SAM HOUSTON AREA COUNCIL
BOY SCOUTS OF AMERICA

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CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE

YEARS ENDED DECEMBER 31, 2015 AND 2014

AND INDEPENDENT AUDITOR'S REPORT

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY

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MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of
Sam Houston Area Council Boy Scouts of America and Subsidiary

We have audited the accompanying consolidated financial statements of Sam Houston Area Council Boy Scouts of America and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended December 31, 2015, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sam Houston Area Council Boy Scouts of America and Subsidiary as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

6002 Rogerdale, Ste. 200 Houston, Texas 77072 Tel 281-759-1120 Fax 281-759-5500

Report on Summarized Comparative Information

We have previously audited the Sam Houston Area Council Boy Scouts of America and Subsidiary's 2014 consolidated financial statements, and our report dated May 7, 2015, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented in the consolidated statement of functional expenses for the year ended December 31, 2014, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Melton + Melton, L.L.P.

Houston, Texas
May 5, 2016

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2015 and 2014

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2015	2014	2015	2014	2015	2014	2015	2014
ASSETS								
Current Assets:								
Cash	$ 6,263,813	$ 6,070,300	$ -	$ -	$ -	$ -	$ 6,263,813	$ 6,070,300
Short-term investments	-	-	22,431,440	23,940,912	-	-	22,431,440	23,940,912
Accounts receivable	207,269	346,217	9,600	296,237	-	-	216,869	642,454
Contributions receivable	1,396,214	1,233,638	1,053,221	1,169,529	2,232,803	4,704,631	4,682,238	7,107,798
Inventories	65,229	87,644	-	-	-	-	65,229	87,644
Prepaid expenses	218,467	109,530	36,660	26,799	-	-	255,127	136,329
Total current assets	8,150,992	7,847,329	23,530,921	25,433,477	2,232,803	4,704,631	33,914,716	37,985,437
Noncurrent Assets:								
Contributions receivable	-	-	256,855	438,422	1,477,236	1,855,989	1,734,091	2,294,411
Property, net	-	-	36,262,154	34,604,386	-	-	36,262,154	34,604,386
Long-term investments	-	-	38,029	18,200	71,035,966	69,400,928	71,073,995	69,419,128
Cash surrender value of life insurance	-	-	-	-	172,953	181,510	172,953	181,510
Other assets	13,726	24,419	-	-	-	-	13,726	24,419
Total noncurrent assets	13,726	24,419	36,557,038	35,061,008	72,686,155	71,438,427	109,256,919	106,523,854
Total Assets	**$ 8,164,718**	**$ 7,871,748**	**$ 60,087,959**	**$ 60,494,485**	**$ 74,918,958**	**$ 76,143,058**	**$ 143,171,635**	**$ 144,509,291**
LIABILITIES AND NET ASSETS								
Current Liabilities:								
Accounts payable	$ 890,681	$ 964,808	$ 93,132	551,813	$ -	$ -	$ 983,813	$ 1,516,621
Accrued expenses	332,819	379,760	-	-	-	-	332,819	379,760
Payroll taxes withheld	426	450	-	-	-	-	426	450
Custodial accounts	1,469,840	1,583,536	140,585	140,585	-	-	1,610,425	1,724,121
Deferred activity income	167,962	119,464	-	-	-	-	167,962	119,464
Deferred camp income	10,986	21,649	-	-	-	-	10,986	21,649
Deferred other income	7,441	51,654	-	7,650	-	-	7,441	59,304
Other current liabilities	26,708	-	-	-	-	-	26,708	-
Total current liabilities	2,906,863	3,121,321	233,717	700,048	-	-	3,140,580	3,821,369
Net Assets:								
Unrestricted net assets	3,807,658	3,481,249	29,273,412	27,409,648	16,996,880	19,882,492	50,077,950	50,773,389
Temporarily restricted net assets	1,450,197	1,269,178	30,580,830	32,384,789	26,759,305	26,080,030	58,790,332	59,733,997
Permanently restricted net assets	-	-	-	-	31,162,773	30,180,536	31,162,773	30,180,536
Total net assets	5,257,855	4,750,427	59,854,242	59,794,437	74,918,958	76,143,058	140,031,055	140,687,922
Total Liabilities and Net Assets	**$ 8,164,718**	**$ 7,871,748**	**$ 60,087,959**	**$ 60,494,485**	**$ 74,918,958**	**$ 76,143,058**	**$ 143,171,635**	**$ 144,509,291**

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS
For the Years Ended December 31, 2015 and 2014

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2015	2014	2015	2014	2015	2014	2015	2014
CHANGES IN UNRESTRICTED NET ASSETS:								
Support and revenues:								
Direct support:								
Friends of Scouting	$ 2,619,757	$ 2,687,594	$ -	$ -	$ -	$ -	$ 2,619,757	$ 2,687,594
Project sales	-	9,636	-	-	-	-	-	9,636
Capital campaign	-	-	723,981	3,907,784	-	-	723,981	3,907,784
Special events, gross	1,596,975	1,816,378	-	-	-	-	1,596,975	1,816,378
Less: Cost of direct benefit	377,221	583,944	-	-	-	-	377,221	583,944
Net special events	1,219,754	1,232,434	-	-	-	-	1,219,754	1,232,434
Foundations and trusts	667,200	463,692	-	-	-	-	667,200	463,692
Other direct	244,224	288,277	-	117,613	6,569	13,447	250,793	419,337
Total direct support	4,750,935	4,681,633	723,981	4,025,397	6,569	13,447	5,481,485	8,720,477
Indirect support:								
United Way	1,077,583	1,135,286	-	-	-	-	1,077,583	1,135,286
Total indirect support	1,077,583	1,135,286	-	-	-	-	1,077,583	1,135,286
Total support	5,828,518	5,816,919	723,981	4,025,397	6,569	13,447	6,559,068	9,855,763
Revenues (losses):								
Sale of supplies, gross	6,366	38,964	-	-	-	-	6,366	38,964
Less: Cost of goods sold	2,734	13,636	-	-	-	-	2,734	13,636
Net sale of supplies	3,632	25,328	-	-	-	-	3,632	25,328
Product sales, gross	3,986,653	4,013,778	-	-	-	-	3,986,653	4,013,778
Less: Cost of goods sold	1,021,759	1,170,068	-	-	-	-	1,021,759	1,170,068
Less: Commissions paid to units	1,408,883	1,381,164	-	-	-	-	1,408,883	1,381,164
Net product sales	1,556,011	1,462,546	-	-	-	-	1,556,011	1,462,546

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS (CONTINUED)
For the Years Ended December 31, 2015 and 2014

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues (losses) (continued):								
Investment income	$ 5,232	$ 9,410	$ 121,342	$ 87,431	$ 557,556	$ 324,893	$ 684,130	$ 421,734
Spending policy allocation	1,644,850	1,650,000	714,110	-	(2,358,960)	(1,650,000)	-	-
Realized gain on investments	-	-	-	16,927	1,758,700	2,630,886	1,758,700	2,647,813
Unrealized gain (loss) on investments	-	-	19,829	(17,800)	(2,840,335)	(2,123,482)	(2,820,506)	(2,141,282)
Camping	1,370,389	1,746,423	-	-	-	-	1,370,389	1,746,423
Activities	906,915	926,035	-	-	-	-	906,915	926,035
Other revenue	720,428	660,679	11,067	-	-	-	731,495	660,679
Total revenues (losses)	6,207,457	6,480,421	866,348	86,558	(2,883,039)	(817,703)	4,190,766	5,749,276
Net assets released from restrictions (see Note 8):								
Reclass Friends of Scouting	152,677	80,817	-	-	-	-	152,677	80,817
Reclass capital campaign	-	-	2,244,574	969,434	-	-	2,244,574	969,434
Reclass special events	124,250	80,350	-	-	-	-	124,250	80,350
Reclass foundations and trusts	233,065	261,123	-	-	-	-	233,065	261,123
Reclass other direct support	14,412	165,520	-	540,556	-	-	14,412	706,076
Reclass United Way	409,325	457,310	-	-	-	-	409,325	457,310
Reclass investments	-	-	-	-	-	16,062,971	-	16,062,971
Total net assets released from restrictions	933,729	1,045,120	2,244,574	1,509,990	-	16,062,971	3,178,303	18,618,081
Other reclassifications of net assets (see Note 8):								
Reclass investment income	-	-	(357,965)	-	-	-	(357,965)	-
Total other reclassifications of net assets	-	-	(357,965)	-	-	-	(357,965)	-
Total support and revenues (losses)	12,969,704	13,342,460	3,476,938	5,621,945	(2,876,470)	15,258,715	13,570,172	34,223,120
Expenses:								
Program services	11,070,706	11,476,500	1,304,861	1,042,196	100,224	100,223	12,475,791	12,618,919
Support services:								
Management and general	673,965	641,385	44,483	52,791	17,992	16,752	736,440	710,928
Fundraising	818,839	775,542	144,172	64,098	10,584	10,584	973,595	850,224
Total functional expenses	12,563,510	12,893,427	1,493,516	1,159,085	128,800	127,559	14,185,826	14,180,071
Charter and national service fees	79,785	76,794	-	-	-	-	79,785	76,794
Total expenses	12,643,295	12,970,221	1,493,516	1,159,085	128,800	127,559	14,265,611	14,256,865
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	326,409	372,239	1,983,422	4,462,860	(3,005,270)	15,131,156	(695,439)	19,966,255

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS (CONTINUED)
For the Years Ended December 31, 2015 and 2014

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2015	2014	2015	2014	2015	2014	2015	2014
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:								
Support and revenues:								
Direct support:								
Friends of Scouting	$ 562,522	$ 152,677	$ -	$ -	$ -	$ -	$ 562,522	$ 152,677
Capital campaign	-	-	-	148,710	-	-	-	148,710
Special events, gross	338,700	124,250	-	-	-	-	338,700	124,250
Less: Cost of direct benefit	-	-	-	-	-	-	-	-
Net special events	338,700	124,250	-	-	-	-	338,700	124,250
Foundations and trusts	120,000	233,065	-	-	-	-	120,000	233,065
Other direct	4,340	3,207	-	-	-	-	4,340	3,207
Change in split-interest agreement	(204,154)						(204,154)	-
Legacies and bequests	-	-	-	-	679,275	-	679,275	-
Total direct support	821,408	513,199	-	148,710	679,275	-	1,500,683	661,909
Indirect support:								
United Way	368,340	395,573	-	-	-	-	368,340	395,573
Total indirect support	368,340	395,573	-	-	-	-	368,340	395,573
Revenues (losses):								
Investment loss	-	-	-	(17)	-	-	-	(17)
Gain on sale of property	-	-	7,650	91,800	-	-	7,650	91,800
Total revenues	-	-	7,650	91,783	-	-	7,650	91,783
Net assets released from restrictions (see Note 8):								
Reclass Friends of Scouting	(152,677)	(80,817)	-	-	-	-	(152,677)	(80,817)
Reclass capital campaign	-	-	(2,244,574)	(969,434)	-	-	(2,244,574)	(969,434)
Reclass special events	(124,250)	(80,350)	-	-	-	-	(124,250)	(80,350)
Reclass foundations and trusts	(233,065)	(261,123)	-	-	-	-	(233,065)	(261,123)
Reclass other direct support	(14,412)	(165,520)	-	(540,556)	-	-	(14,412)	(706,076)
Reclass United Way	(409,325)	(457,310)	-	-	-	-	(409,325)	(457,310)
Reclass investments	-	-	-	-	-	(16,062,971)	-	(16,062,971)
Total net assets released from restrictions	(933,729)	(1,045,120)	(2,244,574)	(1,509,990)	-	(16,062,971)	(3,178,303)	(18,618,081)
Other reclassifications of net assets (see Note 8):								
Reclass investment income	-	-	357,965	-	-	-	357,965	-
Total other reclassifications of net assets	-	-	357,965	-	-	-	357,965	-
Total support and revenues (losses)	256,019	(136,348)	(1,878,959)	(1,269,497)	679,275	(16,062,971)	(943,665)	(17,468,816)
INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	256,019	(136,348)	(1,878,959)	(1,269,497)	679,275	(16,062,971)	(943,665)	(17,468,816)

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS (CONTINUED)
For the Years Ended December 31, 2015 and 2014

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2015	2014	2015	2014	2015	2014	2015	2014
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:								
Support and revenues:								
Direct support:								
Legacies and bequests	$ -	$ -	$ -	$ -	$ 171,247	$ 344,628	$ 171,247	$ 344,628
Other direct	-	-	-	-	810,990	4,109,856	810,990	4,109,856
Total direct support	-	-	-	-	982,237	4,454,484	982,237	4,454,484
Total support and revenues	-	-	-	-	982,237	4,454,484	982,237	4,454,484
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	-	-	-	-	982,237	4,454,484	982,237	4,454,484
INCREASE (DECREASE) IN TOTAL NET ASSETS	582,428	235,891	104,463	3,193,363	(1,343,758)	3,522,669	(656,867)	6,951,923
NET ASSETS, beginning of year								
Unrestricted net assets	3,481,249	3,109,010	27,409,648	22,993,206	19,882,492	4,704,918	50,773,389	30,807,134
Temporarily restricted net assets	1,269,178	1,405,526	32,384,789	33,654,286	26,080,030	42,143,001	59,733,997	77,202,813
Permanently restricted net assets	-	-	-	-	30,180,536	25,726,052	30,180,536	25,726,052
Total net assets, beginning of year	4,750,427	4,514,536	59,794,437	56,647,492	76,143,058	72,573,971	140,687,922	133,735,999
Transfers in (out) of unrestricted net assets	-	-	(119,658)	(46,418)	119,658	46,418	-	-
Transfers in (out) of temporarily restricted net assets	(75,000)	-	75,000	-	-	-	-	-
NET ASSETS, end of year								
Unrestricted net assets	3,807,658	3,481,249	29,273,412	27,409,648	16,996,880	19,882,492	50,077,950	50,773,389
Temporarily restricted net assets	1,450,197	1,269,178	30,580,830	32,384,789	26,759,305	26,080,030	58,790,332	59,733,997
Permanently restricted net assets	-	-	-	-	31,162,773	30,180,536	31,162,773	30,180,536
Total net assets, end of year	**$ 5,257,855**	**$ 4,750,427**	**$ 59,854,242**	**$ 59,794,437**	**$ 74,918,958**	**$ 76,143,058**	**$ 140,031,055**	**$ 140,687,922**

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2015
(With Comparative Totals for the Year Ended December 31, 2014)

	Program Services 2015	Support Services: Management & General 2015	Support Services: Fundraising 2015	Support Services: Total Support Services 2015	Total Expenses 2015	Total Expenses 2014
Employee Compensation:						
Salaries	$ 5,438,208	$ 363,151	$ 418,144	$ 781,295	$ 6,219,503	$ 6,360,595
Employee benefits	989,724	80,900	93,153	174,053	1,163,777	1,153,567
Payroll taxes	452,100	33,745	38,853	72,598	524,698	502,717
Employee related expenses	11,304	1,037	1,194	2,231	13,535	3,254
Total employee compensation	6,891,336	478,833	551,344	1,030,177	7,921,513	8,020,133
Other Expenses:						
Professional fees	211,985	111,244	87,264	198,508	410,493	382,791
Supplies	1,078,614	8,801	33,054	41,855	1,120,469	1,345,489
Telephone	66,689	4,063	4,679	8,742	75,431	96,523
Postage and shipping	32,055	1,302	20,516	21,818	53,873	53,702
Occupancy	1,085,342	37,916	43,658	81,574	1,166,916	1,202,128
Rental and maintenance of equipment	104,016	5,337	6,144	11,481	115,497	98,427
Publications and media	94,726	2,697	41,692	44,389	139,115	162,731
Travel	560,779	35,654	68,488	104,142	664,921	675,015
Local conferences and meetings	88,841	6,365	9,947	16,312	105,153	107,496
Specific assistance to individuals	534,146	-	-	-	534,146	538,949
Recognition awards	74,271	1,023	55,350	56,373	130,644	98,401
Insurance	294,478	16,556	19,063	35,619	330,097	270,331
Other expenses (income)	352,341	(214)	1,463	1,249	353,590	305,030
Total other expenses	4,578,283	230,744	391,318	622,062	5,200,345	5,337,013
Total expenses before depreciation	11,469,619	709,577	942,662	1,652,239	13,121,858	13,357,146
Depreciation expense	1,006,172	26,863	30,933	57,796	1,063,968	822,925
Total Functional Expenses	**$ 12,475,791**	**$ 736,440**	**$ 973,595**	**$ 1,710,035**	**$ 14,185,826**	**$ 14,180,071**
Percent of Total Expenses by Function *	**87.95%**	**5.19%**	**6.86%**	**12.05%**		
Time Study Percentages	**83.52%**	**7.66%**	**8.82%**			

* Percentage figures after combining allocated and unallocated expenses

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2015 and 2014

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Cash Flows from Operating Activities:								
Increase (decrease) in total net assets	$ 582,428	$ 235,891	$ 104,463	$ 3,193,363	$ (1,343,758)	$ 3,522,669	$ (656,867)	$ 6,951,923
Adjustments to reconcile increase (decrease) in total net assets to net cash provided by (used in) operating activities:								
Depreciation	-	-	1,063,968	822,925	-	-	1,063,968	822,925
Gain on sale of property	-	-	(7,650)	(91,800)	-	-	(7,650)	(91,800)
Realized and unrealized (gain) loss on investments, net	-	-	(19,829)	873	1,081,635	(507,404)	1,061,806	(506,531)
Contributions restricted for long-term purposes	-	-	-	-	(982,237)	(4,454,484)	(982,237)	(4,454,484)
Change in assets and liabilities:								
Accounts receivable	138,948	(67,770)	286,637	-	-	-	425,585	(67,770)
Contributions receivable	(162,576)	57,882	297,875	387,914	2,850,581	(2,895,612)	2,985,880	(2,449,816)
Inventories	22,415	(16,869)	-	-	-	-	22,415	(16,869)
Prepaid expenses	(108,937)	20,031	(9,861)	(21,063)	-	-	(118,798)	(1,032)
Other assets	10,693	11,886	-	-	-	-	10,693	11,886
Cash surrender value of life insurance	-	-	-	-	8,557	(7,175)	8,557	(7,175)
Accounts payable	(74,127)	(29,650)	10,426	(80,340)	-	-	(63,701)	(109,990)
Accrued expenses	(46,941)	41,334	-	(3,584)	-	-	(46,941)	37,750
Payroll taxes withheld	(24)	220	-	-	-	-	(24)	220
Custodial accounts	(113,696)	170,928	-	-	-	-	(113,696)	170,928
Deferred activity income	48,498	37,668	-	-	-	-	48,498	37,668
Deferred camp income	(10,663)	3,376	-	-	-	-	(10,663)	3,376
Deferred other income	(44,213)	6,610	-	-	-	-	(44,213)	6,610
Other current liabilities	26,708	(60)	-	-	-	-	26,708	(60)
Net cash provided by (used in) operating activities	268,513	471,477	1,726,029	4,208,288	1,614,778	(4,342,006)	3,609,320	337,759

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended December 31, 2015 and 2014

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Cash Flows from Investing Activities:								
Purchase of property	$ -	$ -	$ (3,190,843)	$ (8,699,679)	$ -	$ -	$ (3,190,843)	$ (8,699,679)
Proceeds from sale of investments	-	-	1,509,472	4,537,809	2,419,590	1,741,344	3,929,062	6,279,153
Purchase of investments	-	-	-	-	(5,136,263)	(1,900,240)	(5,136,263)	(1,900,240)
Net cash used in investing activities	-	-	(1,681,371)	(4,161,870)	(2,716,673)	(158,896)	(4,398,044)	(4,320,766)
Cash Flows from Financing Activities:								
Proceeds from contributions restricted for long-term purposes	-	-	-	-	982,237	4,454,484	982,237	4,454,484
Transfers in (out) of unrestricted net assets	-	-	(119,658)	(46,418)	119,658	46,418	-	-
Transfers in (out) of temporarily restricted net assets	(75,000)	-	75,000	-	-	-	-	-
Net cash provided by (used in) financing activities	(75,000)	-	(44,658)	(46,418)	1,101,895	4,500,902	982,237	4,454,484
Net change in cash	193,513	471,477	-	-	-	-	193,513	471,477
Cash, beginning of year	6,070,300	5,598,823	-	-	-	-	6,070,300	5,598,823
Cash, end of year	**$ 6,263,813**	**$ 6,070,300**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 6,263,813**	**$ 6,070,300**
Supplemental Disclosure of Noncash Transactions:								
Property acquired through accounts payable	**$ -**	**$ -**	**$ 63,134**	**$ 532,241**	**$ -**	**$ -**	**$ 63,134**	**$ 532,241**
Investment received for contributions receivable	**$ -**	**$ -**	**$ -**	**$ 279,310**	**$ -**	**$ -**	**$ -**	**$ 279,310**
Sale of investment included in accounts receivable	**$ -**	**$ -**	**$ -**	**$ 296,237**	**$ -**	**$ -**	**$ -**	**$ 296,237**

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Local Council, Sam Houston Area Council Boy Scouts of America (the "Council"), headquartered in Houston, Texas, operates in the counties of Austin, Brazos, Burleson, portions of Chambers, Colorado, Fort Bend, Grimes, Harris, Madison, Matagorda, Montgomery, portions of Trinity, Walker, Waller, Washington, and Wharton. The Council has five camping facilities. The Camp Strake Properties Foundation Incorporated (the "Foundation") was established for the benefit of the Council. The Council is a not-for-profit organization devoted to promoting, within the territory covered by the charter from time to time granted it by the Boy Scouts of America and in accordance with the Congressional Charter, Bylaws, and Rules and Regulations of the Boy Scouts of America, the Scouting program of promoting the ability of boys, young men, and women to do things for themselves and others, training them in Scoutcraft, and teaching them patriotism, courage, self-reliance, and kindred virtues, using the methods that are now in common use by the Boy Scouts of America.

Mission – 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.

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.

Mission Statement of the Council – "Leading Youth to Lifelong Values, Service, and Achievement."

Vision Statement of the Council – "The Council will reach across the community to serve all ethnicities and youth age groups with a leadership and character-building program that has long-lasting impact."

The Council's programs are classified as follows:

Cub Scouting – A year-round program for boys in the first through fifth grades, or 7 to 10 years of age, uniquely designed to meet the needs of young boys and their parents. The program offers fun and challenging activities that promote character development, citizenship, and physical fitness.

Service projects, ceremonies, games, and other activities guide boys through the core values and give them a sense of personal achievement. Through positive peer group interaction and parental guidance, boys also learn honesty, responsibility, and respect.

Family involvement is an essential part of Cub Scouting, and parents are encouraged to play an active role in the program. Through interaction with parents, leaders, and friends, boys learn cooperation, compassion, and courage. This family and community-centered approach to learning means that Cub Scouting is truly time well spent.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Boy Scouting **–** A year-round program for boys who have earned the Arrow of Light Award and are at least 10 years old or have completed the fifth grade and are at least 10, or who are 11 but not yet 18 years old, designed to develop character, citizenship, and fitness. Through the advancement program and peer group leadership, Scouting helps a boy develop into a well-rounded young man. The Eagle Scout Award, the highest rank in Scouting, is recognized around the world as a mark of excellence.

Venturing **–** A year-round youth development program for young men and women 14 years of age (and in the 9th grade) through 20 years old. Venturing provides positive experiences to help young people mature and become responsible and caring adults. The program offers fun and challenging activities that promote character development, citizenship, and physical fitness.

Learning for Life **–** Seven programs designed to support schools and community-based organizations in their efforts to prepare youth to successfully handle the complexities of contemporary society and to enhance their self-confidence, motivation, and self-esteem. The seven programs focus on character education and career education. Learning for Life programs help co-ed youth develop social and life skills, assist in character development, and help youth formulate positive personal values. It prepares youth to make ethical decisions that will help them achieve their full potential.

Adults involved in Learning for Life are selected by the organization in which they work (i.e., schools, local businesses, community organizations, etc.). Race, religion, gender, sexual orientation, ethnic background, economic status and citizenship are not criteria for participation in Learning for Life.

At a time when drugs and gangs are ravaging many of our schools and communities, Learning for Life programs can be a catalyst to help stop this trend. The program uses age-appropriate, grade-specific lesson plans to give youth skills and information that will help them cope with the complexities of today's society.

Learning for Life makes academic learning fun and relevant to real-life situations in age-appropriate and grade-specific material. As a result, the positive character traits and skills learned by participation in Learning for Life not only make students more confident and capable, but also give them an invaluable understanding of how things work in the real world.

Exploring **–** A career education program for young men and women who are 14 (and have completed the eighth grade) or 15 through 20 years old. Adults are selected by the participating organization for involvement in the program. Color, race, religion, gender, sexual orientation, ethnic background, economic status, and citizenship are not criteria for participation.

Exploring's purpose is to provide experiences to help young people mature and to prepare them to become responsible and caring adults. Explorers are ready to investigate the meaning of interdependence in their personal relationships and communities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Exploring is based on a unique and dynamic relationship between youth and the organizations in their communities. Local community organizations initiate an Explorer post by matching their people and program resources to the interests of young people in the community. The result is a program of activities that helps youth pursue their special interests, grow, and develop.

Explorer posts can specialize in a variety of career skills. Exploring programs are based on five areas of emphasis: career opportunities, life skills, citizenship, character education, and leadership experience.

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

Principles of Consolidation

The Council has voting control over and an economic interest in the Foundation, which results in the accounts of the Foundation being consolidated with those of the Council in the consolidated financial statements. All intercompany balances and transactions have been eliminated in the consolidation. The Council and the Foundation are hereinafter collectively referred to as the "Organization."

Prior-Period Information

The consolidated statement of functional expenses includes certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. GAAP. Also, the Organization prepares its consolidated financial statements in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*. Accordingly, the Organization reports information regarding its financial position and activities according to the following three classes of net assets:

- **Unrestricted Net Assets -** Net assets that are not subject to donor-imposed stipulations and may be expended at the discretion of the board of directors.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Temporarily Restricted Net Assets -** Net assets that are subject to donor-imposed stipulations that require the passage of time or the occurrence of a specific event and may include accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.
- **Permanently Restricted Net Assets -** Net assets required to be maintained in perpetuity, with only the income used for operating activities, due to donor-imposed stipulations.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into three funds based on specified activities or objectives, the Operating Fund, the Capital Fund and the Endowment Fund.

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

Accounts Receivable

Accounts receivable are recorded primarily for product sales and are stated at net realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. Receivable balances are charged off against the allowance for doubtful accounts when they are considered uncollectible by management. No allowance for doubtful accounts was considered necessary as of December 31, 2015 and 2014.

Inventories

Inventories consist of Scouting and other items available for resale and are stated at the lower of cost or market. Cost is determined using the average cost method.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments consist primarily of assets invested in a mutual fund, a multi-asset fund, limited partnerships, and money market accounts. The Organization accounts for investments in accordance with the FASB standard for investments held by not-for-profit entities. This standard requires that investments be measured at fair value in the consolidated statements of financial position. See Note 3 for discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned on the accrual basis. Dividends are recorded on the ex-dividend date. The realized and unrealized gain or loss on investments is reflected in the consolidated statements of activities and changes in net assets. Investment income or loss restricted by a donor is reported as increases or decreases in unrestricted net assets if the restrictions are met in the reporting period in which the income or loss is recognized.

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

Investment and Spending Policies

The Organization's investment policy intends for the Organization to invest in assets that would produce results exceeding the investment's purchase price and incur a significant yield of return, while assuming a moderate level of investment risk. The Organization expects its Endowment Fund, over time, to provide a reasonable rate of return. To satisfy the long-term rate-of-return objective, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on a multi-asset fund and limited partnerships to achieve its long-term return objectives within prudent risk constraints.

The spending policy of the Organization defines the total funds available from the Endowment Fund in a given year (the distributable income) as up to 5% of the Endowment Fund's average market value over the preceding three years. The Endowment Fund is to have returns greater than the proposed distribution plus costs that are appropriate and reasonable in relation to the assets, the purposes of the Organization, and the skills available to the Organization. These costs, which are netted out from the market value of the Endowment Fund prior to calculation of a distribution, are related to the audit, investment managers, and the Organization's human resources responsible for the management and growth of the investment fund. If the market value of the Endowment Fund falls to or below the amount of the Endowment Fund's donor-restricted gifts, then the spending policy may be amended in accordance with the guidelines found in the Texas Uniform Prudent Management of Institutional Funds Act ("TXUPMIFA") and may not exceed the actual earnings of the Endowment Fund. The executive committee may amend this spending policy.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property

Property acquired prior to January 1, 1973 is stated at appraised values as established by officials of the Organization at that time. Property purchased subsequent to January 1, 1973 is recorded at cost. Donated property is recorded at the approximate fair market value of the asset on the date of donation. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Proceeds from property disposals are unrestricted, unless restricted by the donor. Property is depreciated using the straight-line method over the estimated useful lives of the assets.

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

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long-lived assets during 2015 and 2014.

Contributions

Contributions receivable are recognized upon notification of a donor's unconditional promise to give to the Organization. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value. An allowance for uncollectible promises to give is recorded based on an analysis of collection histories and on reviews of the creditworthiness of major donors. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Other Reclassifications of Net Assets

Donor restrictions imposed on otherwise unrestricted net assets are reclassified from unrestricted net assets to either temporarily restricted or permanently restricted net assets based on donor intent. These reclassifications are reported as other reclassifications of net assets in the consolidated statements of activities and changes in net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services

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

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

Custodial Accounts

Custodial accounts primarily consist of registration and Boy’s Life fees due to the National Council of the Boy Scouts of America (the “National Council”). These fees are received by the Organization, from the individual units, to be remitted to the National Council. Accordingly, a liability is presented in the consolidated statements of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing those services. In accordance with the policy of the National Council, the payment of the charter and national service fees to the National Council are not allocated as functional expenses.

Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising expense for 2015 and 2014 amounted to approximately $117,000 and $164,000, respectively, and are included in other expenses in the consolidated statement of functional expenses.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization is classified as a public charity and currently has no unrelated business income. The Organization is also exempt from state income tax. Accordingly, no provision for income taxes has been recorded.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the consolidated financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. With few exceptions, the Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2012.

Recent Accounting Pronouncements

In May 2015, the FASB issued Accounting Standards Update ("ASU") 2015-07, *Fair Value Measurement* (Topic 820): *Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*, which removes the requirement to categorize investments measured at net asset value within the fair value hierarchy table. The standard is effective for years beginning after December 15, 2016, and early adoption is permitted. The Organization has elected to early adopt ASU 2015-07 as of December 31, 2015, and has applied its provisions retrospectively to all periods presented.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, and most industry-specific guidance throughout the Industry Topics of the ASC. ASU 2014-09, as further amended by ASU 2015-14, is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments - Overall* (Subtopic 825-10) – *Recognition and Measurement of Financial Assets and Financial Liabilities*. ASU 2016-01 makes the following changes to existing U.S. GAAP for entities that are not public business entities:

- Simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to determine impairment.
- Requires separate presentation of financial assets and financial liabilities by measurement category and form of financial assets (that is, securities or loans and receivables) on the consolidated statements of financial position or the accompanying notes to the consolidated financial statements.

ASU 2016-01 is effective for annual reporting periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). For lessees under ASU 2016-02, lease assets and lease liabilities arising from both finance leases (formerly capital leases) and operating leases should be recognized in the consolidated statements of financial position.

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2015 and 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For operating leases, a lessee is required to do the following:

1. Recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the consolidated statements of financial position.
2. Recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis.
3. Classify all cash payments within operating activities in the consolidated statements of cash flows.

For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The accounting applied by a lessor is largely unchanged from that applied under previous U.S. GAAP. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within annual periods beginning after December 15, 2020.

Management is currently evaluating the impact ASUs 2014-09, 2016-01, and 2016-02 will have on the Organization's consolidated financial statements.

NOTE 2 - INVESTMENTS

Investments at December 31, 2015 and 2014 are comprised of the following:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Common stock - Healthcare	$ -	$ 38,029	$ -	$ 18,200
The Investment Fund for Foundations ("TIFF") Multi-Asset Fund	39,424,025	36,459,196	39,092,111	38,844,312
Limited partnerships:				
BSA Commingled Endowment Fund, LP	14,056,846	15,879,910	10,056,846	11,856,277
Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP	891,842	1,270,731	1,172,217	1,664,649
Mutual fund - Fixed income	15,679,091	15,632,511	15,679,091	15,663,683
Alternative investments:				
Smith Barney Private Selection I and II	149,672	95,572	186,169	127,907
Money market and savings accounts	24,129,486	24,129,486	25,185,012	25,185,012
	$94,330,962	$93,505,435	$91,371,446	$93,360,040

NOTE 2 - INVESTMENTS (CONTINUED)

The following schedule summarizes the investment return in the consolidated statements of activities and changes in net assets for the years ended December 31, 2015 and 2014:

	2015	2014
Interest and dividend income	$ 684,130	$ 421,717
Net realized and unrealized gains (losses)	(1,061,806)	506,531
	$ (377,676)	$ 928,248

The above investment return is classified in the 2015 and 2014 consolidated statements of activities and changes in net assets as follows:

	2015	2014
Unrestricted	$(377,676)	$928,265
Temporarily restricted	-	(17)
	$(377,676)	$928,248

Income from interest and dividends on investments and realized and unrealized gains and losses on investments ("Investment Income, Gains, and Losses") are mostly recognized and initially recorded in the Endowment Fund. Distributions of Investment Income, Gains, and Losses from the Endowment Fund are recorded as income by the Operating and Capital Funds in the period in which the distributions are made in accordance with the Organization's spending policy (Note 1) and included in the spending policy allocation presented on the consolidated statements of activities and changes in net assets. For 2015 and 2014, investment expenses were $57,425 and $63,080, respectively, and are netted against investment income in the consolidated statements of activities and changes in net assets.

NOTE 3 - SUMMARY OF FAIR VALUE MEASUREMENTS

U.S. GAAP clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

Various inputs are used in determining the fair value of the Organization's assets and liabilities. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy, including the types of assets and liabilities that fall under each category and the valuation methodologies used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

NOTE 3 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

Common stock - Valued at the closing market price on the New York Stock Exchange.

Mutual fund - Valued at net asset value ("NAV") of shares held by the Organization at year-end. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Money market and savings accounts - Comprised of funds invested in savings accounts at various financial institutions and money market mutual funds. Funds invested in savings accounts are reported at the value of deposited funds and net investment earnings less withdrawals and fees. The money market mutual funds consist primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations, and other securities of foreign issuers. The funds seek to maintain a stable NAV of $1.

Level 2 - Inputs to the methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable inputs (i.e., projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP ("NB Fund") - Investments held by the NB Fund are in private equity investments and valued at fair value based on the best information available. Securities listed on a securities exchange are valued at the closing price less a discount to reflect legal restrictions associated with the securities, if any. Private interests are valued based on a methodology that begins with the most recent information available from the general partner of the underlying fund or the lead investor of a direct co-investment, and considers subsequent transactions, such as drawdowns or distributions, as well as other reliable information that reports or indicates valuation changes, including realizations and other portfolio company events. The NB Fund's private equity investments are diversified in large-cap buyout, mid-cap buyout, special situations, and venture capital. The NB Fund is valued at the Organization's ownership percentage in the NB Fund's underlying net assets. Redemptions are not permitted during the life of the NB Fund. The return of capital and the realization of gains on investments, if any, will generally occur only upon the partial or complete disposition of an investment by the NB Fund, which is not within the control of the fund's general partner or advisor. The liquidation period of the NB Fund is unknown.

NOTE 3 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

Beneficial interest in split-interest agreements - Contributions receivable from the Organization's beneficial interest in split-interest agreements is based on the fair value of the assets held in the trust, as reported by the trustee, multiplied by the Organization's percentage of trust assets to be received from the trust and a present value discount factor based on beneficiary life expectancies and a stated rate of return in the agreement or the prime rate in effect on the receipt date of the trust. The Organization will never receive the trust assets or have the ability to direct the trustee to redeem them.

The following investments valued at net asset value per share or its equivalent are excluded from presentation in the fair value hierarchy described above:

The Investment Fund for Foundations ("TIFF") *Multi-Asset Fund* ("MAF") - Managed by TIFF Advisory Services, Inc. ("TAS"), who serves as the MAF's investment advisor and is responsible for the selection of money managers and other vendors and for the MAF's asset allocation. The fund seeks to achieve a total return, net of expenses, that exceeds inflation plus 5% per year by employing a globally diversified portfolio.

At December 31, 2015 and 2014, the MAF held the following investments:

	2015	2014
Common stocks	63.8%	50.4%
U.S. treasury securities	11.7%	21.8%
Private investment funds	17.7%	17.2%
Repurchase agreements	3.9%	7.4%
Other	2.9%	3.2%
	100.0%	100.0%

Securities listed on a securities exchange or traded on the National Association of Securities Dealers National Market System ("NASDAQ") are valued at their closing price or at the most recently quoted bid price if there is not a closing price. Debt securities and over-the-counter ("OTC") stocks not listed on the NASDAQ are valued at prices that reflect a broker/dealer-supplied valuation or are obtained from independent pricing services. Short-term debt securities with a maturity of 60 days or less are valued at amortized cost, and those with a maturity of over 60 days are valued at market value. Repurchase agreements are valued at cost. Private investment funds are valued either by management of the private investment fund or based on the most recent estimated value provided by the management of the private investment fund plus other relevant information reasonably available at the time of valuation, including total returns of indices or exchange-traded funds that track markets to which the private investment fund may be exposed. At December 31, 2015 and 2014, all MAF investments were determined by the TIFF Investment Program, Inc. ("TIP") board of directors to be Level 1 or 2, with the exception of the private investment funds and some common stocks, which were determined to be Level 3.

NOTE 3 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

The NAV per share of the MAF is determined by dividing the assets of the MAF, less its liabilities, by the number of outstanding shares of the MAF. At December 31, 2015 and 2014, the NAV is $14.25 and $15.31, respectively. Full and fractional shares of a member's account may be redeemed upon request. The redemption value is based on the NAV per share on the date the redemption request is received by TAS. Payment, less any applicable exit fees, is made to the member within seven days after receipt of the request. If the total market value of a member's redeemed shares within a 90-day period is in excess of $250,000 or 1% of the MAF's NAV, the member will receive an in-kind redemption of marketable securities held in the MAF, as determined by the TAS. A member may also exchange its funds for shares of another fund held by TIP, subject to entry and exit fees. Member account balances must be at least $25,000. If an account balance is less than $25,000, TAS may redeem the member's shares and send the redemption proceeds to the member.

BSA Commingled Endowment Fund, LP ("BSA Fund") - Investments held by the BSA Fund are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or ask price for OTC securities not listed on a securities exchange, or at cost or obtained from an independent pricing service for securities not listed or traded on any exchange or on the OTC market. The custodian of the investments in the BSA Fund also has the ability to determine the fair value of securities not listed or traded on any exchange or on the OTC market based on available information. The BSA Fund is valued at the number of units held by the Organization and the BSA Fund's underlying net assets. Withdrawals up to 100% of the capital account are permitted. Amounts withdrawn are generally paid within 30 days of the distribution date. Withdrawals may be limited by the general partner of the BSA Fund, subject to certain conditions. After the completion of the BSA Fund's annual audit, withdrawals in excess of the capital account are required to be reimbursed upon request by the BSA Fund. If the request is not made within 30 days following the completion of the annual audit, the reimbursement obligation is terminated. The Organization will never receive the underlying assets or have the ability to redeem them.

Alternative investments - Comprised of pooled investment funds. Smith Barney Private Selection I and II invest in private equity funds. The current value of each private equity fund is provided by the general partner of the underlying funds. The current value may include realized and unrealized investments, but may not reflect the deduction of expenses, management fees, and carried interest payments of the underlying funds. The individual funds are valued at the NAV of shares held by the Organization. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is determined by the trust company of the individual investment. Redemptions are not permitted for each of the individual alternative investments. When the underlying assets are sold, the proceeds will be distributed to the investors. The sale of the underlying assets is subject to the approval of the individual fund's manager. The Smith Barney Private Selection I and II funds expect to sell their underlying assets in 2016.

NOTE 3 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The inputs and methodologies used for valuing assets and liabilities are not an indication of the risk associated with those assets and liabilities. There have been no changes in the methodologies used at December 31, 2015 or 2014.

The following tables provide fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2015 and 2014:

	2015				
Description	Assets Measured at Net Asset Value (a)	Level 1	Level 2	Level 3	Total
Common stock - Healthcare	$ -	$ 38,029	$ -	$ -	$ 38,029
The Investment Fund for Foundations ("TIFF") Multi-Asset Fund	36,459,196	-	-	-	36,459,196
BSA Commingled Endowment Fund, LP	15,879,910	-	-	-	15,879,910
Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP	-	-	-	1,270,731	1,270,731
Mutual fund - Fixed income	-	15,632,511	-	-	15,632,511
Money market and savings accounts	-	24,129,486	-	-	24,129,486
Alternative investments:					
Smith Barney Private Selection I and II	95,572	-	-	-	95,572
Total investments	52,434,678	39,800,026	-	1,270,731	93,505,435
Beneficial interest in split-interest agreements (Note 4)	-	-	-	1,466,923	1,466,923
Total recurring fair value measurements	$ 52,434,678	$ 39,800,026	$ -	$ 2,737,654	$ 94,972,358

NOTE 3 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

	2014				
Description	Assets Measured at Net Asset Value (a)	Level 1	Level 2	Level 3	Total
Common stock - Healthcare	$ -	$ 18,200	$ -	$ -	$ 18,200
The Investment Fund for Foundations ("TIFF") Multi-Asset Fund	38,844,312	-	-	-	38,844,312
BSA Commingled Endowment Fund, LP	11,856,277	-	-	-	11,856,277
Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP	-	-	-	1,664,649	1,664,649
Mutual fund - Fixed income	-	15,663,683	-	-	15,663,683
Money market and savings accounts	-	25,185,012	-	-	25,185,012
Alternative investments:					
Smith Barney Private Selection I and II	127,907	-	-	-	127,907
Total investments	50,828,496	40,866,895	-	1,664,649	93,360,040
Beneficial interest in split-interest agreements (Note 4)	-	-	-	991,802	991,802
Total recurring fair value measurements	$ 50,828,496	$ 40,866,895	$ -	$ 2,656,451	$ 94,351,842

(a) As discussed above, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient, which is a reasonable estimate of fair value, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The following tables set forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended December 31, 2015 and 2014:

	2015		
	Investments	Beneficial Interest In Split-Interest Agreements	Total
Balance, beginning of year	$ 1,664,649	$ 991,802	$ 2,656,451
Purchases and contributions	-	679,275	679,275
Sales	(487,500)	-	(487,500)

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NOTE 3 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

2015 (continued)	Investments	Beneficial Interest In Split-Interest Agreements	Total
Net realized and unrealized gains on investments in the consolidated statements of activities and changes in net assets	$ 93,582	$ -	$ 93,582
Change in value of split-interest agreements (Note 10)	-	(204,154)	(204,154)
Balance, end of year	$ 1,270,731	$ 1,466,923	$ 2,737,654
Total gains (losses) included in the increase (decrease) in total net assets due to the change in unrealized gain (loss) on investments that relate to assets held at the reporting date and are included in unrealized gain (loss) on investments in the consolidated statements of activities and changes in net assets	$ (113,543)	$ -	$ (113,543)

2014	Investments	Beneficial Interest In Split-Interest Agreements	Total
Balance, beginning of year	$ 1,866,691	$ 991,802	$ 2,858,493
Purchases and contributions	-	-	-
Sales	(531,121)	-	(531,121)
Net realized and unrealized gains on investments in the consolidated statements of activities and changes in net assets	329,079	-	329,079
Balance, end of year	$ 1,664,649	$ 991,802	$ 2,656,451
Total gains (losses) included in the increase (decrease) in total net assets due to the change in unrealized gain (loss) on investments that relate to assets held at the reporting date and are included in unrealized gain (loss) on investments in the consolidated statements of activities and changes in net assets	$ 92,391	$ -	$ 92,391

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NOTE 3 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables present the Organization's Level 3 assets, the valuation techniques used to measure the fair value of those assets, the significant unobservable inputs, and the ranges of values for those inputs.

	2015			
Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Beneficial Interest in Split-Interest Agreements	$ 1,466,923	Present value of future payments	Life expectancies Discount rates	Various 3.4%-15%
Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP	$ 1,270,731	Fair value of underlying assets	Closing prices, pricing models, discounted cash flows	Unknown

	2014			
Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Beneficial Interest in Split-Interest Agreements	$ 991,802	Present value of future payments	Life expectancies Discount rates	Various 3.4%-15%
Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP	$ 1,664,649	Fair value of underlying assets	Closing prices, pricing models, discounted cash flows	Unknown

Information regarding the Organization's investments in entities that calculate net asset value per share or its equivalent for the year ended December 31, 2015 is as follows:

Asset	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
TIFF Multi-Asset Fund	$ 36,459,196	$ -	Not applicable	Not applicable
BSA Commingled Endowment Fund, LP	$ 15,879,910	$ -	Not applicable	Not applicable
Alternative Investments:				
Smith Barney Private Selection I and II	$ 95,572	$ -	Not permitted	Not applicable

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring measurements. The Organization's board of directors assesses and approves these policies and procedures. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate and evaluates and adjusts the

NOTE 3 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

unobservable inputs used in the fair value measurements based on current market conditions and third-party information. The Organization recognizes transfers between levels in the fair value hierarchy at the beginning of a reporting period.

The fair values of cash, accounts receivable, and accounts payable approximate their respective carrying values due to the short-term nature of these accounts.

NOTE 4 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2015 and 2014 consist of the following:

	2015	2014
United Way	$ 368,341	$ 382,016
Friends of Scouting	484,939	249,572
Beneficial interest in split-interest agreements	1,466,923	991,802
Foundations	51,000	238,065
Other unrestricted promises	492,914	134,635
Restricted to capital campaign	1,403,221	1,672,348
Restricted to Endowment Fund	3,008,452	6,709,555
Less: Discount for timing of cash flows	(815,909)	(958,408)
Subtotal	6,459,881	9,419,585
Less: Allowance for uncollectible contributions receivable	(43,552)	(17,376)
	$6,416,329	$9,402,209
Contributions receivable, due in:		
Less than one year	$4,682,238	$7,107,798
One to five years	1,734,091	2,294,411
	$6,416,329	$9,402,209

The discount for timing of cash flows is computed using the risk-free interest rate applicable to the year in which the contribution is received or the Internal Revenue Service's actuarial mortality table, Table R(2). Risk-free interest rates are 3.25% to 7.25% for contributions received in 2007 - 2015, and the rate from Table R(2) is 0.56% for a contribution received in 2013.

Allocations from United Way of Greater Houston for $332,222 and $368,073 (designated for general operating purposes for the first three months of 2016 and 2015, respectively) have been recorded in the consolidated financial statements since the amounts were pledged in 2015 and 2014, respectively. The Organization has been notified of an additional allocation from United Way of Greater Houston in 2016 for approximately $917,000. The revenue from the additional allocation will be recorded in 2016 when the firm commitment is received.

NOTE 5 - PROPERTY

Property at December 31, 2015 and 2014 consists of the following:

	Useful Lives	2015	2014
Land		$18,428,570	$18,428,570
Building, structures, and land improvements	5 - 50 years	26,505,945	21,357,319
Furniture, fixtures, and equipment	2 - 20 years	6,189,919	6,285,551
Construction in progress		1,974,541	4,964,783
		53,098,975	51,036,223
Less: Accumulated depreciation		16,836,821	16,431,837
		$36,262,154	$34,604,386

Land in the amount of approximately $8 million is restricted for use as a camp at December 31, 2015 and 2014. The Organization may sell all or any portion of the land as it deems necessary; however, the sale proceeds must be applied either to acquire replacement property that will be used for the same purpose or for other purposes specifically permitted by the agreement with the donor.

NOTE 6 - LINES OF CREDIT

The Organization has a $1.2 million line of credit agreement with a bank. Interest is payable quarterly at prime plus 0.5%. Principal is due at maturity in July 2016. At December 31, 2015 and 2014, there was no outstanding balance on the line.

The Organization also had a $4.6 million line of credit agreement with another bank that matured in September 2014. Interest was payable monthly at the London Interbank Offered Rate ("LIBOR") plus 1.1%. Principal was due at maturity. In September 2014, the line of credit was not renewed.

NOTE 7 - NET ASSETS AND RESTRICTIONS

Substantially all of the restrictions on net assets at the end of 2015 and 2014 are related to funds raised through ongoing capital and endowment campaigns to help prepare the Organization for future Scouting needs, charitable trusts of which the Organization is a beneficiary, and United Way funding for the next year.

Temporarily restricted net assets are available for the following purposes at December 31, 2015 and 2014:

	2015	2014
Endowment funds subject to a time restriction by explicit donor stipulation or by TXUPMIFA	$52,620,714	$53,827,515
Capital campaign	3,382,188	3,979,346
United Way	368,340	395,573
Split-interest agreements (Notes 4 and 10)	1,379,805	904,684

NOTE 7 - NET ASSETS AND RESTRICTIONS (CONTINUED)

	2015	2014
General operations	$ 1,039,285	$ 626,879
	$58,790,332	$59,733,997

Permanently restricted net assets consist of the following at December 31, 2015 and 2014:

	2015	2014
Permanently restricted endowment gifts required to be retained either by explicit donor stipulations or by TXUPMIFA:		
General endowments	$30,902,702	$29,911,908
Split-interest agreements (Notes 4 and 10)	87,118	87,118
Cash surrender value of life insurance	172,953	181,510
	$31,162,773	$30,180,536

NOTE 8 - RECLASSIFICATIONS OF NET ASSETS

Net assets were released from donor restrictions during 2015 and 2014 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Net assets released were related to the following:

	2015	2014
Friends of Scouting	$ 152,677	$ 80,817
Capital campaign	2,244,574	969,434
Special events	124,250	80,350
Foundations and trusts	233,065	261,123
Other direct support	14,412	706,076
United Way	409,325	457,310
Investments	-	16,062,971
	$3,178,303	$18,618,081

Other reclassifications of net assets, resulting from donor restrictions imposed on otherwise unrestricted net assets, were as follows in 2015 and 2014:

	2015	2014
Investment income	$ 357,965	$ -

The proceeds from the sale of certain property in a prior year are purpose-restricted as $34,000,000 in the Endowment Fund and $28,445,669 in the Capital Fund. In 2014, the agreement with the donor of funds used to acquire the original property was amended to allow the release of approximately $16,063,000 of temporarily restricted net assets to board-designated unrestricted net assets in the

NOTE 8 - RECLASSIFICATIONS OF NET ASSETS (CONTINUED)

Endowment Fund. It was further amended to create a new account in the Capital Fund ("Capital Account") for future use of depreciation and improvements, including long-term major maintenance projects, purchase and replacement of major equipment and vehicles, future permanent improvements, and future additional land acquisitions for expansion of the current acreage. The Capital Account is required to be funded, annually, with at least $200,000 of the Organization's spending policy distributable amount from the donor's related account in the Endowment Fund. In 2015, the Organization funded the Capital Account with $357,965, and accordingly, reclassified the funds as temporarily restricted net assets.

NOTE 9 - ENDOWMENT FUND

The purpose of the Organization's Endowment Fund, also called the Investment Fund, is to assist in the financial requirements of the Organization in its delivery of a quality Scout program, in its service to its chartering partners, and in its long-term financial sustainability. The Endowment Fund of the Organization is made up of unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, including several individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets, identified by the Organization's board of directors to be used for future investment and growth, are included in unrestricted net assets – board-designated.

The Organization has interpreted TXUPMIFA as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by TXUPMIFA. In accordance with TXUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Changes in the Endowment Fund net assets (deficit) for the years ended December 31, 2015 and 2014 are as follows:

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NOTE 9 - ENDOWMENT FUND (CONTINUED)

	Unrestricted - Non-Board Designated	Unrestricted - Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment Fund net assets, December 31, 2013	$ 331,723	$ 4,373,195	$ 42,143,001	$25,726,052	$72,573,971
Investment return:					
Investment income	249,462	75,431	-	-	324,893
Net appreciation (depreciation) (realized and unrealized)	619,372	(111,968)	-	-	507,404
Total investment return	868,834	(36,537)	-	-	832,297
Contributions	-	13,447	-	4,454,484	4,467,931
Transfers in	-	46,418	-	-	46,418
Other reclassifications of net assets	(49,343)	16,112,314	(16,062,971)	-	-
Appropriation of Endowment Fund assets for expenditure	(1,609,955)	(167,604)	-	-	(1,777,559)
Endowment Fund net assets (deficit), December 31, 2014	(458,741)	20,341,233	26,080,030	30,180,536	76,143,058
Investment return:					
Investment income	453,434	104,122	-	-	557,556
Net appreciation (depreciation) (realized and unrealized)	(983,673)	(97,962)	-	-	(1,081,635)
Total investment return	(530,239)	6,160	-	-	(524,079)
Contributions	-	6,569	679,275	982,237	1,668,081
Transfers in	-	119,658	-	-	119,658
Appropriation of Endowment Fund assets for expenditure	(1,982,960)	(504,800)	-	-	(2,487,760)
Endowment Fund net assets (deficit), December 31, 2015	$(2,971,940)	$ 19,968,820	$ 26,759,305	$31,162,773	$74,918,958

NOTE 9 - ENDOWMENT FUND (CONTINUED)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or TXUPMIFA requires the Organization to retain as permanently restricted. Deficiencies of this nature result from unfavorable market fluctuations and are included in unrestricted net assets. At December 31, 2015 and 2014, total deficiencies are $2,971,940 and $458,741, respectively.

NOTE 10 - SPLIT-INTEREST AGREEMENTS

A split-interest agreement is an agreement in which a donor contributes assets directly to the Organization or places them in a trust for the benefit of the Organization and the Organization is not the sole beneficiary of the assets' economic value. The contributed assets are held, invested, and administered by the Organization or a trustee who is responsible for making the required distributions to the beneficiaries. Upon expiration of the agreements, the remaining assets will be distributed to or retained by the Organization.

A donor established a trust with a bank naming the Organization as a partial recipient of a charitable remainder unitrust. Under terms of this split-interest agreement, the Organization will receive 50% of the trust's assets upon the death of the donor into its permanently restricted endowment fund. Based on the donor's life expectancy and a 6% rate of return, the present value of the future benefits expected to be received by the Organization is estimated to be approximately $87,000 at December 31, 2015 and 2014.

The Organization is the recipient of five separate charitable remainder trusts. Under terms of the split-interest agreements, the Organization is to receive a percentage of the trusts' assets upon the death of a beneficiary, as defined in the agreements. Until receipt of the assets from the trusts, the Organization reports the trusts' assets in the Operating or Endowment Fund's temporarily restricted net assets, as determined by the Organization's unsolicited, unrestricted gifts policy. Upon receipt of the assets from the trusts, the trusts' assets will be released to unrestricted net assets in the applicable fund. Based on the life expectancies of the beneficiaries and the stated rate of return in the agreements or the prime rate in effect on the receipt date of the trust, the present value of the future benefits expected to be received by the Organization from the trusts, combined, was estimated to be approximately $1,380,000 and $905,000 at December 31, 2015 and 2014, respectively. In 2015, the Organization recorded a change in the value of the split-interest agreements amounting to approximately $204,000. There was no change in the value of the split-interest agreements for 2014.

NOTE 11 - CONDITIONAL CONTRIBUTIONS

The Organization has a matching endowment program with a donor. The purpose of the endowment program is to create awareness of endowment, encourage others to invest in the future of the Organization, and support community-level involvement in the annual endowment campaign of the Organization. The donor that established the endowment program matches third-party contributions, in $500 increments, ranging from $500 to $25,000 to be maintained in the endowment. The endowment program is awarded on an annual basis, and the income of the endowment program is to be used for the general support of the Organization. In 2015 and 2014, donor matches totaled approximately $312,000 and $386,000, respectively.

NOTE 11 - CONDITIONAL CONTRIBUTIONS (CONTINUED)

The Organization has a $5,000,000 matching grant with a donor, contingent upon meeting certain restrictions. The grant is to be paid over five years, and income from the grant will be used by the Organization, as agreed upon with the donor. Originally, the purpose of the grant was to maximize board giving, in which the donor would match the first $250,000 of all gifts from members of the Organization's board of directors. In 2014 and 2013, the Organization met the restrictions of the matching grant and received $1,000,000 for each year. In 2015, the donor changed the terms of the grant as a result of board-approved changes to the scope of the Organization's Leaders of Tomorrow campaign. The terms of the revised grant provide that the remaining unfunded portion of the grant ($3,000,000) shall be applied to expanding the Organization's staff to grow Scouting. The revised grant no longer retains a matching requirement.

NOTE 12 - ENDOWED FUND AGREEMENT

The Organization has entered into an endowed fund agreement with a grantor that provides for the establishment of a permanent endowment fund as well as the payment of annual non-endowment grants.

Endowment Fund

In accordance with the agreement, the Organization has established an endowment fund to be permanently held and managed for the long-term use and benefit of a Boy Scout camp, as defined in the agreement (the "Camp"). The fund consists of the grantor's annual grants and unexpended income.

In furtherance of the grantor's mission to support the Boy Scouts, and for as long as the agreement remains in effect, the grantor intends to make annual grants to the endowment fund equal to 25% of the annual qualifying distributions made by the grantor within the meaning of Section 4942 of the Internal Revenue Code and as reported in its annual Form 990 ("Annual Qualifying Distributions").

Non-Endowment Grants

In addition to the endowment grants mentioned above, the grantor intends to make annual non-endowment grants to the Organization equal to 12.5% of the grantor's Annual Qualifying Distributions. Such grants shall be used by the Organization to support the Camp or other projects that further the ideas and goals of the grantor and the Organization, as approved in advance on an annual basis by the board of directors of the grantor.

For 2014, the Organization received endowment and non-endowment grants under the above agreement totaling approximately $594,000. For 2015, the Organization did not receive endowment or non-endowment grants under the above agreement.

NOTE 13 - EMPLOYEE BENEFIT PLANS

Retirement Plan

The National Council has a qualified defined benefit pension plan (the "Plan") administered at the National Service Center that covers employees of the National Council and local councils, including the Organization. The plan name is the *Boy Scouts of America Master Pension Trust - Boy Scouts of America Retirement Plan for Employees* and covers all employees who have completed one year of service and who have agreed to make contributions. Eligible employees contribute 2% of compensation, and the Organization contributes an additional 7% in 2015 and 2014 to the Plan. Pension expense (excluding the contributions made by employees) was $296,104 and $295,327 in 2015 and 2014, respectively, and covered current service cost.

The Plan is a multi-employer plan, and the individual information for each employer is not available. The actuarial information for the multi-employer plan as of February 1, 2015 indicates that it is in compliance with the Employee Retirement Income Security Act regulations regarding funding. The assumed rate of return used in determining actuarial present values of accumulated benefits at December 31, 2015 and 2014 was 7.00%. The actuarial value includes all Plan amendments as of February 1, 2015.

Thrift Plan

The Organization has established a thrift plan covering substantially all of the employees of the Organization. Participants in the thrift plan may elect to make voluntary before-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Internal Revenue Code. The Organization has elected to match employee contributions to the thrift plan up to 50% of contributions from each participant, limited to 3% of each employee's gross pay. The Organization contributed approximately $94,000 and $95,000 to the thrift plan in 2015 and 2014, respectively.

Health Care Plan

The Organization's employees participate in a health care plan provided by the National Council. The Organization pays a portion of the cost for the employees and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2015 and 2014, the Organization remitted approximately $719,000 and $710,000, respectively, on behalf of its employees to the National Council related to the health care plan.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist principally of cash at financial institutions. At times, the balances in cash accounts may be in excess of federally insured limits. Management continuously monitors the Organization's balances at financial institutions and invests excess operating cash in short-term investments.

NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Claims

The Organization is involved in various legal matters arising in the normal course of operations. The Organization does not believe that the ultimate resolution of these matters will have a significant effect on its consolidated financial position.

Operating Leases

The Organization accounts for the lease of office equipment and Scout shops as operating leases. Total rent expense amounted to approximately $236,000 and $238,000 for 2015 and 2014, respectively. These leases will expire on various dates through 2020. As of December 31, 2015, the minimum required future lease payments under these leases are as follows:

For the Year Ending December 31:	
2016	$119,403
2017	78,288
2018	74,816
2019	36,316
2020	19,143
	$327,966

NOTE 15 - SCOUT SHOP

The National Council operates five Scout shops within the Houston area. The National Council manages the Scout shops and pays the Organization an 8% commission on gross sales up to $750,000 and 13% on sales in excess of $750,000. The commissions earned (before expenses) by the Organization during 2015 and 2014 amounted to approximately $455,000 and $448,000, respectively, which are included in other revenue in the consolidated statements of activities and changes in net assets.

NOTE 16 - RELATED PARTY TRANSACTIONS

Some board of director members are officers at financial institutions where the Organization maintains investment and cash account balances. As of December 31, 2015 and 2014, total Organization deposits with the financial institutions were approximately $23,926,000 and $24,237,000, respectively.

Two board of director members are members of management of a construction consulting entity and an engineering firm, respectively, that the Organization uses for camp design. For 2015 and 2014, total costs of $1,141,204 and $487,779, respectively, were incurred and capitalized in property as construction in progress from these entities.

NOTE 17 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 5, 2016, the date the consolidated financial statements were available to be issued.