

Financial Statements

**DANIEL WEBSTER COUNCIL, INC.
BOY SCOUTS OF AMERICA**

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020
AND
INDEPENDENT AUDITORS' REPORT**

DANIEL WEBSTER COUNCIL, INC.
BOY SCOUTS OF AMERICA

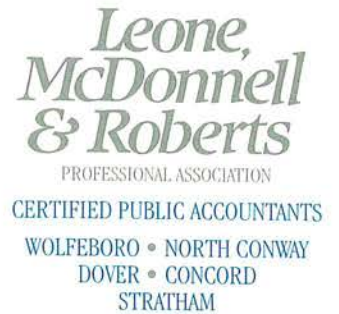
FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT



To the Board of Directors
Daniel Webster Council, Inc.
Boy Scouts of America

Opinion

We have audited the accompanying financial statements of Daniel Webster Council, Inc. Boy Scouts of America (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, cash flows and functional expenses for the year ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Daniel Webster Council, Inc. Boy Scouts of America as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Daniel Webster Council, Inc. Boy Scouts of America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Daniel Webster Council, Inc. Boy Scouts of America's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not

detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.


In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Daniel Webster Council, Inc. Boy Scouts of America's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Daniel Webster Council, Inc. Boy Scouts of America's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Daniel Webster Council, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leanne McDannell 
Professional Accountant

Dover, New Hampshire
September 22, 2022

DANIEL WEBSTER COUNCIL, INC.
BOY SCOUTS OF AMERICA
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

ASSETS	Operating Fund		Capital Fund		Endowment Fund		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
CURRENT ASSETS								
Cash	\$ 474,455	\$ 455,652	\$ 4,180	\$ 77,963	\$ -	\$ -	\$ 478,635	\$ 533,615
Accounts receivable	180,216	26,885	-	-	-	-	180,216	26,885
Contributions receivable (less allowance of \$5,185 and \$12,597 in 2021 and 2020, respectively)	10,046	16,459	-	-	-	1,000	10,046	17,459
Employee retention tax credit receivable	448,250	-	-	-	-	-	448,250	-
Inventories	60,867	77,371	-	-	-	-	60,867	77,371
Prepaid expenses	14,811	39,766	2,200	5,627	-	-	17,011	45,393
Total current assets	<u>1,188,645</u>	<u>616,133</u>	<u>6,380</u>	<u>83,590</u>	<u>-</u>	<u>1,000</u>	<u>1,195,025</u>	<u>700,723</u>
NONCURRENT ASSETS								
Land, buildings and equipment, net	-	-	4,650,498	4,769,897	-	-	4,650,498	4,769,897
Construction in progress	-	-	3,423	42,649	-	-	3,423	42,649
Museum collections	-	-	126,526	17,275	-	-	126,526	17,275
Long-term investments	-	-	-	-	11,746,125	12,160,457	11,746,125	12,160,457
Board designated investments	-	-	-	-	1,600,762	-	1,600,762	-
Beneficial interest in trust	-	-	-	-	1,552,263	1,417,008	1,552,263	1,417,008
Cash value of donated life insurance	-	-	-	-	229,793	225,856	229,793	225,856
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>4,780,447</u>	<u>4,829,821</u>	<u>15,128,943</u>	<u>13,803,321</u>	<u>19,909,390</u>	<u>18,633,142</u>
Total assets	<u>\$ 1,188,645</u>	<u>\$ 616,133</u>	<u>\$ 4,786,827</u>	<u>\$ 4,913,411</u>	<u>\$ 15,128,943</u>	<u>\$ 13,804,321</u>	<u>\$ 21,104,415</u>	<u>\$ 19,333,865</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Current portion of long term debt	\$ -	\$ -	\$ 37,240	\$ 14,884	\$ -	\$ -	\$ 37,240	\$ 14,884
Accounts payable and accrued expenses	64,169	70,482	50,928	4,400	-	-	115,097	74,882
Accrued contribution to settlement trust	-	-	109,250	-	1,600,762	-	1,710,012	-
Deferred camp and special events income	12,501	26,797	-	-	-	-	12,501	26,797
Custodial accounts	372,474	390,043	-	-	-	-	372,474	390,043
Deferred revenue, current portion	-	-	24,000	24,000	-	-	24,000	24,000
Other current liabilities	9,923	9,763	-	-	-	-	9,923	9,763
Total current liabilities	<u>459,067</u>	<u>497,085</u>	<u>221,418</u>	<u>43,284</u>	<u>1,600,762</u>	<u>-</u>	<u>2,281,247</u>	<u>540,369</u>
LONG TERM LIABILITIES								
Notes payable, net of current portion	-	-	106,418	37,868	-	-	106,418	37,868
Deferred revenue	-	-	938,400	962,400	-	-	938,400	962,400
Total long term liabilities	<u>-</u>	<u>-</u>	<u>1,044,818</u>	<u>1,000,268</u>	<u>-</u>	<u>-</u>	<u>1,044,818</u>	<u>1,000,268</u>
Total liabilities	<u>459,067</u>	<u>497,085</u>	<u>1,266,236</u>	<u>1,043,552</u>	<u>1,600,762</u>	<u>-</u>	<u>3,326,065</u>	<u>1,540,637</u>
NET ASSETS								
Without donor restrictions	563,926	(35,032)	3,219,668	3,605,210	6,486,468	6,937,391	10,270,062	10,507,569
With donor restrictions	165,652	154,080	300,923	264,649	7,041,713	6,866,930	7,508,288	7,285,659
Total net assets	<u>729,578</u>	<u>119,048</u>	<u>3,520,591</u>	<u>3,869,859</u>	<u>13,528,181</u>	<u>13,804,321</u>	<u>17,778,350</u>	<u>17,793,228</u>
Total liabilities and net assets	<u>\$ 1,188,645</u>	<u>\$ 616,133</u>	<u>\$ 4,786,827</u>	<u>\$ 4,913,411</u>	<u>\$ 15,128,943</u>	<u>\$ 13,804,321</u>	<u>\$ 21,104,415</u>	<u>\$ 19,333,865</u>

See Notes to Financial Statements

DANIEL WEBSTER COUNCIL, INC.
BOY SCOUTS OF AMERICA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE TOTALS FOR 2020

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Changes in net assets without donor restrictions					
Direct Support:					
Friends of Scouting	\$ 300,839	\$ -	\$ -	\$ 300,839	\$ 320,994
Memorials and bequests	78,006	-	-	78,006	24,013
Special events - gross	143,668	-	-	143,668	51,046
Less cost of direct benefit	(80,173)	-	-	(80,173)	(18,655)
Net special events	63,495	-	-	63,495	32,391
Project sales	8,133	-	-	8,133	28,215
Foundations and trusts	158,593	-	-	158,593	32,415
Other direct support	-	-	-	-	13,280
Total direct support	609,066	-	-	609,066	451,308
Indirect support					
United Way	14,466	-	-	14,466	9,812
Government grants	844,050	-	-	844,050	562,500
Total indirect support	858,516	-	-	858,516	572,312
Revenues					
Product sales - gross	507,882	-	-	507,882	267,882
Less cost of goods sold	(183,453)	-	-	(183,453)	(73,666)
Less commissions paid to units	(175,626)	-	-	(175,626)	(105,055)
Net product sales	148,803	-	-	148,803	89,161
Supplies sales - gross	6,226	-	-	6,226	7,264
Less cost of goods sold	(2,825)	-	-	(2,825)	(2,986)
Net sales of supplies	3,401	-	-	3,401	4,278
Investment income	75,460	-	160,711	236,171	230,667
Investment income allocation to operations and capital	275,000	-	(275,000)	-	-
Camping fees	1,259,419	-	-	1,259,419	75,947
Activities	51,622	-	-	51,622	89,645
Realized gains on investments	-	-	752,208	752,208	28,744
Unrealized (losses) gains on investments and other changes	-	-	765,326	765,326	1,536,586
Other revenue	62,447	42,477	-	104,924	525,691
Total revenues	1,876,152	42,477	1,403,245	3,321,874	2,580,719
Reclassification of net assets:					
Net assets released from restrictions	6,381	53,226	-	59,607	23,976
Total reclassification of net assets	6,381	53,226	-	59,607	23,976
Total public support and revenues	3,350,115	95,703	1,403,245	4,849,063	3,628,315
Expenses					
Program services:					
Camping	1,800,555	-	-	1,800,555	822,954
Organization, service activities and special programs	872,393	370,594	-	1,242,987	1,633,674
Total program services	2,672,948	370,594	-	3,043,542	2,456,628
Supporting activities:					
Management and general	118,576	1,458	-	120,034	150,145
Fundraising	154,203	2,106	-	156,309	162,769
Total supporting activities	\$ 272,779	\$ 3,564	\$ -	\$ 276,343	\$ 312,914

See Notes to Financial Statements

DANIEL WEBSTER COUNCIL, INC.
BOY SCOUTS OF AMERICA

STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE TOTALS FOR 2020

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Changes in net assets without donor restrictions (continued)					
Charter and national service fee	\$ 56,673	\$ -	\$ -	\$ 56,673	\$ 56,670
Contribution to settlement trust	-	109,250	1,600,762	1,710,012	-
Total other expenses	56,673	109,250	1,600,762	1,766,685	56,670
Total expenses	3,002,400	483,408	1,600,762	5,086,570	2,826,212
Increase (decrease) in net assets without donor restriction	347,715	(387,705)	(197,517)	(237,507)	802,103
Changes in net assets with donor restrictions					
Direct support					
Friends of scouting	5,802	-	-	5,802	821
Project sales	-	-	-	-	10,700
Memorials and bequests	175	-	4,000	4,175	2,000
Special events	1,100	-	-	1,100	14,760
Foundations and trusts	5,079	-	-	5,079	9,357
Other direct	5,797	89,500	-	95,297	3,735
Total direct support	17,953	89,500	4,000	111,453	41,373
Revenues					
Investment income	-	-	4,255	4,255	2,843
Realized losses on investments	-	-	13,551	13,551	(89)
Unrealized gains on investments	-	-	13,784	13,784	26,014
Increase in value of donated life insurance	-	-	3,938	3,938	9,775
Increase in value of beneficial interest trust	-	-	135,255	135,255	104,862
Total revenue	-	-	170,783	170,783	143,405
Reclassification of net assets					
Net assets released from restriction	(6,381)	(53,226)	-	(59,607)	(23,976)
Increase in net assets with donor restriction	11,572	36,274	174,783	222,629	160,802
Change in total net assets	359,287	(351,431)	(22,734)	(14,878)	962,905
Net assets, beginning of year					
Without donor restrictions	(35,032)	3,605,210	6,937,391	10,507,569	9,705,466
With donor restrictions	154,080	264,649	6,866,930	7,285,659	7,124,857
Total net assets, beginning of year	119,048	3,869,859	13,804,321	17,793,228	16,830,323
Board authorized transfers	251,243	2,163	(253,406)	-	-
Net assets, end of year					
Without donor restrictions	563,926	3,219,668	6,486,468	10,270,062	10,507,569
With donor restrictions	165,652	300,923	7,041,713	7,508,288	7,285,659
Total net assets, end of year	\$ 729,578	\$ 3,520,591	\$ 13,528,181	\$ 17,778,350	\$ 17,793,228

See Notes to Financial Statements

DANIEL WEBSTER COUNCIL, INC.
BOY SCOUTS OF AMERICA

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE TOTALS FOR 2020

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in total net assets	\$ 359,287	\$ (351,431)	\$ (22,734)	\$ (14,878)	\$ 962,905
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	-	341,514	-	341,514	293,197
Unrealized losses (gains) on investments	-	-	(779,110)	(779,110)	(1,562,600)
Realized (gains) losses on investments	-	-	(765,759)	(765,759)	(28,655)
Stock donations	-	-	(4,000)	(4,000)	(3,000)
Reinvested income	-	-	(164,966)	(164,966)	(173,281)
(Increase) decrease in accounts receivable	(153,331)	-	-	(153,331)	2,693
(Increase) decrease in contributions receivable	6,413	-	1,000	7,413	13,148
(Increase) in employee retention tax credit receivable	(448,250)	-	-	(448,250)	-
Decrease in inventories	16,504	-	-	16,504	(1,062)
(Increase) decrease in prepaid expenses	24,955	3,427	-	28,382	(315)
Increase in beneficial interest in trust	-	-	(135,255)	(135,255)	(104,862)
Increase in cash value of donated life insurance	-	-	(3,938)	(3,938)	(9,775)
Increase (decrease) in accounts payable and accrued expenses	(6,313)	46,528	-	40,215	3,895
Increase in accrued contribution to settlement trust	-	109,250	1,600,762	1,710,012	-
Increase in deferred camp and special events income	(14,296)	-	-	(14,296)	(28,146)
Increase in custodial accounts	(17,569)	-	-	(17,569)	(249,689)
Decrease in deferred revenue	-	(24,000)	-	(24,000)	(24,000)
Increase (decrease) in other current liabilities	160	-	-	160	-
Total adjustments	<u>(591,727)</u>	<u>476,719</u>	<u>(251,266)</u>	<u>(366,274)</u>	<u>(1,872,452)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(232,440)</u>	<u>125,288</u>	<u>(274,000)</u>	<u>(381,152)</u>	<u>(909,547)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets	-	(331,366)	-	(331,366)	(368,329)
Proceeds from sales on investments	-	153,913	527,406	681,319	1,816,536
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>(177,453)</u>	<u>527,406</u>	<u>349,953</u>	<u>1,448,207</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of demand note payable	-	-	-	-	(635,018)
Repayments on long term debt	-	(23,781)	-	(23,781)	(11,065)
Net asset adjustments transfers in	251,243	2,163	(253,406)	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>251,243</u>	<u>(21,618)</u>	<u>(253,406)</u>	<u>(23,781)</u>	<u>(646,083)</u>
NET (DECREASE) IN CASH	18,803	(73,783)	-	(54,980)	(107,423)
CASH, BEGINNING OF YEAR	<u>455,652</u>	<u>77,963</u>	<u>-</u>	<u>533,615</u>	<u>641,038</u>
CASH, END OF YEAR	\$ 474,455	\$ 4,180	\$ -	\$ 478,635	\$ 533,615
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 3,654</u>	<u>\$ -</u>	<u>\$ 3,654</u>	<u>\$ 15,348</u>
Equipment financed with debt	<u>\$ -</u>	<u>\$ 114,687</u>	<u>\$ -</u>	<u>\$ 114,687</u>	<u>\$ 63,818</u>

See Notes to Financial Statements

DANIEL WEBSTER COUNCIL, INC.
BOYS SCOUTS OF AMERICA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021 WITH COMPARATIVE TOTALS FOR 2020

	<u>Program Services</u>			<u>Supporting Activities</u>			<u>2021 Totals</u>	<u>2020 Totals</u>
	<u>Camping</u>	<u>Organization, Service, Activities, and Special Programs</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Activities</u>		
Employee compensation								
Salaries	\$ 440,858	\$ 694,271	\$ 1,135,129	\$ 33,588	\$ 48,516	\$ 82,104	\$ 1,217,233	\$ 1,307,466
Employee benefits	40,292	153,867	194,159	7,619	11,006	18,625	212,784	235,488
Payroll taxes	30,122	54,643	84,765	2,581	3,727	6,308	91,073	115,518
Employee-related expenses	-	240	240	12	18	30	270	-
Total employee compensation	511,272	903,021	1,414,293	43,800	63,267	107,067	1,521,360	1,658,472
Supplies	477,180	38,246	515,426	736	1,371	2,107	517,533	72,726
Occupancy	190,008	27,856	217,864	1,196	2,328	3,524	221,388	181,955
Professional fees	49,968	71,964	121,932	66,306	32,731	99,037	220,969	175,963
Insurance	67,188	46,122	113,310	1,895	2,736	4,631	117,941	90,208
Travel and vehicles	54,647	20,612	75,259	888	2,617	3,505	78,764	64,045
Recognition awards	20,893	21,492	42,385	753	24,681	25,434	67,819	32,553
Equipment rental and maintenance	48,103	16,591	64,694	697	1,005	1,702	66,396	28,163
Other expenses	23,374	33,199	56,573	1,206	5,996	7,202	63,775	18,070
Telephone	16,934	15,621	32,555	790	1,140	1,930	34,485	37,940
Printing and publications	4,284	12,528	16,812	329	11,715	12,044	28,856	82,167
Conferences and meetings	11,085	4,429	15,514	203	909	1,112	16,626	2,473
Postage and shipping	6,080	2,935	9,015	129	4,216	4,345	13,360	16,262
Specific assistance to individuals	-	5,445	5,445	-	-	-	5,445	-
Total before interest and depreciation	1,481,016	1,220,061	2,701,077	118,928	154,712	273,640	2,974,717	2,460,997
Interest	-	3,368	3,368	117	169	286	3,654	15,348
Depreciation	319,539	19,558	339,097	989	1,428	2,417	341,514	293,197
Total functional expenses	\$ 1,800,555	\$ 1,242,987	\$ 3,043,542	\$ 120,034	\$ 156,309	\$ 276,343	\$ 3,319,885	\$ 2,769,542

See Notes to Financial Statements

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1. NATURE OF ACTIVITIES

Organization

The Daniel Webster Council, Boy Scouts of America (the "Council") is located in Manchester, New Hampshire and serves all of New Hampshire. The Council has six camping facilities, Camp Carpenter, Manchester; Hidden Valley Scout Camp, Gilmanton Iron Works; Camp Bell, Gilmanton Iron Works; Camp Unity, Unity; Camp Whip-O-Will, Merrimack, and Pierre Hoge Scout Camp, Walpole. The Trust Fund was established for the benefit of the Council. The Daniel Webster Council, Inc. Boy Scouts of America 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 and young men and women to do things for themselves and others, training them in Scoutcraft and teaching them patriotism, courage, self-reliance, and kindred virtues, using the methods which are now in common use by the Boy Scouts of America. The Council's major source of revenue is derived from camping revenue.

The Council's programs are classified as follows:

Lion Scouts

A fun introduction to the Scouting program for kindergarten-age youth eager to get going! Lions do adventures with their adult partners and other Lions every month. This program introduces youth and their families to Scouting and the outdoors as it builds a foundation of character. A Lion den is part of the Cub Scout pack.

Tiger Scouts

One-year, family-oriented program for a group of teams, each consisting of a first-grade (or 7-year-old) boy or girl and an adult partner (usually a parent). A Tiger den is part of the Cub Scout pack.

Cub Scouting

Family- and community-centered approach to learning citizenship, compassion, and courage through service projects, ceremonies, games, and other activities promoting character development and physical fitness.

Scouts BSA

Scouts BSA is a year-round program for youth 11-17 years old that provides fun, adventure, learning, challenge, and responsibility to help them become the best version of themselves.

Venturing

Provides experiences to help young men and women, ages 14 or 13 with completion of the eighth grade through 20, become mature, responsible, caring adults. Young people learn leadership skills and participate in challenging outdoor activities, including having access to Boy Scout camping properties, a recognition program, and Youth Protection training.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

Learning for Life

Program that enables young people to become responsible individuals by teaching positive character traits, career development, leadership, and life skills so they can make ethical choices and achieve their full potential.

Families can choose to sign up their sons and daughters who are ages 5-10 for Cub Scouts. Chartered organizations may choose to establish a new girl pack, establish a pack that consists of girl dens and boy dens or remain an all-boy pack. Cub Scout dens will be single gender — all boys or all girls. Using the same curriculum as the (now) former Boy Scouting program, Scouts BSA launched in February 2019, enabling all eligible youth ages 11-17, to earn the Eagle Scout rank. Scouts BSA is single gender – all-girl troops or all-boy troops. This unique approach allows the organization to maintain the integrity of the single-gender model while also meeting the needs of today's families.

The Daniel Webster Council website is <http://www.nhscouting.org>.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the accounts of the Council are reported in the following net asset categories:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council's management and board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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Fund Accounting

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Council are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The accounts of the Council are maintained in three self-balancing fund groups according to their nature and purposes as follows:

General Operating Fund - The general operating fund is used to account for the Council's operating activities.

Capital Fund - The capital fund is used to account for property, buildings, equipment, and legally restricted cash that is to be expended for property, buildings, and equipment and related debt payments. Also, included in this fund are investments either restricted or designated for capital repair and improvements where the income is either designated or restricted for those particular items. Revenues and expenses related to the capital fundraising campaign are also included in this fund.

Endowment Fund - The endowment fund is normally used to account for amounts of gifts and bequests accepted with legal restrictions based on donor stipulation that the principal be maintained intact in perpetuity, until the occurrence of a specified event or for a specified period, and that only income from the investment thereof be expended either for general purposes or for purposes specified by the donor. Investment funds with and without donor restrictions are also included in the endowment fund.

Certain donor-restricted net assets have been restricted by donors to be maintained by the Council in perpetuity.

Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2018, the Council adopted the provisions of Accounting Standards Update ("ASU") 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about the Council's liquidity, financial performance, and cash flows.

Other Events

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Council is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Council's

**NOTES TO FINANCIAL STATEMENTS
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operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Council's donors, customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Council's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Prior Year Summarized Comparative Information

The financial statements and certain notes include certain prior year summarized comparative information in total, but not by fund balance. Such information does not always 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 Council's financial statements as of and for the year ended December 31, 2020, from which the summarized comparative information was derived.

Use of Estimates

The preparation of 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and highly liquid investments with original maturities of three months or less. The Council has classified any cash or money market accounts held by external investment managers as investments as these funds are not readily available for operations.

Concentration of Credit Risk

The Council maintains its cash and cash equivalents in financial institution accounts, which may, at times, exceed the federally insured limit of \$250,000 set by the Federal Deposit Insurance Corporation. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions. For the years ended December 31, 2021 and 2020 uninsured cash amounted to \$293,444 and \$307,080, respectively.

Accounts Receivable

Accounts receivable consists primarily of product sales and are reported at net realizable value if the amounts are due within one year. Amounts related to interfund receivables are also included. At December 31, 2021 and 2020 accounts receivable are considered fully collectable and therefore no provisions for bad debts have been made in these financial statements.

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At December 31, 2021, the Council also recorded in its financial statements amounts due from filing Forms 941-X, *Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund* in order to receive amounts to which it believes it is entitled under the Employee Retention Credit (ERC), which is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* and further amended by the *Consolidated Appropriations Act (CAA)* and the *American Rescue Plan (ARP)*. Laws and regulations concerning government programs, including the Employee Retention Credit, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Council's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Council.

Inventories

Inventory, which consist primarily of scouting and other items available for resale, are stated at the lower of average cost or net realizable value.

Land, Buildings and Equipment

Land, buildings and equipment are carried at cost, or if donated, at the fair value at the time of donation. Improvements or betterments of a permanent nature are capitalized. Costs for maintenance and repairs are charged to expense as incurred and purchases in excess of \$2,500 are capitalized as additions to property. The cost of assets retired or otherwise disposed of and the related accumulated depreciation, is eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Land, buildings, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

The range of the estimated useful lives used is as follows:

<u>Assets</u>	<u>Estimated useful lives</u>
Land improvements	10 – 40 years
Buildings and leasehold improvements	2 – 50 years
Furniture, fixtures and equipment	3 – 20 years
Vehicles	5 – 10 years

Donations of property and equipment are recorded as contributions at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose based on its fair value. Assets donated with explicit restrictions regarding their use, absent donor stipulations regarding how long those donated assets must be maintained, are recorded as net assets with donor restrictions.

The Council reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Council reclassifies net assets with donor restrictions that are temporary in nature to net assets without donor restrictions at that time.

**NOTES TO FINANCIAL STATEMENTS
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Construction in Progress

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. No provision for depreciation is made on construction in progress until the assets are complete and placed into service.

Fair Value of Financial Instruments

Cash, trade and other accounts receivable, accounts payable, accrued expenses and other liabilities are carried in the financial statements at amounts which approximate fair value due to the inherently short-term nature of the transactions. The fair values determined for financial instruments are estimates, which for certain accounts may differ significantly from the amounts that could be realized upon immediate liquidation.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities, commodities, and money market accounts. Investments are accounted for according to Accounting Standards Codification (ASC) 958-320 *Not For Profit Entities – Investments – Debt and Equity Securities*. Under ASC 958-320, investments in marketable securities are valued at their fair values in the statement of financial position. Fair values of investments are based on quoted prices in active markets for identical investments. Realized and unrealized gains and losses are included in the statement of activities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility. 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 Statement of Financial Position (see **Note 7**).

Investment Policy

The Council's investment policy intends for the Council 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 Council expects its Endowment Fund, over time, to provide a reasonable rate of return. To satisfy the long-term rate-of-return objective, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation that places a greater emphasis on marketable equity and debt securities and money market accounts to achieve its long-term return objectives within prudent risk constraints. Management of the investments are in accordance with the Council's investment policy strategy and targets.

**NOTES TO FINANCIAL STATEMENTS
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Spending Policy

The policy defines the total funds available from the Endowment Fund in a given year (the distributable income) as up to 5 percent 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 management and trustee fees. If the market value of the Endowment Fund falls to or below the amount of the fund's donor-restricted gifts, then the spending policy will be amended in accordance with the guidelines not to exceed the actual earnings of the fund. The executive committee (subject to the board of director's approval) may amend this spending policy. Transfers were consistent with the board approved spending policy.

Revenue Recognition

Revenue from Exchange Transactions: The Council recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Council records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending December 31, 2021 and 2020:

Trading Post Sales

The Council operates various Trading Posts at its summer camps, which sell Scouting-related merchandise on a retail basis to customers. The performance obligation is the delivery of the goods to the customer. The transaction price is established by the Council based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Council recognizes revenue as the customer pays and takes possession of the merchandise. Some merchandise is sold with a right of return. If probable customer returns exist at the end of an accounting period, the Council estimates and records in its financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of December 31, 2021 and 2020.

Product Sales

To help Scout packs and troops raise the money they need to fund programs and activities throughout the year, the Council participates in the Trail's End Popcorn program. Scout packs and troops purchase popcorn from the Council, which they then resell to customers. The popcorn sale also helps the Council raise money in support of its programs. Popcorn sales to Scout units start in the fall of each year, with the units placing their orders on line through the Trail's End website. The price the Scout unit pays for the popcorn is established by the Council, and each item is individually priced, so no allocation of the transaction price is required. Many BSA units are allowed to purchase popcorn "on account" with payment due at a later date. Per FASB ASU 2014-09, the Council is required to assess the probability of collecting these accounts receivable in order to determine whether there is a substantive transaction between the council and the unit. In making this collectability assessment, the Council exercises judgment and considers all facts and

**NOTES TO FINANCIAL STATEMENTS
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circumstances, including its knowledge of the customer. The Council uses the Trail's End website to track and manage unit accounts receivable. With popcorn sales, the performance obligation is delivery of the product, which is fulfilled by the Council at predetermined times and locations. Revenue recognition occurs when the product has been delivered. The Council presents separately in its statements of activities and changes in net assets gross revenues from popcorn sales, cost of goods sold, and unit commissions (retained by or paid to the unit). Scout units have the right to return to the Council any unsold product. As of December 31, 2021 and 2020, no probable popcorn returns existed. Accordingly, no liability for probable customer returns was considered necessary.

Camping and Activity Revenue

The Council conducts program-related experiences such as Day Camps, Day Hikes, Weekend Overnights, Camporees, and Summer Camps where the performance obligation is delivery of the program. Fees for camps and activities are set by the Council. For resident camps, fees include program supplies, meals, lodging, recognition items, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation. Activities such as the National Scout Jamboree may include a transportation component in the transaction price. Some special camp programs do incur additional fees, which are separately priced. BSA activities such as Wood Badge may involve program supplies, recognition items, and meals, and are also considered to be one performance obligation.

Special Fundraising Event Revenue

The Council conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event, the exchange component, and a portion represents a contribution to the Council. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Council. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Council, are recorded as costs of direct donor benefits in the statement of activities and changes in net assets. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Council. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligations. Accordingly, the Council separately presents in its statements of activities and changes in net assets or notes to financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Council in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Council follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

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Other Revenue

Other revenue consists primarily of rent revenue and is recognized on a monthly basis as earned.

Contributions

Contributions received are recorded as without donor restriction or with donor restriction support depending on the existence or nature of any donor restrictions. All donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. The Council records donor restricted contributions whose restrictions are met in the same reporting period in which they were received as unrestricted support.

Donated Materials and Services

Donated land, buildings, equipment, investments and other noncash donations are recorded as contributions at their fair value at their date of donation. The Council reports the donation in the net assets without donor restrictions category, 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 in the net assets with donor restrictions category. Per FASB ASU 2016-14 and absent explicit donor stipulations about how long those long lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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

Functional Expenses

The costs of providing the various programs and supporting services have been reported on the functional basis in the Statement of Functional Expenses. Most expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include occupancy, depreciation, office expenses, insurance, salaries and wages of support personnel, including the Scout executive, accounting, information technology personnel, and payroll taxes. The basis of allocation of these expenses is the result of a time study of staff performed annually. The percentage of time allocated to each of the programs and the supporting functions is based on the average of the results of three separate studies and is applied to the expenses that are allocated. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payment of the charter fee to the National Council is not allocated as a functional expense. The financial statements report expenses by function in the Statement of Functional Expenses.

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Custodial Accounts

Custodial accounts represent amounts held by the Council as custodian for registration fees for member units, amounts on deposit for affiliated Scouting associations for their future use, and amounts on deposit by member units for purchases of uniforms and supplies.

Advertising

Advertising costs were expensed when incurred.

Income Taxes

The Council is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Council is subject to federal income tax on any unrelated business taxable income. The Council evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. No uncertain tax positions were identified by the Council as of December 31, 2021 and 2020.

The Council's policy is to classify income tax penalties and interest as interest expense in its financial statements. During the years ended December 31, 2021 and 2020, respectively, the Council incurred no penalties and interest. The Council's Federal Return of Organizations Exempt from Income Tax (Forms 990) for 2018, 2019, and 2020 are subject to examination by the IRS, generally for the three years after they were filed. As of the date of this report, the Council's 2021 return had not yet been filed.

Paycheck Protection Program

The Council received proceeds under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for forgivable loans to qualifying organizations as long as the organization maintains its payroll levels and uses the proceeds for eligible purposes, including payroll, benefits, rent, and utilities, over a "covered period" (eight or 24 weeks). Up to 100% of a loan is forgivable. The forgiveness amount will be reduced if the organization terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Council used the PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness within 10 months of the end of the covered period. See Note 20.

Employee Retention Credit

During the year, the Council applied for refunds under the Employee Retention Credit (ERC). The ERC is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* and further amended by the *Consolidated Appropriations Act (CAA)* and the *American Rescue Plan (ARP)*. The council determined that it met the ERC's eligibility requirements and considers these

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payments as a conditional grant. Accordingly, the Council has determined that the barriers have been met and grant revenue has been recorded in the statement of activities.

New Accounting Pronouncements

During 2020, the Council adopted the provisions of FASB ASU 2018-13, *Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement*. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. Adoption of this pronouncement had no effect on the Council's current or previously issued financial statements.

Recently Issued Accounting Standards

The following accounting pronouncements were recently issued by the FASB:

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. The Council is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU 2020-07)— Effective for local councils in 2022, the amendments in this Update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets.

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NOTE 3. LIQUIDITY AND AVAILABILITY OF FUNDS

The Council's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	<u>2021</u>	<u>2020</u>
Cash – operating fund	\$ 474,455	\$ 455,652
Accounts receivable – operating fund	628,466	26,885
Contributions receivable – operating fund	<u>10,046</u>	<u>16,459</u>
Total financial assets as of year end	1,112,967	498,996
Appropriation from quasi-endowment for general expenditure in subsequent year	<u>582,880</u>	<u>548,555</u>
Less amounts not available to be used for general expenditures within one year:		
Net assets with donor restriction (Note 11)	<u>165,652</u>	<u>154,080</u>
Total financial assets available to meet general expenditures within the next 12 months	<u>\$ 1,477,815</u>	<u>\$ 875,416</u>

The Council's endowment funds consist of donor-restricted endowments and a quasi-endowment (Board designated and balances without restrictions). Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in **Note 18**, the quasi-endowment has a spending rate of up to 5 percent. \$582,800 and \$548,555 of appropriations from the quasi-endowment will be available within the next 12 months as of December 31, 2021 and 2020.

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Council has committed lines of credit in the amount of \$500,000, which it could draw upon. Although the Council does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi endowment could be made available if necessary (see **Note 7** for disclosures about investments).

NOTE 4. FUND BALANCE TRANSFERS

Certain cash transfers between funds were made during the year to properly report all funds on a basis consistent with executive board designations and the Council's accounting policies.

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**NOTES TO FINANCIAL STATEMENTS
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NOTE 5. CONTRIBUTIONS RECEIVABLE

Contributions receivable are reported at their fair value, which is estimated as the present value of expected future cash inflows on a non-recurring basis. There was no discount rate considered as all outstanding pledges receivable are due within one year.

The amount of contributions receivable consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Special events	\$ 6,250	\$ 250
Friends of scouting	3,796	7,715
Foundations and trusts	-	8,494
Legacies and bequests	-	1,000
	<u>\$ 10,046</u>	<u>\$ 17,459</u>

NOTE 6. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 2,079,321	\$ 2,133,421
Building and improvements	7,602,327	8,136,994
Furniture and equipment	2,131,785	2,029,792
Vehicles	<u>710,062</u>	<u>595,295</u>
	13,226,868	12,895,502
Less accumulated depreciation	<u>7,872,997</u>	<u>8,125,605</u>
Total land, buildings and equipment	<u>\$ 4,759,749</u>	<u>\$ 4,769,897</u>

The Council owns and operates the Lawrence L. Lee Scouting Museum and the Max I. Silber Library located at Camp Carpenter. The museum contains memorabilia from the entire history of Scouting. The library has thousands of books and periodicals on scouting subjects available for study and research. The Council has elected not to prospectively value the collection and library for financial statement purposes.

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NOTE 7. INVESTMENTS

The following is a summary of investments at cost and fair value as of December 31:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Common stocks \$	3,952,325	\$ 7,110,742	\$ 3,451,696	\$ 6,274,043
Mutual funds	2,481,051	2,935,056	1,881,731	2,382,884
ETF's	1,291,561	1,602,287	1,255,208	1,625,333
Corporate bonds	1,326,446	1,326,446	1,197,136	1,355,306
U.S. Government bonds	228,836	236,145	278,954	300,491
Treasury notes	<u>50,020</u>	<u>136,211</u>	<u>162,282</u>	<u>222,400</u>
Totals	<u>\$ 9,263,023</u>	<u>\$ 13,346,887</u>	<u>\$ 8,227,007</u>	<u>\$ 12,160,457</u>
Life insurance policies	<u>\$ 83,734</u>	<u>\$ 229,793</u>	<u>\$ 83,734</u>	<u>\$ 225,856</u>

The following schedule summarizes the investment return in the Statement of Activities for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Net interest and dividend income	\$ 164,966	\$ 176,499
Net realized gains	765,759	28,655
Net unrealized gains	<u>783,048</u>	<u>1,572,375</u>
	<u>\$ 1,713,773</u>	<u>\$ 1,777,529</u>

For the years ended December 31, 2021 and 2020, management fees and other expenses relating to investment revenues were \$81,458 and \$78,800, respectively, and were netted against investment revenues in the accompanying statement of activities.

NOTE 8. FAIR VALUE MEASUREMENTS

FASB ASC 820, "Fair Value Measurements and Disclosures" establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1), and the lowest priority to unobservable inputs (level 3).

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The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities 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.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Corporate common and preferred stocks - Valued at the closing market price on the stock exchange where they are traded (primarily the New York Stock Exchange).

Mutual funds - Valued at the daily closing price as reported by the fund. The mutual funds held by the Council are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price.

Bonds/treasury notes – Valued using pricing models which maximize the unobservable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

Beneficial interest in trust - Valued at the net present value of the estimated future amount to be received from such assets.

	<u>2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks \$	7,110,742	\$ -	\$ -	\$ 7,110,742
Mutual funds	2,935,056	-	-	2,935,056
ETF's	1,602,287	-	-	1,602,287
Beneficial interest in trust	-	-	1,552,263	1,552,263
Corporate bonds	-	1,326,446	-	1,326,446
U.S. government bonds	-	236,145	-	236,145
Life insurance policies	-	229,793	-	229,793
Treasury notes	-	136,211	-	136,211
Total	<u>\$ 11,648,085</u>	<u>\$ 1,928,595</u>	<u>\$ 1,552,263</u>	<u>\$ 15,128,943</u>

	<u>2020</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks \$	6,273,043	\$ -	\$ -	\$ 6,273,043
Mutual funds	2,382,884	-	-	2,382,884
ETF's	1,625,333	-	-	1,625,333
Beneficial interest in trust	-	-	1,417,008	1,417,008
Corporate bonds	-	1,355,306	-	1,355,306
U.S. government bonds	-	300,491	-	300,491
Life insurance policies	-	225,856	-	225,856
Treasury notes	-	222,400	-	222,400
Total	<u>\$ 10,281,260</u>	<u>\$ 2,104,053</u>	<u>\$ 1,417,008</u>	<u>\$ 13,802,321</u>

The Council is the beneficiary of a trust held by a bank. The Council receives distributions from the trust of an amount based on the income earned by the trust. In 2021 and 2020, the Council received \$69,772 and \$62,880 from this trust, respectively. These amounts are recorded as investment income in the statement of activities.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS
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The following table reconciles the Council's assets classified as Level 3 measurements during the years ended December 31, 2021 and 2020, on such a basis:

	<u>Beneficial Interest</u> <u>in Trust</u>
Balance at December 31, 2019	\$ 1,312,146
Change in present value	<u>104,862</u>
Balance at December 31, 2020	1,417,862
Change in present value	<u>135,255</u>
Balance at December 31, 2021	<u>\$ 1,552,263</u>

NOTE 9. LINE OF CREDIT

The Council had a \$500,000 line of credit with a bank that renewed annually. The line of credit was used for operating cash flow purposes if needed. Any amounts drawn on the line of credit were payable on demand with interest at a rate of 120-150 basis points over the LIBOR rate, for an effective interest rate of 1.65% at December 31, 2020. The line was amended in November 2021 and the interest rate modified to be 2.40% above the Simple SOFR (Secured Overnight Financing Rate) as published by the Federal Reserve Bank of New York, for an effective interest rate of 2.45% at December 31, 2021. At December 31, 2021 and 2020, there was no outstanding balance on the line of credit.

NOTE 10. LONG TERM DEBT

Long term debt consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
1.00% note payable to an agency in monthly principal and interest payments of \$1,278.64 through March 2024. Due to Covid, payments were suspended for 3 months during 2020 and the maturity of the debt was extended until May 2024. The note is secured by the vehicle.	\$ 37,868	\$ 52,752
1.00% note payable to an agency in monthly principal and interest payments of \$926.31 through April 2026. The note is secured by a vehicle.	47,120	-

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2.74% note payable to a bank in monthly principal and interest payments of \$1,081.43 through October 2026. The note is secured by a vehicle.	58,670	-
	<u>143,658</u>	<u>52,752</u>
Less: current portion due within one year	37,240	14,884
Total	<u>\$ 106,418</u>	<u>\$ 37,868</u>

The scheduled principal reduction for the above note is as follows:

<u>Year Ending December 31:</u>	<u>Amounts</u>
2022	\$ 37,240
2023	37,818
2024	30,719
2025	23,517
2026	<u>14,364</u>
Total	<u>\$ 143,658</u>

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows for the years ended December 31:

	----- <u>2021</u> -----		
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>
Subject to expenditure for a specific purpose:			
Memorial tributes	\$ 48,408	\$ -	\$ -
Laconia camperships	18,213	-	-
J Wilterdink campership	13,997	-	-
S Jackes NYLT campership	4,871	-	-
Bean Foundation	12,772	-	-
J Kauer campership	1,876	-	-
Foundations	24,436	-	-
Woodbadge Scholarship	13,816	-	-
General Camperships	6,960	-	-
Hidden Valley Handicraft Renovation	-	25,000	-
Camp Bell Renovations	-	10,000	-
Cabins – Hidden Valley	-	6,651	-

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Camp Carpenter	-	3,095	-
Hoge Base Pavilion	-	1,086	-
Webb Lodge	-	100	-
	<u>\$ 145,349</u>	<u>\$ 45,932</u>	<u>\$ -</u>
Subject to the passage of time:			
Project sale	\$ 4,200	\$ -	\$ -
Eagle Rec Dinner	10,300	-	-
Friends of Scouting	<u>5,803</u>	<u>-</u>	<u>-</u>
	<u>\$ 20,303</u>	<u>\$ -</u>	<u>\$ -</u>
Perpetual in nature:			
Carpenter Trustees	\$ -	\$ 248,500	\$ -
Camp improvements	-	6,491	112,890
Life insurance policies	-	-	229,795
Camperships	-	-	57,351
National Eagle Scout Association	-	-	8,919
Operation David	<u>-</u>	<u>-</u>	<u>15,254</u>
	<u>\$ -</u>	<u>\$ 254,991</u>	<u>\$ 424,209</u>
Endowment:			
Restricted in perpetuity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,617,504</u>
Total net assets with donor restrictions	<u>\$ 165,652</u>	<u>\$ 300,923</u>	<u>\$ 7,041,713</u>

-----**2020**-----

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>
Subject to expenditure for a specific purpose:			
Memorial tributes	\$ 48,233	\$ -	\$ -
Foundations	19,357	-	-
Laconia camperships	18,213	-	-
J Wilterdink campership	13,947	-	-
Woodbadge Scholarship	12,386	-	-
Bean Foundation	12,772	-	-
S Jackes NYLT campership	4,871	-	-
General camperships	2,685	-	-
J Kauer campership	1,835	-	-
GSR Library Courtyard	-	42,226	-
Hidden Valley Handicraft Renovation	-	25,000	-
Camp Bell Renovations	-	10,000	-

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**NOTES TO FINANCIAL STATEMENTS
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Old Museum Training Center	-	11,000	-
Cabins – Hidden Valley	-	6,651	-
Camp Carpenter	-	3,095	-
Hoge Base Pavilion	-	1,086	-
Webb Lodge	-	100	-
	<u>\$ 134,299</u>	<u>\$ 99,158</u>	<u>\$ -</u>
Subject to the passage of time:			
Eagle Rec Dinner	\$ 9,200	-	-
Winni-Derby event	5,560	-	-
Project sale	4,200	-	-
Friends of Scouting	821	-	-
	<u>\$ 19,781</u>	<u>\$ -</u>	<u>\$ -</u>
Perpetual in nature:			
Carpenter Trustees	\$ -	\$ 159,000	\$ -
Camp improvements	-	6,491	98,439
Life insurance policies	-	-	225,857
Camperships	-	-	50,011
National Eagle Scout Association	-	-	7,777
Operation David	-	-	13,301
	<u>\$ -</u>	<u>\$ 165,491</u>	<u>\$ 395,385</u>
Endowment:			
Restricted in perpetuity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,471,545</u>
Total net assets with donor restrictions	<u>\$ 154,080</u>	<u>\$ 264,649</u>	<u>\$ 6,866,930</u>

NOTE 12. EMPLOYEE BENEFIT PLANS

BSA Retirement Plan for Employees

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 Local Council, Inc. The plan name is the *Boy Scouts of America Master Pension Trust – Boy Scouts of America Retirement Plan for Employees*. Effective August 1, 2020, the plan was frozen to all employees. The Council contributed 7.75 percent of eligible employee’s compensation to the BSA retirement program. Pension expense (excluding the contributions made by employees) was \$91,197 and \$61,088 for the years ended December 31, 2021 and 2020, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2021, indicates that it is in compliance with ERISA regulations regarding funding.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

BSA Match Savings Plan

The Council participates in a defined contribution plan established by the National Council of the Boy Scouts of America. The plan name is the BSA Match Savings Plan, which covers substantially all of the employees of the Council. Participants in the BSA Match Savings 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 of 1986, as amended. The Council matches employee contributions to the BSA Match Savings Plan up to 50 percent of contributions from each participant, limited to 6 percent of each employee's gross pay. The Council contributed \$19,899 and \$36,895 to the BSA Match Savings Plan in 2021 and 2020, respectively.

Health Plan

The Council's employees participate in a health care plan provided by the National Council. The Council 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, 2021 and 2020, the Council remitted approximately \$84,426 and \$115,182, respectively, on behalf of its employees to the National Council related to the health care plan.

NOTE 13. LEASE OF FACILITIES

During 2015 the Council entered into a 50 year agreement with an unrelated third party assigning the rights of future lease payments on a parcel of land. The Council received a lump sum payment related to this agreement of \$1,200,000. Payments will be recognized ratably over the life of the agreement. During the years ended December 31, 2021 and 2020 the amount of deferred revenue related to this sale was \$962,400 and \$986,400, respectively.

NOTE 14. OPERATING LEASES

The Council has equipment leases under long-term, non-cancelable operating lease agreements that expire 2022 through 2025. The minimum obligations under these operating leases are as follows as of December 31:

<u>Year Ending December 31:</u>	<u>Amount</u>
2022	\$ 6,323
2023	5,953
2024	4,841
2025	<u>739</u>
	<u>\$ 17,856</u>

In 2021 and 2020, the lease expenses totaled \$5,852 and \$5,962, respectively.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 15. COMMITMENTS AND CONTINGENCIES

The Council has entered into a long term agreement with the Easter Seal Society of New Hampshire, Inc., for a lodge facility at the Griswold Hidden Valley Scout Reservation. Under the terms of the agreement, the Council provided the land and the Easter Seal Society was responsible for the cost of constructing the facility. The Council retains the ownership of the land that the facility is situated on, while the Easter Seal Society is responsible for the operation of the facility. The agreement is periodically updated under similar terms and conditions. Either party may terminate the agreement under specific conditions. If termination should occur, the Council is required to purchase the building from the Easter Seals Society at the appraised replacement value.

NOTE 16. LITIGATION AND CONTINGENCIES

The National Council has been named as a defendant in lawsuits alleging sexual abuse, including claims for compensatory and punitive damages. The Council is a separate not-for-profit organization. The National Council has disclosed that in the event that its general liability insurance program or its reserves are insufficient to resolve such claims, it is their opinion that the total amount of payments to resolve current and future claims could have a significant impact on the financial position or results of operations of the National Council.

The National Council provides the Council with a charter, program materials and support for administration as well as sponsoring certain benefit plans for Council employees. Since 1978 the National Council has operated a general liability insurance program in which the Council participates. On February 18, 2020, the National Council filed for protection under chapter 11 of the United States Bankruptcy Code. The National Council continues to operate its business in the ordinary course and has received bankruptcy court approval to continue its relationship with the Councils including the benefit and insurance programs noted above. Neither the Council nor any other local council are debtors in the bankruptcy proceeding. The National Council has sought to stay litigation against both the National Council and local councils and has proposed a plan of reorganization that would protect local councils from any further legal exposure for abuse claims arising prior to February 18, 2020. Such plan will require a contribution from local councils. The Council's contribution is expected to be \$3,525,762, consisting of cash in the amount of \$1,600,762 and property with an appraised value of \$1,925,000. (The court has accepted the appraised value of the property to satisfy a portion of the obligation). The property has a net book value of \$109,250. As of December 31, 2021, the property's net book value along with the cash amount has been accrued in the Statement of Financial Position. On September 8, 2022, the bankruptcy court approved the National Council's reorganization plan which will allow it to exit Chapter 11.

**NOTES TO FINANCIAL STATEMENTS
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NOTE 17. USE OF NON-OWNED FACILITIES

The Council was granted exclusive and indefinite use of Camp Carpenter located in Manchester, NH. A separate trust owns the land, and no rent is charged. The Council is responsible for all buildings, improvements, maintenance, and repairs related to the use of the property. The Council was granted additional office space at Camp Carpenter during September 2021 for a term of 5 years.

NOTE 18. ENDOWMENT FUND ASSETS

The Not-for-Profit Entities Topic of the ASC 958-205 intends to improve the quality of consistency of financial reporting of endowments held by not-for-profit organizations. This Topic provides guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management Institutional Funds Act (UPMIFA). The Council has adopted UPMIFA. The Topic also requires additional financial statement disclosures on endowments and related net assets.

The following schedule includes activity for all endowment assets held by the Council:

	----- December 31, 2021 -----		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investments, beginning of year	\$ 6,937,391	\$ 5,449,922	\$ 12,387,313
Investment return:			
Net investment income	160,711	4,255	164,966
Realized loss	752,208	13,551	765,759
Unrealized gain	765,326	17,722	783,048
Contributions	-	4,000	4,000
Net appropriation of endowment for operations (see Note 2)	(275,000)	-	(275,000)
Transfers	<u>(253,406)</u>	<u>-</u>	<u>(253,406)</u>
Investments, end of year	<u>\$ 8,087,230</u>	<u>\$ 5,489,450</u>	<u>\$ 13,576,680</u>

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
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Investment net asset composition by fund type:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 8,087,230	\$ -	\$ 8,087,230
Donor restricted endowment funds – in duration	-	5,259,657	5,259,657
Donor restricted endowment funds – perpetual	-	<u>229,793</u>	<u>229,793</u>
Total	<u>\$ 8,087,230</u>	<u>\$ 5,489,450</u>	<u>\$ 13,576,680</u>

----- December 31, 2020 -----

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investments, beginning of year	\$ 6,168,140	\$ 5,408,379	\$ 11,576,519
Investment return:			
Net investment income	170,438	2,843	173,281
Realized loss	(5,332)	(89)	(5,421)
Unrealized gain	1,559,220	35,789	1,595,009
Contributions	-	3,000	3,000
Net appropriation of endowment for operations (see Note 2)	(650,500)	-	(650,500)
Transfers	<u>(304,575)</u>	<u>-</u>	<u>(304,575)</u>
Investments, end of year	<u>\$ 6,937,391</u>	<u>\$ 5,449,922</u>	<u>\$ 12,387,313</u>

Investment net asset composition by fund type:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 6,937,391	\$ -	\$ 6,937,391
Donor restricted endowment funds – in duration	-	5,224,066	5,224,066
Donor restricted endowment funds – perpetual	-	<u>225,856</u>	<u>225,856</u>
Total	<u>\$ 6,937,391</u>	<u>\$ 5,449,922</u>	<u>\$ 12,387,313</u>

**NOTES TO FINANCIAL STATEMENTS
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The Council has a Board approved total return spending policy that allows the operating fund to receive and recognize investment earnings originating from the endowment fund. As of December 31, 2021, the Board's approved spending policy was 5% of the prior three-year average market value.

The Council has adopted an investment and spending policy to ensure a total return necessary to preserve and protect its assets, and at the same time, provide a dependable source of support for current operations and programs. The withdrawal from the fund in support of current operations is expected to remain a constant percentage measured on the three-year moving average of market value.

In recognition of the prudence required of fiduciaries, reasonable diversification is sought where possible. Asset allocation parameters have been developed for various funds within the structure, based on investment objectives, liquidity needs, and time horizon for intended use.

NOTE 19. SCOUT SHOP

The National Council operates a Scout shop within the Manchester area. The National Council manages the Scout shop and pays the Council an 8 percent commission on the total net sales (sales less returns of merchandise from customers) and an additional 5 percent on sales in excess of \$750,000 per calendar year. The commissions earned (before expenses) by the Council during 2021 and 2020 amounted to \$33,385 and \$22,130, respectively, which are included in other revenue in the Statement of Activities.

NOTE 20. PAYCHECK PROTECTION PROGRAM

In 2020 and 2021, the Council was granted and received \$375,800 and \$395,800 in loans under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loans were uncollateralized and fully guaranteed by the Federal government. The Council initially recorded the loans as a refundable advances and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Council has recognized \$395,800 and \$375,800 as grant revenue for the years ended December 31, 2021 and 2020, which represents 100% forgiveness of the loan proceeds.

NOTE 21. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These classifications had no effect on the previously reported changed in net assets, or net asset amounts.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 22. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through September 22, 2022 the date the financial statements were available to be issued.