

*Financial Statements*

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

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019  
AND  
INDEPENDENT AUDITORS' REPORT**

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

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

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

## **INDEPENDENT AUDITORS' REPORT**

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, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the year ended December 31, 2020, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Daniel Webster Council, Inc. Boy Scouts of America as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year ended December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited Daniel Webster Council, Inc. Boy Scouts of America's December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Leanne McDonnell & Partners  
Professional Association*

Dover, New Hampshire  
May 27, 2021

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

**STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2020 AND 2019**

<u>ASSETS</u>	Operating Fund		Capital Fund		Endowment Fund		Total	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>								
Cash	\$ 455,652	\$ 533,002	\$ 77,963	\$ 108,036	\$ -	\$ -	\$ 533,615	\$ 641,038
Accounts receivable	26,885	29,578	-	-	-	-	26,885	29,578
Contributions receivable (less allowance of \$12,597 and \$12,824 in 2020 and 2019, respectively)	16,459	29,607	-	-	1,000	1,000	17,459	30,607
Inventories	77,371	76,309	-	-	-	-	77,371	76,309
Prepaid expenses	39,766	39,906	5,627	5,172	-	-	45,393	45,078
Other current assets	-	90,000	-	-	-	(90,000)	-	-
Total current assets	<u>616,133</u>	<u>798,402</u>	<u>83,590</u>	<u>113,208</u>	<u>1,000</u>	<u>(89,000)</u>	<u>700,723</u>	<u>822,610</u>
<b>NONCURRENT ASSETS</b>								
Land, buildings and equipment, net	-	-	4,769,897	4,638,874	-	-	4,769,897	4,638,874
Construction in progress	-	-	42,649	34,725	-	-	42,649	34,725
Museum collections	-	-	17,275	17,275	-	-	17,275	17,275
Long-term investments	-	-	-	-	12,160,457	11,449,438	12,160,457	11,449,438
Board designated investments	-	-	-	760,017	-	-	-	760,017
Beneficial interest in trust	-	-	-	-	1,417,008	1,312,146	1,417,008	1,312,146
Cash value of donated life insurance	-	-	-	-	225,856	216,081	225,856	216,081
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>4,829,821</u>	<u>5,450,891</u>	<u>13,803,321</u>	<u>12,977,665</u>	<u>18,633,142</u>	<u>18,428,556</u>
Total assets	<u>\$ 616,133</u>	<u>\$ 798,402</u>	<u>\$ 4,913,411</u>	<u>\$ 5,564,099</u>	<u>\$ 13,804,321</u>	<u>\$ 12,888,665</u>	<u>\$ 19,333,865</u>	<u>\$ 19,251,166</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>								
<b>CURRENT LIABILITIES</b>								
Demand note payable	\$ -	\$ -	\$ -	\$ 635,018	\$ -	\$ -	\$ -	\$ 635,018
Current portion of long term debt	-	-	14,884	-	-	-	14,884	-
Accounts payable and accrued expenses	70,482	70,987	4,400	-	-	-	74,882	70,987
Deferred camp and special events income	26,797	54,943	-	-	-	-	26,797	54,943
Custodial accounts	390,043	639,732	-	-	-	-	390,043	639,732
Deferred revenue, current portion	-	-	24,000	24,000	-	-	24,000	24,000
Other current liabilities	9,763	9,763	-	-	-	-	9,763	9,763
Total current liabilities	<u>497,085</u>	<u>775,425</u>	<u>43,284</u>	<u>659,018</u>	<u>-</u>	<u>-</u>	<u>540,369</u>	<u>1,434,443</u>
<b>LONG TERM LIABILITIES</b>								
Notes payable, net of current portion	-	-	37,868	-	-	-	37,868	-
Deferred revenue	-	-	962,400	986,400	-	-	962,400	986,400
Total long term liabilities	<u>-</u>	<u>-</u>	<u>1,000,268</u>	<u>986,400</u>	<u>-</u>	<u>-</u>	<u>1,000,268</u>	<u>986,400</u>
Total liabilities	<u>497,085</u>	<u>775,425</u>	<u>1,043,552</u>	<u>1,645,418</u>	<u>-</u>	<u>-</u>	<u>1,540,637</u>	<u>2,420,843</u>
<b>NET ASSETS</b>								
Without donor restrictions	(35,032)	(123,206)	3,605,210	3,660,532	6,937,391	6,168,140	10,507,569	9,705,466
With donor restrictions	154,080	146,183	264,649	258,149	6,866,930	6,720,525	7,285,659	7,124,857
Total net assets	<u>119,048</u>	<u>22,977</u>	<u>3,869,859</u>	<u>3,918,681</u>	<u>13,804,321</u>	<u>12,888,665</u>	<u>17,793,228</u>	<u>16,830,323</u>
Total liabilities and net assets	<u>\$ 616,133</u>	<u>\$ 798,402</u>	<u>\$ 4,913,411</u>	<u>\$ 5,564,099</u>	<u>\$ 13,804,321</u>	<u>\$ 12,888,665</u>	<u>\$ 19,333,865</u>	<u>\$ 19,251,166</u>

See Notes to Financial Statements



DANIEL WEBSTER COUNCIL, INC.  
BOY SCOUTS OF AMERICA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
<b>Changes in net assets without donor restrictions</b>					
Direct Support:					
Friends of Scouting	\$ 320,994	\$ -	\$ -	\$ 320,994	\$ 316,115
Memorials and bequests	24,013	-	-	24,013	33,042
Special events - gross	51,046	-	-	51,046	287,119
Less cost of direct benefit	(18,655)	-	-	(18,655)	(94,603)
Net special events	32,391	-	-	32,391	192,516
Project sales	27,050	1,165	-	28,215	6,562
Foundations and trusts	32,415	-	-	32,415	63,777
Other direct support	-	13,280	-	13,280	36,395
Total direct support	436,863	14,445	-	451,308	648,407
Indirect support					
United Way	9,812	-	-	9,812	11,980
Government grants	562,500	-	-	562,500	-
Total indirect support	572,312	-	-	572,312	11,980
<b>Revenues</b>					
Product sales - gross	267,882	-	-	267,882	1,051,544
Less cost of goods sold	(73,666)	-	-	(73,666)	(280,891)
Less commissions paid to units	(105,055)	-	-	(105,055)	(394,705)
Net product sales	89,161	-	-	89,161	375,948
Supplies sales - gross	7,264	-	-	7,264	9,051
Less cost of goods sold	(2,986)	-	-	(2,986)	(29,283)
Net sales of supplies	4,278	-	-	4,278	(20,232)
Investment income	57,011	3,218	170,438	230,667	203,480
Investment income allocation to operations and capital	685,500	(35,000)	(650,500)	-	-
Camping fees	75,947	-	-	75,947	1,740,960
Activities	89,645	-	-	89,645	163,508
Realized gains on investments	-	34,076	(5,332)	28,744	280,334
Unrealized (losses) gains on investments and other changes	-	(22,634)	1,559,220	1,536,586	1,729,461
Other revenue	476,473	49,218	-	525,691	195,363
Total revenues	1,478,015	28,878	1,073,826	2,580,719	4,668,822
Reclassification of net assets:					
Net assets released from restrictions	23,976	-	-	23,976	89,838
Total reclassification of net assets	23,976	-	-	23,976	89,838
Total public support and revenues	2,511,166	43,323	1,073,826	3,628,315	5,419,047
<b>Expenses</b>					
Program services:					
Camping	822,954	-	-	822,954	1,852,814
Organization, service activities and special programs	1,318,816	314,858	-	1,633,674	1,899,323
Total program services	2,141,770	314,858	-	2,456,628	3,752,137
Supporting activities:					
Management and general	149,341	804	-	150,145	279,171
Fundraising	161,611	1,158	-	162,769	376,939
Total supporting activities	\$ 310,952	\$ 1,962	\$ -	\$ 312,914	\$ 656,110

See Notes to Financial Statements

DANIEL WEBSTER COUNCIL, INC.  
BOY SCOUTS OF AMERICA

STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2020 Totals</u>	<u>2019 Totals</u>
<b>Changes in net assets without donor restrictions (continued)</b>					
Charter and national service fee	\$ 56,670	\$ -	\$ -	\$ 56,670	\$ 56,673
Total expenses	<u>2,509,392</u>	<u>316,820</u>	<u>-</u>	<u>2,826,212</u>	<u>4,464,920</u>
Increase (decrease) in net assets without donor restriction	<u>1,774</u>	<u>(273,497)</u>	<u>1,073,826</u>	<u>802,103</u>	<u>954,127</u>
<b>Changes in net assets with donor restrictions</b>					
Direct support					
Friends of scouting	821	-	-	821	15,267
Project sales	4,200	6,500	-	10,700	7,500
Memorials and bequests	-	-	2,000	2,000	25,593
Special events	14,760	-	-	14,760	1,305
Foundations and trusts	9,357	-	-	9,357	9,000
Other direct	2,735	-	1,000	3,735	77,042
Total direct support	<u>31,873</u>	<u>6,500</u>	<u>3,000</u>	<u>41,373</u>	<u>135,707</u>
Revenues					
Investment income			2,843	2,843	-
Realized losses on investments			(89)	(89)	-
Unrealized gains on investments			26,014	26,014	-
Increase in value of donated life insurance			9,775	9,775	4,240
Increase in value of beneficial interest trust			104,862	104,862	217,161
Total revenue			<u>143,405</u>	<u>143,405</u>	<u>221,401</u>
Reclassification of net assets					
Net assets released from restriction	<u>(23,976)</u>	<u>-</u>	<u>-</u>	<u>(23,976)</u>	<u>(89,838)</u>
Increase in net assets with donor restriction	<u>7,897</u>	<u>6,500</u>	<u>146,405</u>	<u>160,802</u>	<u>267,270</u>
Change in total net assets	<u>9,671</u>	<u>(266,997)</u>	<u>1,220,231</u>	<u>962,905</u>	<u>1,221,397</u>
Net assets, beginning of year					
Without donor restrictions	(123,206)	3,660,532	6,168,140	9,705,466	8,689,723
With donor restrictions	<u>146,183</u>	<u>258,149</u>	<u>6,720,525</u>	<u>7,124,857</u>	<u>6,919,203</u>
Total net assets, beginning of year	<u>22,977</u>	<u>3,918,681</u>	<u>12,888,665</u>	<u>16,830,323</u>	<u>15,608,926</u>
Board authorized transfers	86,400	218,175	(304,575)	-	-
Net assets, end of year					
Without donor restrictions	(35,032)	3,605,210	6,937,391	10,507,569	9,643,850
With donor restrictions	<u>154,080</u>	<u>264,649</u>	<u>6,866,930</u>	<u>7,285,659</u>	<u>7,186,473</u>
Total net assets, end of year	<u>\$ 119,048</u>	<u>\$ 3,869,859</u>	<u>\$ 13,804,321</u>	<u>\$ 17,793,228</u>	<u>\$ 16,830,323</u>

See Notes to Financial Statements

DANIEL WEBSTER COUNCIL, INC.  
BOY SCOUTS OF AMERICA

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

	Operating Fund	Capital Fund	Endowment Fund	2020 Totals	2019 Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in total net assets	\$ 9,671	\$ (266,997)	\$ 1,220,231	\$ 962,905	\$ 1,221,397
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	-	293,197	-	293,197	329,359
Unrealized losses (gains) on investments	-	22,634	(1,585,234)	(1,562,600)	(1,729,461)
Realized (gains) losses on investments	-	(34,076)	5,421	(28,655)	(280,334)
Stock donations	-	-	(3,000)	(3,000)	(6,000)
Reinvested income	-	-	(173,281)	(173,281)	(203,458)
(Increase) decrease in accounts receivable	2,693	-	-	2,693	53,466
(Increase) decrease in contributions receivable	13,148	-	-	13,148	46,237
Decrease in inventories	(1,062)	-	-	(1,062)	17,007
(Increase) decrease in prepaid expenses	140	(455)	-	(315)	(1,969)
(Increase) decrease in other current assets	90,000	-	(90,000)	-	-
Increase in beneficial interest in trust	-	-	(104,862)	(104,862)	(155,545)
Increase in cash value of donated life insurance	-	-	(9,775)	(9,775)	(4,240)
Increase (decrease) in accounts payable and accrued expenses	(505)	4,400	-	3,895	(55,717)
Increase in deferred camp and special events income	(28,146)	-	-	(28,146)	34,565
Increase in custodial accounts	(249,689)	-	-	(249,689)	95,181
Decrease in deferred revenue	-	(24,000)	-	(24,000)	(24,000)
Increase (decrease) in other current liabilities	-	-	-	-	(4,069)
Total adjustments	(173,421)	261,700	(1,960,731)	(1,872,452)	(1,888,978)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	(163,750)	(5,297)	(740,500)	(909,547)	(667,581)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of fixed assets	-	(368,329)	-	(368,329)	(136,904)
Proceeds from sales on investments	-	771,461	1,045,075	1,816,536	850,500
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	-	403,132	1,045,075	1,448,207	713,596
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of demand note payable	-	(635,018)	-	(635,018)	-
Repayments on long term debt	-	(11,065)	-	(11,065)	-
Net asset adjustments	-	-	-	-	-
Transfers IN	86,400	218,175	(304,575)	-	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	86,400	(427,908)	(304,575)	(646,083)	-
<b>NET (DECREASE) INCREASE IN CASH</b>	(77,350)	(30,073)	-	(107,423)	46,015
<b>CASH, BEGINNING OF YEAR</b>	533,002	108,036	-	641,038	595,023
<b>CASH, END OF YEAR</b>	\$ 455,652	\$ 77,963	\$ -	\$ 533,615	\$ 641,038
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>					
Cash paid during the year for interest	\$ -	\$ 15,348	\$ -	\$ 15,348	\$ 24,189
Equipment financed with debt	\$ -	\$ 63,818	\$ -	\$ 63,818	\$ -

See Notes to Financial Statements



DANIEL WEBSTER COUNCIL, INC.  
BOYS SCOUTS OF AMERICA

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020 WITH COMPARATIVE TOTALS FOR 2019

	<u>Program Services</u>			<u>Supporting Activities</u>			<u>2020 Totals</u>	<u>2019 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	\$ 152,742	\$ 1,031,449	\$ 1,184,191	\$ 50,431	\$ 72,844	\$ 123,275	\$ 1,307,466	\$ 1,764,820
Employee benefits	37,556	176,227	213,783	8,879	12,826	21,705	235,488	264,380
Payroll taxes	10,490	93,773	104,263	4,604	6,651	11,255	115,518	140,806
Employee-related expenses	-	-	-	-	-	-	-	19,526
Total employee compensation	200,788	1,301,449	1,502,237	63,914	92,321	156,235	1,658,472	2,189,532
Occupancy	128,869	47,369	176,238	1,035	4,682	5,717	181,955	666,793
Professional fees	3,044	73,554	76,598	78,285	21,080	99,365	175,963	351,271
Insurance	88,020	-	88,020	895	1,293	2,188	90,208	188,652
Printing and publications	19,067	57,328	76,395	136	5,636	5,772	82,167	130,645
Supplies	18,980	48,533	67,513	523	4,690	5,213	72,726	115,750
Travel and vehicles	26,344	31,366	57,710	2,087	4,248	6,335	64,045	114,179
Telephone	16,614	18,781	35,395	1,041	1,504	2,545	37,940	84,453
Recognition awards	655	11,178	11,833	138	20,582	20,720	32,553	57,614
Equipment rental and maintenance	15,214	11,358	26,572	651	940	1,591	28,163	41,617
Other expenses	3,172	10,327	13,499	548	4,023	4,571	18,070	36,816
Postage and shipping	3,169	11,657	14,826	194	1,242	1,436	16,262	26,527
Conferences and meetings	1,960	81	2,041	373	59	432	2,473	20,737
Specific assistance to individuals	-	-	-	-	-	-	-	30,113
Total before interest and depreciation	525,896	1,622,981	2,148,877	149,820	162,300	312,120	2,460,997	4,054,699
Interest	15,204	-	15,204	59	85	144	15,348	24,189
Depreciation	281,854	10,693	292,547	266	384	650	293,197	329,359
Total functional expenses	\$ 822,954	\$ 1,633,674	\$ 2,456,628	\$ 150,145	\$ 162,769	\$ 312,914	\$ 2,769,542	\$ 4,408,247

See Notes to Financial Statements

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

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1. NATURE OF ACTIVITIES**

**Organization**

The Daniel Webster Council (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.

### **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.

### **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 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.

### **Comparative Financial 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, 2019, 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, 2020 and 2019 uninsured cash amounted to \$307,080 and \$480,304, 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, 2020 and 2019 accounts receivable are considered fully collectable and therefore no provisions for bad debts have been made in these financial statements.

### **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:

<b><u>Assets</u></b>	<b><u>Estimated useful lives</u></b>
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.

### **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.

### **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, 2020 and 2019:



### **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, 2020 and 2019.

### **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 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, 2020 and 2019, 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.

### **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.

#### **Interfund Receivables and Payables**

The interfund receivables and payables result from the Board approving funds to be transferred from the Endowment Fund to the Operating Fund for purposes of operations. At December 31, 2019 the related other current asset and liability totaled \$90,000. There were no amounts outstanding in 2020.

#### **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.

#### **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, 2020 and 2019.

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, 2020 and 2019, respectively, the Council incurred no penalties and interest. The Council's Federal Return of Organizations Exempt from Income Tax (Forms 990) for 2017, 2018, and 2019 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 2020 return had not yet been filed.

### **Paycheck Protection Program**

During the year, 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, not to extend beyond December 31, 2020). 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 intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period. See Note 22.

The Council expects to meet the PPP's eligibility criteria, and concludes that the PPP loan represents, in substance, a grant that is expected to be. Accordingly, the Council has initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan or when such conditions are explicitly waived. The Council has interpreted the condition(s) of the grant to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, during the covered period of either 8 or 24 weeks, over which time the Council will recognize grant revenue in stages.

### **New Accounting Pronouncements**

In 2019, the Council adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), 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.

During the year, 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.



In 2019, the Council also adopted the provisions of FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant.

In 2019, the Council adopted the provisions of FASB ASU 2016-18, *Statement of Cash Flows* (Topic 230). This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents.

Effective for the Council in 2019, FASB ASU 2016-01, *Financial Instruments - Overall Recognition and Measurement of Financial Assets and Financial Liabilities* (Topic 825-10) allows a NFP to choose, on an investment-by-investment basis, to report an equity investment without a readily determinable fair value, that does not qualify for the practical expedient fair value in accordance with FASB ASC 820-10-35-59, at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issue. The FASB ASU requires additional disclosures about those investments. Adoption of this accounting pronouncement had no effect on the Council's financial statements.

### **Recently Issued Accounting Standards**

The following accounting pronouncements were recently issued by the FASB:

In order to give immediate relief to certain entities as a result of the widespread, adverse economic effects caused by the COVID-19 pandemic, on June 3, 2020, the FASB issued ASU No. 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*. This Accounting Standards Update defers the effective dates of FASB ASC Topics 606 and 842 to fiscal years beginning after December 15, 2019 and December 15, 2021, respectively, for certain entities that had not issued their financial statements (or made them available for issuance) as of June 3, 2020.



*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.

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.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which changed the previous guidance for net asset classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity, and presentation of operating cash flows. ASU 2016-14 reduced the required number of classes of net assets from three to two: *net assets with donor restrictions* and *net assets without donor restrictions*. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses was eliminated. ASU 2016-14 requires not-for-profit entities to disclose the aggregate fair value of underwater endowment funds as well as the aggregate original gift amounts to be maintained. ASU 2016-14 also requires a NFP to disclose its interpretation of the ability to spend from underwater endowment funds including its policy, and any actions taken during the period, concerning appropriation from underwater endowment funds. All underwater endowment funds are classified as part of net assets with donor restrictions rather than as a charge to unrestricted net assets as per the previous rules. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions must be disclosed. ASU 2016-14

requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. For statements of cash flows, ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 was effective for annual reporting periods beginning after December 15, 2017. The Council adopted the provisions of ASU 2016-14 in 2018.

**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>2020</u>	<u>2019</u>
Cash – operating fund	\$ 455,652	\$ 530,377
Accounts receivable – operating fund	26,885	29,578
Contributions receivable – operating fund	<u>16,459</u>	<u>29,607</u>
Total financial assets as of year end	498,996	592,187
Appropriation from quasi-endowment for general expenditure in subsequent year	<u>530,500</u>	<u>530,500</u>
Less amounts not available to be used for general expenditures within one year:		
Net assets with donor restriction ( <b>Note 13</b> )	<u>154,080</u>	<u>146,183</u>
Total financial assets available to meet general expenditures within the next 12 months	<u>\$ 875,416</u>	<u>\$ 976,504</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 20**, the quasi-endowment has a spending rate of up to 5 percent. \$530,500 of appropriations from the quasi-endowment will be available within the next 12 months as of December 31, 2020 and 2019.

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.

**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>2020</u>	<u>2019</u>
Foundations and trusts	\$ 8,494	\$ 5,000
Special events	250	5,660
Friends of scouting	7,715	18,947
Legacies and bequests	<u>1,000</u>	<u>1,000</u>
	<u>\$ 17,459</u>	<u>\$ 30,607</u>

**NOTE 6. LAND, BUILDINGS AND EQUIPMENT**

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

	<u>2020</u>	<u>2019</u>
Land and improvements	\$ 2,133,421	\$ 2,133,421
Building and improvements	8,136,994	8,077,328
Furniture and equipment	2,029,792	1,729,053
Vehicles	<u>595,295</u>	<u>531,477</u>
	12,895,502	12,471,279
Less accumulated depreciation	<u>8,125,605</u>	<u>7,832,405</u>
Total land, buildings and equipment	<u>\$ 4,769,897</u>	<u>\$ 4,638,874</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.

**NOTE 7. INVESTMENTS**

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

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Common stocks	\$ 3,451,696	\$ 6,274,043	\$ 3,291,880	\$ 5,055,871
Mutual funds	1,881,731	2,382,884	2,700,118	3,002,728
ETF's	1,255,208	1,625,333	1,469,166	1,715,900
Corporate bonds	1,197,136	1,355,306	1,697,962	1,804,137
U.S. Government bonds	278,954	300,491	227,932	234,008
Treasury notes	<u>162,282</u>	<u>222,400</u>	<u>253,965</u>	<u>396,811</u>
Totals	<u>\$ 8,227,007</u>	<u>\$ 12,160,457</u>	<u>\$ 9,641,023</u>	<u>\$ 12,209,455</u>
Life insurance policies	<u>\$ 83,734</u>	<u>\$ 225,856</u>	<u>\$ 83,734</u>	<u>\$ 216,081</u>

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

	<u>2020</u>	<u>2019</u>
Net interest and dividend income	\$ 176,499	\$ 265,074
Net realized gains	28,655	280,334
Net unrealized gains	<u>1,572,375</u>	<u>1,733,701</u>
	<u>\$ 1,777,529</u>	<u>\$ 2,279,109</u>

For the years ended December 31, 2020 and 2019, management fees and other expenses relating to investment revenues were \$78,800 and \$75,557, respectively, and were netted against investment revenues in the accompanying statement of activities.

**NOTE 8. BOARD DESIGNATED INVESTMENTS**

Certain amounts were designated by the Board with respect to the future pay off of the demand note payable and improvements at Camp Carpenter. These amounts are listed in the Statement of Financial Position as board designated investments, and totaled \$760,017 for the year ended December 31, 2019, respectively. There were no amounts designated as of December 31, 2020. See **Note 10** regarding the demand note payable.



## NOTE 9. 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).

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, 2020 and 2019.

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.

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

	<b><u>2020</u></b>			
	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
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
<b>Total</b>	<b><u>\$ 10,281,260</u></b>	<b><u>\$ 2,104,053</u></b>	<b><u>\$ 1,417,008</u></b>	<b><u>\$ 13,802,321</u></b>

	<b><u>2019</u></b>			
	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Common stocks \$	5,055,871	\$ -	\$ -	\$ 5,055,871
Mutual funds	3,002,728	-	-	3,002,728
ETF's	1,715,900	-	-	1,715,900
Corporate bonds	-	1,804,137	-	1,804,137
Beneficial interest in trust	-	-	1,312,146	1,312,146
Treasury notes	-	396,811	-	396,811
Life insurance policies	-	216,081	-	216,081
U.S. government bonds	-	234,008	-	234,008
<b>Total</b>	<b><u>\$ 9,774,499</u></b>	<b><u>\$ 2,651,037</u></b>	<b><u>\$ 1,312,146</u></b>	<b><u>\$ 13,737,682</u></b>

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 2020 and 2019, the Council received \$62,880 and \$61,616 from this trust, respectively. These amounts are recorded as investment income in the statement of activities.

The following table reconciles the Council's assets classified as Level 3 measurements during the years ended December 31, 2020 and 2019, on such a basis:

	<b><u>Beneficial Interest in Trust</u></b>
Balance at December 31, 2018	\$ 1,156,601
Change in present value	<u>155,545</u>
Balance at December 31, 2019	1,312,146
Change in present value	<u>104,862</u>
Balance at December 31, 2020	<u>\$ 1,417,008</u>

**NOTE 10. LINE OF CREDIT**

The Council has a \$500,000 line of credit with a bank that renews annually. The line of credit is used for operating cash flow purposes if needed. Any amounts drawn on the line of credit are 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% and 3.28% at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, there was no outstanding balance on the line of credit.

**NOTE 11. DEMAND NOTE PAYABLE**

The Council secured a note payable from a bank in the amount of \$1,800,000 used to construct the Camp Carpenter dining hall. The note was amended in November, 2016 to a principal amount of \$985,018. At December 31, 2020 and 2019, amounts are payable on demand with interest at a rate of 120-150 basis points over the bank's index rate which is based on the LIBOR rate, for an effective interest rate of 1.65% and 3.28%, respectively. At December 31, 2019, the Council had an outstanding balance of \$635,018. At December 31, 2020 the note was paid in full. The note was secured by investments held by Bank of New Hampshire.

**NOTE 12. LONG TERM DEBT**

Long term debt at December 31, 2020, consisted of the following:

	<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.	\$ <u>52,752</u>
Less: current portion due within one year	<u>14,884</u>
Total	<u>\$ <u>37,868</u></u>

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

<u>Year Ending December 31:</u>	<u>Amounts</u>
2021	\$ 14,884
2022	15,034
2023	15,185
2024	<u>7,649</u>
Total	<u>\$ 52,752</u>

**NOTE 13. NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2020</u>		
	<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	-
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>

-----2019-----

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>
Subject to expenditure for a specific purpose:			
Memorial tributes	\$ 48,233	\$ -	\$ -
Laconia camperships	18,213	-	-
J Wilterdink campership	13,897	-	-
S Jackes NYLT campership	4,871	-	-
Bean Foundation	12,772	-	-
J Kauer campership	1,835	-	-
Foundations	10,000	-	-
Woodbadge Scholarship	12,386	-	-
GSR Library Courtyard	-	42,226	-
Hidden Valley Handicraft Renovation	-	25,000	-
Camp Bell Renovations	-	10,000	-

Old Museum Training Center	-	11,000	-
Hoge Base Pavilion	-	1,086	-
Camp Carpenter	-	3,095	-
Cabins – Hidden Valley	-	151	-
Webb Lodge	-	100	-
	<u>\$ 122,207</u>	<u>\$ 92,658</u>	<u>\$ -</u>
Subject to the passage of time:			
Project sale	\$ 7,500	\$ -	\$ -
Friends of Scouting	15,171	-	-
Winni-Derby event	1,305	-	-
	<u>\$ 23,976</u>	<u>\$ -</u>	<u>\$ -</u>
Perpetual in nature:			
Carpenter Trustees	\$ -	\$ 159,000	\$ -
Camp improvements	-	6,491	85,282
Life insurance policies	-	-	216,081
Camperships	-	-	43,325
National Eagle Scout Association	-	-	6,737
Operation David	-	-	11,522
	<u>\$ -</u>	<u>\$ 165,491</u>	<u>\$ 362,947</u>
Endowment:			
Restricted in perpetuity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,357,578</u>
Total net assets with donor restrictions	<u>\$ 146,183</u>	<u>\$ 258,149</u>	<u>\$ 6,720,525</u>

#### NOTE 14. 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 December 31, 2018, the plan was frozen to employees with less than 15 years of vesting service, and whose age plus vesting service equaled less than 60 as of December 31, 2018 (non-grandfathered employees). Employees with at least 15 years of vesting service and whose age plus vesting service equaled 60 or more as of December 31, 2018 (grandfathered employees) contribute 4.25 percent of compensation. Pension expense (excluding the contributions made by employees) was \$61,088 and \$67,071 for the years ended December 31, 2020 and 2019, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2020, indicates that it is in compliance with ERISA regulations regarding funding.

### **BSA Match Savings Plan**

The Boy Scouts of America also offers a 403(b) defined contribution plan, the BSA Match Savings Plan, to all eligible employees of the National Council and local councils. From January 1, 2020 through July 31, 2020, contributions made by grandfathered employees were matched by the council at 50% up to 6% of pay. For non-grandfathered employees, the council made automatic contributions of 1.75% (even if the employee made no contributions) and also matched 100% of their contributions up to 6% of pay. Effective August 1, 2020, the BSA Match Savings plan was amended for all eligible employees, (grandfathered and non-grandfathered). From August 1, 2020 and beyond, contributions made by all eligible BSA employees are matched by the council at 50% up to 6% of pay. The Council contributed \$36,895 and \$44,935 to the BSA Match Savings Plan in 2020 and 2019, 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, 2020 and 2019, the Council remitted approximately \$115,182 and \$125,834, respectively, on behalf of its employees to the National Council related to the health care plan.

### **NOTE 15. 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, 2020 and 2019 the amount of deferred revenue related to this sale was \$986,400 and \$1,010,400, respectively.

### **NOTE 16. 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:

<b><u>Year Ending December 31:</u></b>	<b><u>Amount</u></b>
2021	\$ 6,323
2022	6,323
2023	5,953
2024	4,841
2025	<u>739</u>
	<u>\$ 10,975</u>

In 2020 and 2019, the lease expenses totaled \$5,962 and \$6,164, respectively.

**NOTE 17. 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 18. 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 parties to 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 subject to a to be determined contribution from local councils. The ability of the National Council to confirm such a plan and the size of the potential contribution from the Council is unknown. Management of the Council is unable to assess the effect, if any, the resolution of these matters by the National Council may have on the Council's operations or its financial statements.

**NOTE 19. 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.



**NOTE 20. 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, 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	(304,575)	-	(304,575)
	<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	-	225,856	225,856
	<u>\$ 6,937,391</u>	<u>\$ 5,449,922</u>	<u>\$ 12,387,313</u>

----- December 31, 2019 -----

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investments, beginning of year	\$ 4,670,271	\$ 5,330,609	\$ 10,000,880
Investment return:			
Net investment income	188,356	-	188,356
Realized gain	225,155	-	225,155
Unrealized gain	1,615,358	70,770	1,686,128
Contributions	-	7,000	7,000
Net appropriation of endowment for operations (see Note 2)	(530,500)	-	(530,500)
Uncollectible pledge	<u>(500)</u>	<u>-</u>	<u>(500)</u>
Investments, end of year	<u>\$ 6,168,140</u>	<u>\$ 5,408,379</u>	<u>\$ 11,576,519</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	\$ 6,168,140	\$ -	\$ 6,168,140
Donor restricted endowment funds – in duration	-	5,192,298	5,192,298
Donor restricted endowment funds – perpetual	<u>-</u>	<u>216,081</u>	<u>216,081</u>
Total	<u>\$ 6,168,140</u>	<u>\$ 5,408,379</u>	<u>\$ 11,576,519</u>

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, 2019, 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 21. 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 2020 and 2019 amounted to \$22,130 and \$50,951, respectively, which are included in other revenue in the Statement of Activities.

**NOTE 22. PAYCHECK PROTECTION PROGRAM**

In 2020, the Council was granted and received a \$375,800 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Council initially recorded the loan as a refundable advance 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 \$375,800 as grant revenue for the year ended December 31, 2020, which represents 100% of the loan proceeds. Subsequent to year end, the Council received formal forgiveness from the SBA for the full grant amount.

**NOTE 23. RESTATEMENT OF NET ASSETS WITH DONOR RESTRICTIONS**

The Council determined, with intendent verification, after researching available records that the correct balance of net assets with donor restrictions at December 31, 2019 was \$7,124,761, respectively. The restatement was the result of a few significant contributions that were inadvertently recorded as net assets without donor restrictions, as well as certain investment earnings related to those contributions.

**NOTE 24. 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.

**NOTE 25. SUBSEQUENT EVENTS**

The Company has evaluated subsequent events through May 27, 2021 the date the financial statements were available to be issued.