affecting the general economy; overall market changes; local, regional or global political, social or economic instability; and currency, interest rate and commodity price fluctuations.

# :: Note 3. Endowment

The National Council's endowment consists of approximately 85 individual funds established for a variety of purposes. The endowment includes both donor restricted endowment funds and funds designated by the Executive Board to function as endowments. Net assets associated with endowment. funds, including funds designated by the Executive Board to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions or in accordance with the Executive Board's interpretation of relevant law.

Interpretation of relevant law. The National Council classifies net assets associated with its donor restricted endowment as either permanently or temporarily restricted. Investment returns in excess of spending authorized by the "spending policy" (the spending policy is defined below) are classified as permanently restricted net assets, absent explicit donor stipulations to the contrary. The Executive Board of the National Council has determined that this classification is consistent with the intent of the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). Among other things, TUPMIFA creates a rebuttable presumption of imprudence if an organization authorizes a current spending rate in excess of 7 percent absent explicit donor stipulations. Amounts made available from donor restricted endowment funds in accordance with the spending policy are classified as temporarily restricted net assets until they are expended. In accordance with TUPMIFA, the National Council considers the following factors in establishing its spending rate for donor restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purposes of the National Council and its donor restricted endowment fund:

Endowment net asset composition and changes in composition by type of fund as of and for the year ended December 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently <u>Restricted</u>	<u>Total</u>
Balance December 31, 2008	\$187,246,000	\$4,072,000	\$49,972,000	\$241,290,000
Investment return: Interest and dividends	5,541,000	230,000	1,513,000	7,284,000
Realized and unrealized investment gains (losse	s) 42,328,000	358,000	12,369,000	55,055,000
Investment manager fees	(683,000)	(29,000)	(202,000)	(914,000)
Net investment return (loss)	47,186,000	559,000	13,680,000	61,425,000
Contributions	387,000	94,000	493,000	974,000
Spending allocation	(11,770,000)	1,914,000	(3,018,000)	(12,874,000)
Net assets released from restriction		(1,587,000)		(1,587,000)
Other (net)	(257,000)	(33,000)	33,000	(257,000)
Balance December 31, 2009	\$222,792,000	\$5,019,000	\$61,160,000	\$288,971,000

- 3) General economic conditions;
- 4) The possible effects of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources; and
- 7) The National Council's investment policies.

**Return objectives and risk parameters.** The Executive Board of the National Council has adopted a Strategic Investment Policy and a Spending Policy 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 the Strategic Investment Policy, the endowment assets are invested in a manner that is intended to produce the highest total long-term return, consistent with prudent investment practices, sufficient to cover the maximum annual spending rate plus an allowance for inflation. The National Council expects its endowment funds, over time, to provide an average annual, nominal rate of return of approximately 7.75 percent. After inflation, expected to average 2.75 percent annually, the average annual real rate of return is expected to be 5 percent. Actual returns in any given year may vary significantly from this expectation.

# Strategies employed for achieving objectives.

To satisfy its long-term rate-of-return objectives, the

# **::** Note 3. Endowment (continued)

National 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 National Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending policy and how the investment** objectives relate to spending policy. The National Council has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value over the prior 12 quarters through June 30 of the year preceding the fiscal year in which the distribution is planned. In establishing this policy, the organization considered the long-term expected return on its endowment.

# :: Note 4. Land, Buildings, and Equipment

Depreciation and amortization expense was \$7,593,000 in 2009. In 2008, "land, buildings, and equipment" included four regional facilities. One of these properties was sold in 2009 at a loss of \$19,000, and the other three were reclassified as "held for sale" within other assets on the balance sheet at \$3,429,000.

# :: Note 5. Fees

During 2009, fees comprised the following:		
Registration and license fees	\$36,751,000	
National service fees from local councils	8,060,000	
High-adventure	25,347,000	
Other	<u>6,599,000</u>	
Total fees	<u>\$76,757,000</u>	

# :: Note 6. Credit Arrangements

At December 31, 2009, the National Council had provided a \$186,000 irrevocable letter of credit for the benefit of an insurance company to quarantee payments in conjunction with a self-insured workers' compensation program. In addition, the National Council had provided a \$10,000,000 import letter of credit to guarantee payments in conjunction with Supply Group international purchases. Additional letters of credit are discussed in Note 7.

19.963.000

\$100,183,000

# :: Note 7. General Liability Insurance Program

The National Council has a general liability insurance program which operates primarily for the benefit of local councils. The program is partially self-insured with deductible features as follows: \$1,000,000 per incident and, annually, a \$9,000,000 aggregate excess limit. The program is funded by payments received from the National Council, local councils, and chartered units and from investment income. Premiums received during 2009 for this program were \$6,000,000 and losses and costs were \$14,820,000.

The insurance reserves of \$65,529,000 at December 31, 2009, include \$62,462,000 established by the National Council as a reserve for estimated self-insured losses and loss adjustment expenses of this program, based on an independent actuarial estimate of ultimate losses. The remaining reserves apply primarily to directors and officers' liability insurance and workers' compensation insurance.

As of December 31, 2009, \$86,038,000 of investments and other assets were designated to this insurance program. Net assets of this insurance program are reported as board designated net assets in the accompanying balance sheet. No distributions were made from the program in 2009 to the local councils or the National Council. At December 31, 2009, the National Council had provided irrevocable letters of credit totaling \$36,662,000 for the benefit of insurance companies in conjunction with the assumed deductible portion of the program. The letters of credit are collateralized by assets equal to 110 percent of their amounts.

# National office, less accumulated depreciation of \$12,478,000 \$13,649,000 High-adventure bases, less accumulated depreciation of \$17,612,000 38,256,000 National Distribution Center, less accumulated depreciation of \$4,554,000 4,831,000 23,484,000 West Virginia land (Note 1) Furniture, equipment and software, less accumulated depreciation and amortization of \$58,335,000

At December 31, 2009, land, buildings and equipment comprised the following:

Total land, buildings, and equipment, less accumulated depreciation and amortization of \$92,979,000

# **::** Note 8. Health, Life, and Other Welfare Insurance Programs

The National Executive Board currently offers health, life, and other welfare insurance programs which operate for the benefit of employees of local councils and the National Council and their dependents and retirees and their dependents. The insurance programs provide health, life, dental, vision, accidental death and dismemberment, and long-term disability benefits. The health and dental programs are self-insured and the other programs are fully insured. Premiums, losses and costs of the medical, dental and vision insurance plans are the responsibility of the Welfare Benefits Trust, a VEBA trust whose beneficiaries are the same as those previously described.

During 2009, the National Council's total expense for the benefits covered by the Welfare Benefits Trust was \$13,810,000. \$7,504,000 was contributed by the National Council from the Retirement Benefits Trust to the Welfare Benefits Trust to subsidize the cost of retiree insurance coverage. This amount is included in "insurance losses and costs." The remaining \$6,306,000 represents National Council costs for employees' insurance coverage of the benefits covered by the Welfare Benefits Trust. This amount is included in the cost of benefits for Supply operations, Magazine publications and the respective functional areas included in the Consolidated Statement of Functional Expenses.

# :: Note 9. Unrestricted Net Assets

At December 31, 2009, unrestricted net assets comprised the following:		
General operations	\$35,787,000	
Board designated: General endowment	222,792,000	
Properties	76,699,000	
Retirement Benefits Trust (Note 11)	141,236,000	
General liability insurance program (Note 7)	25,166,000	
Other	52,831,000	
Total board designated net assets  Total unrestricted net assets	518,724,000 \$554,511,000	



# :: Note 10. Restricted Net Assets

At December 31, 2009, restricted net assets comprised the following:	
Permanently restricted net assets:	
John W. Watzek Jr. (income supports general operations)	\$8,060,000
Waite Phillips Scholarship (income supports Philmont scholarships)	4,565,000
National Scouting Museum (income supports museum operations)	4,069,000
Cooke Eagle Endowment (income supports Eagle Scout scholarships)	3,787,000
Genevieve and Waite Phillips (income supports maintenance of Philmont)	3,621,000
DeWitt-Wallace Foundation (income supports leadership programs)	2,503,000
High-adventure (income benefits high-adventure program)	1,888,000
Kenneth McIntosh (income supports Scouting around the world)	1,834,000
Scoutmaster Recognition (income supports scholarships for outstanding Scoutmasters)	1,759,000
Hall Scholarship (income supports Eagle Scout scholarships)	1,351,000
Steve Fossett High-adventure Base Endowment (income supports high-adventure bases)	1,311,000
Sonia S. Maguire (income supports Philmont camperships)	1,266,000
Southern Region Trust Fund (income supports Southern Region)	1,157,000
Mortimer L. Schiff (income supports professional training and development)	1,156,000
Northeast Region Main Trust Fund	1,138,000
Thomas J. Watson (income supports general operations)	1,132,000
Augustus F. Hook Jr. (income supports professional staff in Indiana)	1,117,000
Genevieve Phillips (income maintains Philmont Villa and grounds)	1,022,000
Belcher Eagle Fund (income supports Eagle Scout scholarships)	1,000,000
Milton H. and Adele R. Ward (income supports local councils)	995,000
Other	<u>16,429,000</u>
Total permanently restricted net assets	61,160,000
Temporarily restricted net assets	<u>64,308,000</u>
Total restricted net assets	<u>\$125,468,000</u>

The amounts above include \$14,295,000 of net realized gains and unrealized changes in the fair value of investments earned on permanently and temporarily restricted net assets during 2009.

# :: Note 11. Retirement Benefits Trust

The National Executive Board currently chooses to subsidize the cost of medical and life insurance benefits for retired employees of local councils and the National Council. These subsidies are currently provided through the Retirement Benefits Trust (the "Trust"), a grantor trust. The aforementioned benefits are provided under plans that require retiree contributions.

The Trust is funded, at the discretion of the National Council, by payments from local councils and the National Council and by investment income. The percentage allocation to the Trust decreased in 2009 as a portion of the allocation was redirected to the pension plan. In 2009, the National Council's required contribution to the Trust was \$2,467,000 and the local councils' required contribution to the Trust was \$8,423,000. At December 31, 2009, the Trust's net assets were \$141,236,000. In accordance with the Trust agreement, Trust funds may be used as follows: (1) to subsidize the cost of medical insurance benefits for retired employees of local councils and the National Council and their dependents (\$7,504,000 was used for this purpose in 2009); (2) to supplement the funding of the "qualified" defined benefit retirement plan, should the fair value of its assets fall below 125 percent of its accumulated benefit obligation; (3) to pay costs related to a "non-qualified" defined benefit retirement plan; or (4) for any other purpose deemed by the National Executive Board to be in the best interests of the Boy Scouts of America.

# :: Note 12. Benefits

The National Council of the Boy Scouts of America participates in a "qualified" defined benefit retirement plan covering National and local council employees with at least one year of service. Coverage under this plan is at the option of the employee. In the event the plan is terminated, no assets will inure to the benefit of the National Council prior to the satisfaction of all benefit obligations to the participants. Additionally, there is a "non-qualified" defined benefit retirement plan (the "non-qualified plan"). The non-qualified plan exists to ensure that all employees receive retirement benefits on a comparable basis, notwithstanding limitations imposed upon qualified retirement plans by the tax laws. The National Council sponsors a "qualified" elective thrift plan (the "thrift" plan) where one-half of National Council employee contributions are matched by the National Council, subject to certain limits. In 2009, the National Council's match was temporarily suspended and subsequently reset at a quarter of the employee contribution. The Board has approved that the match will return to its previous percentage of one-half the employee contribution, effective January 1, 2010. The National Council's pension expense for the qualified and non-qualified retirement plans equals the amount of its contributions paid or accrued, such amounts being determined by the administrator of the plans. The National Council 2009 expense related to the qualified retirement plan was \$1,444,000, and the expense related to the nonqualified retirement plan (Note 11) was \$1,654,000. The National Council expense in 2009 related to the thrift plan was \$685,000.

# :: Note 13. Commitments and Contingencies

The National Council rents various office equipment and occupies various Scout shops and other office space under non-cancellable operating leases expiring at various dates through 2014. Rental commitments for Scout shop leases are contingent on future sales levels. Real estate leases are renewable at the option of the National Council. Total rental expense for all operating leases for the year ended December 31, 2009, amounted to \$9,787,000. The estimated minimum rental commitments under operating leases that have initial or remaining non-cancellable terms as of December 31, 2009, are as follows (as of December 31 for each year):

2010	\$9,419,000
2011	7,848,000
2011	7,040,000
2012	5,388,000
2013	3,610,000
	, ,
2014	1,513,000
After 2014	0
Total minimum payments required	\$27,778,000
. , , , ,	

The National Council has been named as a beneficiary of several estates which are in various stages of probate. No income from future anticipated distributions has been recorded because the amounts and timing of future distributions are uncertain.

The National Council is subject to certain legal actions and claims arising in the ordinary course of business. Based upon the nature of and management's understanding of the facts and circumstances which give rise to such actions and claims, management believes that such litigation and claims will be resolved without material effect on the National Council's financial position or results of operations.





# :: Note 14. Pledges Receivable

# Included in pledges receivable are the following:

Unconditional promises to give

before discount \$48,975,000

Less discount (6,556,000)

Net unconditional promises to give \$42,419,000

Amounts due in:

Less than one year \$3,575,000

One to five years 37,900,000

More than five years  $\underline{7,500,000}$ 

Total <u>\$48,975,000</u>

Discount rates for 2009 for valuing pledges ranged from 2 to 7 percent.







# :: Note 15. Notes Payable

Notes payable consists of the following three debt instruments as of December 31, 2009:

- A note payable to the seller with a principal balance of \$14,025,000 and an interest rate of 5.5 percent is due in 5 equal annual principal payments of \$2,805,000, maturing on November 1, 2014. \$14,025,000 was outstanding as of December 31, 2009. The collateral is the deed of trust on the property.
- A note payable to the seller with a principal balance of \$1,200,000 and an interest rate of 5 percent is due in 5 equal annual principal payments of \$240,000, maturing on December 18, 2014. \$1,200,000 was outstanding as of December 31, 2009. The collateral is the deed of trust on the property.
- A revolving line of credit for \$25,000,000. maturing on October 27, 2010, was opened in October 2009 with an interest rate of LIBOR plus 1.35 percent on any amount withdrawn (a 1.59 percent total rate as of December 31, 2009) plus an expense of 0.25 percent for unused credit. \$5,850,000 was outstanding as of December 31, 2009. The balance outstanding was repaid in January 2010. The line of credit did not require collateral. The revolving line of credit includes covenants and events of default typical for this type of facility, including limitations on incurring additional indebtedness, a requirement to maintain unrestricted net assets of at least \$350,000,000, and a requirement to maintain a minimum ratio of available cash to average daily operating expense. At December 31, 2009, the National Council was in compliance with these debt covenants.



# **::** Mission Statement

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 Scout Law.

# **::** Vision Statement

The Boy Scouts of America will prepare every eligible youth in America to become a responsible, participating citizen and leader who is guided by the Scout Oath and Scout Law.

# :: Scout Oath

On my honor, I will do my best
To do my duty to God and my country
and to obey the Scout Law;
To help other people at all times;
To keep myself physically strong,
mentally awake, and morally straight.

# :: Scout Law

A Scout is trustworthy, loyal, helpful, friendly, courteous, kind, obedient, cheerful, thrifty, brave, clean, and reverent.





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