

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

**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021
AND
INDEPENDENT AUDITORS' REPORT**

*Leone,
McDonnell
& Roberts*
PROFESSIONAL ASSOCIATION

CERTIFIED PUBLIC ACCOUNTANTS

DANIEL WEBSTER COUNCIL, INC.
BOY SCOUTS OF AMERICA

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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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, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the year ended December 31, 2022, 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, 2022, 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 Auditors' 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.

Auditors' 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 auditors' 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 22, 2022. 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.

*Leone McDonnell & Roberts,
Professional Association*

Dover, New Hampshire
October 16, 2023

DANIEL WEBSTER COUNCIL, INC.
BOY SCOUTS OF AMERICA

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

<u>ASSETS</u>	Operating Fund		Capital Fund		Endowment Fund		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
CURRENT ASSETS								
Cash	\$ 255,151	\$ 474,455	\$ 94,344	\$ 4,180	\$ -	\$ -	\$ 349,495	\$ 478,635
Accounts receivable	225,853	180,216	163,074	-	-	-	388,927	180,216
Contributions receivable (less allowance of \$3,276 and \$5,185 in 2022 and 2021, respectively)	15,377	10,046	-	-	-	-	15,377	10,046
Employee retention tax credit receivable	266,210	448,250	-	-	-	-	266,210	448,250
Inventories	89,118	60,867	-	-	-	-	89,118	60,867
Prepaid expenses	62,750	14,811	2,200	2,200	-	-	64,950	17,011
Total current assets	<u>914,459</u>	<u>1,188,645</u>	<u>259,618</u>	<u>6,380</u>	<u>-</u>	<u>-</u>	<u>1,174,077</u>	<u>1,195,025</u>
NONCURRENT ASSETS								
Land, buildings and equipment, net	-	-	4,532,708	4,650,498	-	-	4,532,708	4,650,498
Construction in progress	-	-	-	3,423	-	-	-	3,423
Museum collection	-	-	17,276	17,276	-	-	17,276	17,276
Property held for settlement trust	-	-	109,250	109,250	-	-	109,250	109,250
Long-term investments	-	-	-	-	9,089,711	11,746,125	9,089,711	11,746,125
Board designated investments	-	-	-	-	-	1,600,762	-	1,600,762
Beneficial interest in trust	-	-	-	-	1,202,680	1,552,263	1,202,680	1,552,263
Cash value of donated life insurance	-	-	-	-	246,655	229,793	246,655	229,793
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>4,659,234</u>	<u>4,780,447</u>	<u>10,539,046</u>	<u>15,128,943</u>	<u>15,198,280</u>	<u>19,909,390</u>
Total assets	<u>\$ 914,459</u>	<u>\$ 1,188,645</u>	<u>\$ 4,918,852</u>	<u>\$ 4,786,827</u>	<u>\$ 10,539,046</u>	<u>\$ 15,128,943</u>	<u>\$ 16,372,357</u>	<u>\$ 21,104,415</u>
<u>LIABILITIES AND NET ASSETS</u>								
CURRENT LIABILITIES								
Current portion of long term debt	\$ -	\$ -	\$ 49,232	\$ 37,240	\$ -	\$ -	\$ 49,232	\$ 37,240
Accounts payable and accrued expenses	39,587	64,169	5,760	50,928	-	-	45,347	115,097
Accrued contribution to settlement trust	-	-	109,250	109,250	-	1,600,762	109,250	1,710,012
Deferred camp and special events income	133,303	12,501	-	-	-	-	133,303	12,501
Custodial accounts	304,386	372,474	-	-	-	-	304,386	372,474
Deferred revenue, current portion	-	-	24,000	24,000	-	-	24,000	24,000
Other current liabilities	9,775	9,923	-	-	-	-	9,775	9,923
Total current liabilities	<u>487,051</u>	<u>459,067</u>	<u>188,242</u>	<u>221,418</u>	<u>-</u>	<u>1,600,762</u>	<u>675,293</u>	<u>2,281,247</u>
LONG TERM LIABILITIES								
Notes payable, net of current portion	-	-	129,405	106,418	-	-	129,405	106,418
Deferred revenue	-	-	914,400	938,400	-	-	914,400	938,400
Total long term liabilities	<u>-</u>	<u>-</u>	<u>1,043,805</u>	<u>1,044,818</u>	<u>-</u>	<u>-</u>	<u>1,043,805</u>	<u>1,044,818</u>
Total liabilities	<u>487,051</u>	<u>459,067</u>	<u>1,232,047</u>	<u>1,266,236</u>	<u>-</u>	<u>1,600,762</u>	<u>1,719,098</u>	<u>3,326,065</u>
NET ASSETS								
Without donor restrictions	250,914	563,926	3,333,977	3,219,668	3,709,561	6,486,468	7,294,452	10,270,062
With donor restrictions	176,494	165,652	352,828	300,923	6,829,485	7,041,713	7,358,807	7,508,288
Total net assets	<u>427,408</u>	<u>729,578</u>	<u>3,686,805</u>	<u>3,520,591</u>	<u>10,539,046</u>	<u>13,528,181</u>	<u>14,653,259</u>	<u>17,778,350</u>
Total liabilities and net assets	<u>\$ 914,459</u>	<u>\$ 1,188,645</u>	<u>\$ 4,918,852</u>	<u>\$ 4,786,827</u>	<u>\$ 10,539,046</u>	<u>\$ 15,128,943</u>	<u>\$ 16,372,357</u>	<u>\$ 21,104,415</u>

See Notes to Financial Statements

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

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022 WITH COMPARATIVE TOTALS FOR 2021**

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
Changes in net assets without donor restrictions					
Direct Support:					
Friends of Scouting	\$ 199,523	\$ -	\$ -	\$ 199,523	\$ 300,839
Memorials and bequests	21,139	-	-	21,139	78,006
Special events - gross	227,817	-	-	227,817	143,668
Less cost of direct benefit	(102,310)	-	-	(102,310)	(80,173)
Net special events	125,507	-	-	125,507	63,495
Project sales	9,199	-	-	9,199	8,133
Foundations and trusts	51,040	-	-	51,040	158,593
Other direct support	1,425	29,304	-	30,729	-
Total direct support	407,833	29,304	-	437,137	609,066
Indirect support					
United Way	4,995	-	-	4,995	14,466
Government grants	-	-	-	-	844,050
Total indirect support	4,995	-	-	4,995	858,516
Revenues					
Product sales - gross	625,947	-	-	625,947	507,882
Less cost of goods sold	(210,395)	-	-	(210,395)	(183,453)
Less commissions paid to units	(224,615)	-	-	(224,615)	(175,626)
Net product sales	190,937	-	-	190,937	148,803
Supplies sales - gross	8,714	-	-	8,714	6,226
Less cost of goods sold	(4,104)	-	-	(4,104)	(2,825)
Net sales of supplies	4,610	-	-	4,610	3,401
Investment income	72,681	-	135,253	207,934	236,171
Investment income allocation to operations and capital	738,741	163,074	(901,815)	-	-
Camping fees	1,687,980	-	-	1,687,980	1,259,419
Activities	60,029	-	-	60,029	51,622
Realized gains on investments	-	-	93,864	93,864	752,208
Unrealized (losses) gains on investments and other changes	-	-	(2,104,209)	(2,104,209)	765,326
Other revenue	183,472	27,500	-	210,972	104,924
Total revenues	2,938,450	190,574	(2,776,907)	352,117	3,321,874
Reclassification of net assets:					
Net assets released from restrictions	26,536	3,095	-	29,631	59,607
Total reclassification of net assets	26,536	3,095	-	29,631	59,607
Total public support and revenues	3,377,814	222,973	(2,776,907)	823,880	4,849,063
Expenses					
Program services:					
Camping	2,286,063	-	-	2,286,063	1,800,555
Organization, service activities and special programs	782,952	422,874	-	1,205,826	1,242,987
Total program services	3,069,015	422,874	-	3,491,889	3,043,542
Supporting activities:					
Management and general	60,933	481	-	61,414	120,034
Fundraising	180,318	695	-	181,013	156,309
Total supporting activities	\$ 241,251	\$ 1,176	\$ -	\$ 242,427	\$ 276,343

See Notes to Financial Statements

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

**STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022 WITH COMPARATIVE TOTALS FOR 2021**

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
Changes in net assets without donor restrictions (continued)					
Charter and national service fee	\$ 65,174	\$ -	\$ -	\$ 65,174	\$ 56,673
Contribution to settlement trust	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,710,012</u>
Total other expenses	<u>65,174</u>	<u>-</u>	<u>-</u>	<u>65,174</u>	<u>1,766,685</u>
Total expenses	<u>3,375,440</u>	<u>424,050</u>	<u>-</u>	<u>3,799,490</u>	<u>5,086,570</u>
Increase (decrease) in net assets without donor restriction	<u>2,374</u>	<u>(201,077)</u>	<u>(2,776,907)</u>	<u>(2,975,610)</u>	<u>(237,507)</u>
Changes in net assets with donor restrictions					
Direct support					
Friends of scouting	15,000	-	-	15,000	5,802
Memorials and bequests	-	-	160,735	160,735	4,175
Special events	6,633	-	-	6,633	1,100
Foundations and trusts	9,867	50,000	-	59,867	5,079
Other direct	<u>5,878</u>	<u>5,000</u>	<u>-</u>	<u>10,878</u>	<u>95,297</u>
Total direct support	<u>37,378</u>	<u>55,000</u>	<u>160,735</u>	<u>253,113</u>	<u>111,453</u>
Revenues					
Investment income	-	-	2,902	2,902	4,255
Realized gains on investments	-	-	2,014	2,014	13,551
Unrealized (losses) gains on investments	-	-	(45,157)	(45,157)	13,784
Increase in value of donated life insurance	-	-	16,861	16,861	3,938
Increase in value of beneficial interest trust	<u>-</u>	<u>-</u>	<u>(349,583)</u>	<u>(349,583)</u>	<u>135,255</u>
Total revenue	<u>-</u>	<u>-</u>	<u>(372,963)</u>	<u>(372,963)</u>	<u>170,783</u>
Reclassification of net assets					
Net assets released from restriction	<u>(26,536)</u>	<u>(3,095)</u>	<u>-</u>	<u>(29,631)</u>	<u>(59,607)</u>
Increase (Decrease) in net assets with donor restriction	<u>10,842</u>	<u>51,905</u>	<u>(212,228)</u>	<u>(149,481)</u>	<u>222,629</u>
Change in total net assets	<u>13,216</u>	<u>(149,172)</u>	<u>(2,989,135)</u>	<u>(3,125,091)</u>	<u>(14,878)</u>
Net assets, beginning of year					
Without donor restrictions	563,926	3,219,668	6,486,468	10,270,062	10,507,569
With donor restrictions	<u>165,652</u>	<u>300,923</u>	<u>7,041,713</u>	<u>7,508,288</u>	<u>7,285,659</u>
Total net assets, beginning of year	<u>729,578</u>	<u>3,520,591</u>	<u>13,528,181</u>	<u>17,778,350</u>	<u>17,793,228</u>
Board authorized transfers	<u>(315,386)</u>	<u>315,386</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year					
Without donor restrictions	250,914	3,333,977	3,709,561	7,294,452	10,270,062
With donor restrictions	<u>176,494</u>	<u>352,828</u>	<u>6,829,485</u>	<u>7,358,807</u>	<u>7,508,288</u>
Total net assets, end of year	<u>\$ 427,408</u>	<u>\$ 3,686,805</u>	<u>\$ 10,539,046</u>	<u>\$ 14,653,259</u>	<u>\$ 17,778,350</u>

See Notes to Financial Statements

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022 WITH COMPARATIVE TOTALS FOR 2021**

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Change in total net assets	\$ 13,216	\$ (149,172)	\$ (2,989,135)	\$ (3,125,091)	\$ (14,878)
Adjustments to reconcile change in net assets to net cash from operating activities:					
Depreciation	-	411,508	-	411,508	341,514
Unrealized (gains) losses on investments	-	-	2,149,366	2,149,366	(779,110)
Realized (gains) losses on investments	-	-	(95,878)	(95,878)	(765,759)
Stock donations	-	-	-	-	(4,000)
Reinvested income	-	-	(138,155)	(138,155)	(164,966)
Increase in accounts receivable	(45,637)	(163,074)	-	(208,711)	(153,331)
(Increase) decrease in contributions receivable	(5,331)	-	-	(5,331)	7,413
(Increase) decrease in employee retention tax credit receivable	182,040	-	-	182,040	(448,250)
Decrease in inventories	(28,251)	-	-	(28,251)	16,504
(Increase) decrease in prepaid expenses	(47,939)	-	-	(47,939)	28,382
Increase (decrease) in beneficial interest in trust	-	-	349,583	349,583	(135,255)
Increase in cash value of donated life insurance	-	-	(16,861)	(16,861)	(3,938)
Increase (decrease) in accounts payable and accrued expenses	(24,582)	(45,168)	-	(69,750)	40,215
Increase (decrease) in accrued contribution to settlement trust	-	-	(1,600,762)	(1,600,762)	1,710,012
Increase (decrease) in deferred camp and special events income	120,802	-	-	120,802	(14,296)
Decrease in custodial accounts	(68,088)	-	-	(68,088)	(17,569)
Decrease in deferred revenue	-	(24,000)	-	(24,000)	(24,000)
Increase (decrease) in other current liabilities	(148)	-	-	(148)	160
Total adjustments	<u>82,866</u>	<u>179,266</u>	<u>647,293</u>	<u>909,425</u>	<u>(366,274)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>96,082</u>	<u>30,094</u>	<u>(2,341,842)</u>	<u>(2,215,666)</u>	<u>(381,152)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of fixed assets	-	(219,148)	-	(219,148)	(331,366)
Proceeds from sales on investments	-	-	2,341,842	2,341,842	681,319
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>-</u>	<u>(219,148)</u>	<u>2,341,842</u>	<u>2,122,694</u>	<u>349,953</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments on long term debt	-	(36,168)	-	(36,168)	(23,781)
Net asset adjustments transfers in	(315,386)	315,386	-	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(315,386)</u>	<u>279,218</u>	<u>-</u>	<u>(36,168)</u>	<u>(23,781)</u>
NET INCREASE (DECREASE) IN CASH	(219,304)	90,164	-	(129,140)	(54,980)
CASH, BEGINNING OF YEAR	<u>474,455</u>	<u>4,180</u>	<u>-</u>	<u>478,635</u>	<u>533,615</u>
CASH, END OF YEAR	<u>\$ 255,151</u>	<u>\$ 94,344</u>	<u>\$ -</u>	<u>\$ 349,495</u>	<u>\$ 478,635</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 5,894</u>	<u>\$ -</u>	<u>\$ 5,894</u>	<u>\$ 3,654</u>
Equipment financed with debt	<u>\$ -</u>	<u>\$ 71,147</u>	<u>\$ -</u>	<u>\$ 71,147</u>	<u>\$ 114,687</u>

See Notes to Financial Statements

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

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022 WITH COMPARATIVE TOTALS FOR 2021**

	<u>Program Services</u>			<u>Supporting Activities</u>			<u>2022 Totals</u>	<u>2021 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	\$ 527,442	\$ 680,531	\$ 1,207,973	\$ 34,409	\$ 49,702	\$ 84,111	\$ 1,292,084	\$ 1,217,233
Employee benefits	69,022	138,438	207,460	7,000	10,111	17,111	224,571	212,784
Payroll taxes	38,557	58,714	97,271	2,969	4,288	7,257	104,528	91,073
Employee-related expenses	<u>1,139</u>	<u>379</u>	<u>1,518</u>	<u>19</u>	<u>28</u>	<u>47</u>	<u>1,565</u>	<u>270</u>
Total employee compensation	636,160	878,062	1,514,222	44,397	64,129	108,526	1,622,748	1,521,360
Supplies	600,793	22,356	623,149	68	661	729	623,878	517,533
Occupancy	280,622	21,926	302,548	937	4,414	5,351	307,899	221,388
Professional fees	86,180	131,152	217,332	9,608	44,398	54,006	271,338	220,969
Insurance	73,780	27,993	101,773	1,099	1,587	2,686	104,459	117,941
Travel and vehicles	71,172	20,605	91,777	1,011	8,157	9,168	100,945	78,764
Other expenses	40,938	25,068	66,006	1,224	8,108	9,332	75,338	63,775
Equipment rental and maintenance	45,637	11,963	57,600	533	770	1,303	58,903	66,396
Printing and publications	999	11,672	12,671	499	23,867	24,366	37,037	28,856
Recognition awards	4,831	14,492	19,323	500	16,993	17,493	36,816	67,819
Telephone	15,019	11,832	26,851	598	864	1,462	28,313	34,485
Specific assistance to individuals	13,488	6,697	20,185	23	33	56	20,241	5,445
Conferences and meetings	12,000	4,530	16,530	229	1,071	1,300	17,830	16,626
Postage and shipping	<u>3,008</u>	<u>2,896</u>	<u>5,904</u>	<u>122</u>	<u>5,143</u>	<u>5,265</u>	<u>11,169</u>	<u>13,360</u>
Total before interest and depreciation	1,884,627	1,191,244	3,075,871	60,848	180,195	241,043	3,316,914	2,974,717
Interest	-	5,598	5,598	121	175	296	5,894	3,654
Depreciation	<u>401,436</u>	<u>8,984</u>	<u>410,420</u>	<u>445</u>	<u>643</u>	<u>1,088</u>	<u>411,508</u>	<u>341,514</u>
Total functional expenses	<u>\$ 2,286,063</u>	<u>\$ 1,205,826</u>	<u>\$ 3,491,889</u>	<u>\$ 61,414</u>	<u>\$ 181,013</u>	<u>\$ 242,427</u>	<u>\$ 3,734,316</u>	<u>\$ 3,319,885</u>

See Notes to Financial Statements

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 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.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 (see **Note 11**).

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2021, 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, 2022 and 2021 uninsured cash amounted to \$157,356 and \$293,444, 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, 2022 and 2021 accounts receivable are considered fully collectable and therefore no provisions for bad debts have been made in these financial statements.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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.

Contributions Receivable

Unconditional promises to give that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Council's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivables collectability. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for uncollectible pledges is recorded when the Council determines, based on historical experience and collection efforts, that a contribution receivable (carried over from a prior year) is uncollectible. As of December 31, 2022 and 2021, contributions receivable were net of an allowance for uncollectible pledges of \$3,276 and \$5,185, respectively.

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.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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.

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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022 and 2021:

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, 2022 and 2021.

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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022 and 2021, 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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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.

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed Nonfinancial Assets

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.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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.

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, 2022 and 2021.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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, 2022 and 2021, respectively, the Council incurred no penalties and interest. The Council's Federal Return of Organizations Exempt from Income Tax (Forms 990) for 2019, 2020, and 2021 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 2022 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 ended December 31, 2021, 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 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. See **Note 21**.

Laws and regulations concerning government programs, including the ERC established by the CARES Act, 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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Accounting Pronouncements Adopted

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. Results for periods beginning prior to January 1, 2022 continue to be reported in accordance with the Councils' historical accounting treatment. The adoption of ASU 2016-02 did not have a material impact on the Councils' results of operations and cash flows.

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.

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>2022</u>	<u>2021</u>
Cash – operating fund	\$ 255,151	\$ 474,455
Employee retention tax credit receivable – operating	225,853	448,250
Accounts receivable – operating fund	265,853	180,216
Contributions receivable – operating fund	<u>15,377</u>	<u>10,046</u>
Total financial assets as of year end	762,591	1,112,967
Appropriation from quasi-endowment for general expenditure in subsequent year	<u>588,406</u>	<u>582,880</u>

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
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Less amounts not available to be used for general expenditures within one year:		
Net assets with donor restriction (Note 11)	<u>176,494</u>	<u>165,652</u>
 Total financial assets available to meet general expenditures within the next 12 months	 <u>\$ 1,174,503</u>	 <u>\$ 1,530,195</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. \$588,406 and \$582,800 of appropriations from the quasi-endowment will be available within the next 12 months as of December 31, 2022 and 2021.

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.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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

	<u>2022</u>	<u>2021</u>
Special events	\$ 8,500	\$ 6,250
Friends of scouting	<u>6,877</u>	<u>3,796</u>
	<u>\$ 15,377</u>	<u>\$ 10,046</u>

NOTE 6. LAND, BUILDINGS AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 2,079,321	\$ 2,079,321
Building and improvements	7,672,595	7,602,327
Furniture and equipment	2,273,574	2,131,785
Vehicles	<u>791,718</u>	<u>710,062</u>
	12,817,208	12,523,495
Less accumulated depreciation	<u>8,284,500</u>	<u>7,872,997</u>
Total land, buildings and equipment	<u>\$ 4,532,708</u>	<u>\$ 4,650,498</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.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 7. INVESTMENTS

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

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Common stocks	\$ 3,513,973	\$ 5,090,549	\$ 3,952,325	\$ 7,110,742
Mutual funds	1,026,741	1,029,400	2,481,051	2,935,056
ETF's	1,319,155	1,359,679	1,291,561	1,602,287
Corporate bonds	1,226,392	1,145,615	1,259,230	1,326,446
U.S. Government bonds	262,744	242,321	228,836	236,145
Treasury notes	<u>50,000</u>	<u>222,147</u>	<u>50,020</u>	<u>136,211</u>
Totals	<u>\$ 7,399,005</u>	<u>\$ 9,089,711</u>	<u>\$ 9,263,023</u>	<u>\$ 13,346,887</u>
Life insurance policies	<u>\$ 83,734</u>	<u>\$ 246,655</u>	<u>\$ 83,734</u>	<u>\$ 229,793</u>

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

	<u>2022</u>	<u>2021</u>
Net interest and dividend income	\$ 138,155	\$ 164,966
Net realized gains	95,878	765,759
Net unrealized gains (loss)	<u>(2,149,366)</u>	<u>783,048</u>
	<u>\$ (1,915,333)</u>	<u>\$ 1,713,773</u>

For the years ended December 31, 2022 and 2021, management fees and other expenses relating to investment revenues were \$72,321 and \$81,458, 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).

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022 and 2021.

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.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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.

2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Common stocks \$	5,090,549	\$ -	\$ -	\$ 5,090,549
Mutual funds	1,029,400	-	-	1,029,400
ETF's	1,359,679	-	-	1,359,679
Beneficial interest in trust	-	-	1,202,680	1,202,680
Corporate bonds	-	1,145,615	-	1,145,615
U.S. government bonds	-	242,321	-	242,321
Life insurance policies	-	246,655	-	246,655
Treasury notes	-	222,147	-	222,147
Total	<u>\$ 7,479,628</u>	<u>\$ 1,856,738</u>	<u>\$ 1,202,680</u>	<u>\$ 10,539,046</u>

2021

	<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>

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

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 2022 and 2021, the Council received \$74,157 and \$69,772 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, 2022 and 2021, on such a basis:

	<u>Beneficial Interest in Trust</u>
Balance at December 31, 2020	\$ 1,417,008
Change in present value	<u>135,255</u>
Balance at December 31, 2021	1,552,263
Change in present value	<u>(349,583)</u>
Balance at December 31, 2022	<u>\$ 1,202,680</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 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 6.70% and 2.45% for the years ended December 31, 2022 and 2021. At December 31, 2022 and 2021, there was no outstanding balance on the line of credit.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 10. LONG TERM DEBT

Long term debt consisted of the following at December 31:

	<u>2022</u>	<u>2021</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 a vehicle.	\$ 22,834	\$ 37,868
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.	36,427	47,120
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.	<u>119,376</u>	<u>58,670</u>
	178,637	143,658
Less: current portion due within one year	<u>49,232</u>	<u>37,240</u>
Total	<u>\$ 129,405</u>	<u>\$ 106,418</u>

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

<u>Year Ending December 31:</u>	<u>Amounts</u>
2023	\$ 49,232
2024	42,161
2025	34,889
2026	27,838
2027	<u>24,517</u>
Total	<u>\$ 178,637</u>

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 11. NET ASSETS WITH DONOR RESTRICTIONS

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

	-----2022-----		
	<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	13,497	-	-
S Jackes NYLT campership	4,316	-	-
Bean Foundation	12,772	-	-
J Kauer campership	1,876	-	-
Foundations	22,407	-	-
Woodbadge Scholarship	15,316	-	-
General Camperships	4,377	-	-
Hidden Valley Handicraft Renovation	-	25,000	-
Camp Bell Renovations	-	10,000	-
Yelle Cabins – Hidden Valley	-	6,651	-
Camp improvements	-	6,491	-
Council Ring – Hidden Valley	-	5,000	-
Hoge Base Pavilion	-	1,086	-
Webb Lodge	-	100	-
	<u>\$ 141,182</u>	<u>\$ 54,328</u>	<u>\$ -</u>
Subject to the passage of time:			
Project sale	\$ 4,200	\$ -	\$ -
Eagle Rec Dinner	16,933	-	-
Friends of Scouting	14,179	-	-
	<u>\$ 35,312</u>	<u>\$ -</u>	<u>\$ -</u>

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Perpetual in nature:			
Carpenter Trustees	\$ -	\$ 298,500	\$ -
Camp improvements	-	-	94,481
Life insurance policies	-	-	246,656
Camperships	-	-	47,999
National Eagle Scout Association	-	-	7,465
Operation David	-	-	12,767
	<u>\$ -</u>	<u>\$ 298,500</u>	<u>\$ 409,368</u>
Endowment:			
Restricted in perpetuity	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,420,117</u>
Total net assets with donor restrictions	<u>\$ 176,494</u>	<u>\$ 352,828</u>	<u>\$ 6,829,485</u>

2021

	<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	-
Camp Carpenter	-	3,095	-
Hoge Base Pavilion	-	1,086	-
Webb Lodge	-	100	-
	<u>\$ 145,349</u>	<u>\$ 45,932</u>	<u>\$ -</u>

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**NOTES TO FINANCIAL STATEMENTS
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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>

NOTE 12. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during the years ended December 31, 2022 and 2021 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of program restrictions:		
Friends of Scouting	\$ 6,624	\$ 821
Winni Derby	-	5,560
GSR Library Courtyard	-	42,226
Old Museum Building	-	11,000
Foundations	11,896	-
General Campership	8,016	-
Camp Carpenter	<u>3,095</u>	<u>-</u>
Total satisfaction of program restrictions	<u>\$ 29,631</u>	<u>\$ 59,607</u>

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 13. EMPLOYEE BENEFIT PLANS

BSA Retirement Program – Employer contributions

Local councils contributed 7.75% of the employee's compensation to the BSA retirement program through January 31, 2021. Effective February 1, 2021, the council's contribution to the BSA retirement program increased from 7.75% to 12%. Local councils are invoiced by the National council on a monthly basis for the difference between the 12% and the employer contributions to the BSA Match Savings Plan (see below). Retirement program expense (excluding the contributions made by employees) was \$94,504 and \$91,197 in 2022 and 2021, respectively, and covered current service cost.

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 \$19,757 and \$19,899 to the BSA Match Savings Plan in 2022 and 2021, 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, 2022 and 2021, the Council remitted approximately \$95,704 and \$84,426, respectively, on behalf of its employees to the National Council related to the health care plan.

NOTE 14. 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, 2022 and 2021 the amount of deferred revenue related to this sale was \$938,400 and \$962,400, respectively.

**NOTES TO FINANCIAL STATEMENTS
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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).

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, were accrued in the Statement of Financial Position. During the year ended December 31, 2022 the cash amount was remitted to the settlement trust and the property consideration remains accrued. On September 8, 2022, the bankruptcy court approved the National Council's reorganization plan which will allow it to exit Chapter 11.

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, 2022 -----		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Investments, beginning of year	\$ 8,089,185	\$ 5,487,495	\$ 13,576,680
Investment return:			
Net investment income	135,253	2,902	138,155
Realized gain	93,864	2,014	95,878
Unrealized loss	(2,104,211)	(28,295)	(2,132,506)
Contributions	-	160,736	160,736
Net appropriation of endowment for operations (see Note 2)	(901,815)	-	(901,815)
Contribution to settlement Trust	<u>(1,600,762)</u>	<u>-</u>	<u>(1,600,762)</u>
Investments, end of year	<u>\$ 3,711,514</u>	<u>\$ 5,624,852</u>	<u>\$ 9,336,366</u>

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

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FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

Investment net asset composition by fund type:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board designated endowment funds	\$ 3,711,514	\$ -	\$ 3,711,514
Donor restricted endowment funds – in duration	-	5,378,197	5,378,197
Donor restricted endowment funds – perpetual	-	246,655	246,655
Total	<u>\$ 3,711,514</u>	<u>\$ 5,624,852</u>	<u>\$ 9,336,366</u>

----- 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	160,975	3,991	164,966
Realized gain	753,046	12,713	765,759
Unrealized gain	766,179	16,869	783,048
Contributions	-	4,000	4,000
Net appropriation of endowment for operations (see Note 2)	(275,000)	-	(275,000)
Transfers	(253,406)	-	(253,406)
Investments, end of year	<u>\$ 8,089,185</u>	<u>\$ 5,487,495</u>	<u>\$ 13,576,680</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	\$ 8,089,185	\$ -	\$ 8,089,185
Donor restricted endowment funds – in duration	-	5,257,702	5,257,702
Donor restricted endowment funds – perpetual	-	229,793	229,793
Total	<u>\$ 8,089,185</u>	<u>\$ 5,487,495</u>	<u>\$ 13,576,680</u>

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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, 2022, 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 2022 and 2021 amounted to \$38,274 and \$33,385, respectively, which are included in other revenue in the Statement of Activities.

NOTE 20. PAYCHECK PROTECTION PROGRAM

In 2021, the Council was granted and received \$395,800 under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and fully guaranteed by the Federal government. The Council initially recorded the loan 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 as grant revenue for the year ended December 31, 2021, which represents 100% forgiveness of the loan proceeds.

DANIEL WEBSTER COUNCIL, INC. BOY SCOUTS OF AMERICA

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

NOTE 21. EMPLOYEE RETENTION CREDIT

Under the provisions of the CARES ACT, the Council is eligible for a refundable Employee Retention Credit (ERC). The ERC is a refundable tax credit against certain employment taxes subject to specific criteria and limits. The credit applies to qualified wages paid through September 30, 2021. The Council recognized \$448,250 in revenue related to the ERC during the year ended December 31, 2021. As of December 31, 2022 and 2021 \$266,210 and \$448,250, respectively, are included as receivables in the Statement of Financial Position.

NOTE 22. RECLASSIFICATIONS

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

NOTE 23. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through October 16, 2023, the date the financial statements were available to be issued.