

# **SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

---

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016



**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Executive Board  
South Florida Council, Inc. Boy Scouts of America

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of South Florida Council, Inc. Boy Scouts of America (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of South Florida Council, Inc. Boy Scouts of America as of December 31, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Morrison, Brown, Argiz & Farra*

Miami, Florida  
June 15, 2018

An independent member of Baker Tilly International

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2017 AND 2016

**ASSETS**

	Operating Fund		Property Fund		Endowment and Board Designated		Total All Funds	
	2017	2016	2017	2016	2017	2016	2017	2016
Cash and cash equivalents	\$ 152,448	\$ 20,820	\$ 117,702	\$ 52,087	\$ 140,087	\$ 123,160	\$ 410,237	\$ 196,067
Accounts and other receivables - net	86,646	308,923	-	-	-	-	86,646	308,923
Pledges receivable - net	4,000	57,163	-	-	3,445	3,445	7,445	60,608
Prepaid expenses	37,135	91,126	-	-	-	-	37,135	91,126
Interfund receivable (payable)	(315,000)	(337,001)	-	-	315,000	337,001	-	-
Contribution receivable from remainder trust	-	-	-	-	548,496	546,296	548,496	546,296
Land, buildings and equipment - net	-	-	13,975,535	14,335,003	-	-	13,975,535	14,335,003
Investments	-	-	1,735,377	1,537,301	5,535,370	5,015,831	7,270,747	6,553,132
Cash value of life insurance - net	-	-	-	-	251,792	242,292	251,792	242,292
<b>TOTAL ASSETS</b>	<b>\$ (34,771)</b>	<b>\$ 141,031</b>	<b>\$ 15,828,614</b>	<b>\$ 15,924,391</b>	<b>\$ 6,794,190</b>	<b>\$ 6,268,025</b>	<b>\$ 22,588,033</b>	<b>\$ 22,333,447</b>
<b>LIABILITIES AND NET (DEFICIT) ASSETS</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 33,733	\$ 45,239	\$ -	\$ 76	\$ -	\$ 3,595	\$ 33,733	\$ 48,910
Accrued expenses and other liabilities	134,358	187,102	-	-	-	-	134,358	187,102
<b>TOTAL LIABILITIES</b>	<b>168,091</b>	<b>232,341</b>	<b>-</b>	<b>76</b>	<b>-</b>	<b>3,595</b>	<b>168,091</b>	<b>236,012</b>
<b>NET (DEFICIT) ASSETS</b>								
Unrestricted, including board designations of \$338,182 for 2017 and 2016	(202,862)	(144,439)	15,819,580	15,916,868	364,985	368,367	15,981,703	16,140,796
Temporarily restricted	-	53,129	9,034	7,447	298,909	217,675	307,943	278,251
Permanently restricted	-	-	-	-	6,130,296	5,678,388	6,130,296	5,678,388
<b>TOTAL NET (DEFICIT) ASSETS</b>	<b>(202,862)</b>	<b>(91,310)</b>	<b>15,828,614</b>	<b>15,924,315</b>	<b>6,794,190</b>	<b>6,264,430</b>	<b>22,419,942</b>	<b>22,097,435</b>
<b>TOTAL LIABILITIES AND NET (DEFICIT) ASSETS</b>	<b>\$ (34,771)</b>	<b>\$ 141,031</b>	<b>\$ 15,828,614</b>	<b>\$ 15,924,391</b>	<b>\$ 6,794,190</b>	<b>\$ 6,268,025</b>	<b>\$ 22,588,033</b>	<b>\$ 22,333,447</b>

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

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2017 (WITH COMPARATIVE 2016 TOTAL FUND AMOUNTS)

	<b>Operating Fund</b>	<b>Property Fund</b>	<b>Endowment and Board Designated</b>	<b>Total All Funds</b>	
				<b>2017</b>	<b>2016</b>
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>					
Public support and revenue:					
Direct –					
Friends of Scouting (less provision for uncollectible accounts of \$54,901 and \$42,051 for 2017 and 2016, respectively)	\$ 417,185	\$ -	\$ -	\$ 417,185	\$ 384,847
Project sales	53,769	-	-	53,769	25,096
Fund-raising events (net of direct costs of \$52,592 and \$44,974 for 2017 and 2016, respectively)	302,190	-	-	302,190	328,187
Legacies and bequests	2,400	-	-	2,400	102,375
Contributions	299,030	-	-	299,030	301,100
Other direct support	100,867	1,322	-	102,189	68,324
<b>TOTAL DIRECT</b>	<b>1,175,441</b>	<b>1,322</b>	<b>-</b>	<b>1,176,763</b>	<b>1,209,929</b>
Indirect –					
Fees and grants from government and local agencies	290,035	-	-	290,035	517,000
United Way	76,356	-	-	76,356	65,016
<b>TOTAL INDIRECT</b>	<b>366,391</b>	<b>-</b>	<b>-</b>	<b>366,391</b>	<b>582,016</b>
Other –					
Scouting product sales (net of costs of \$69,666 and \$75,703 and commissions paid to units of \$173,237 and \$192,191 for 2017 and 2016, respectively)	150,874	-	-	150,874	159,768
Investment income including interest, dividends and realized and unrealized gains and losses (net of fees of approximately \$25,000 and \$23,000 for 2017 and 2016, respectively)	262,117	273,078	-	535,195	228,897
Camping	169,264	-	-	169,264	187,230
Activities	501,346	-	-	501,346	297,173
Other revenue	99,769	-	-	99,769	112,219
<b>TOTAL OTHER</b>	<b>1,183,370</b>	<b>273,078</b>	<b>-</b>	<b>1,456,448</b>	<b>985,287</b>
Net assets released from restrictions:					
Expiration of time restriction	21,169	-	-	21,169	8,432
Fulfillment of purpose restriction	31,960	-	-	31,960	15,000
<b>TOTAL NET ASSETS RELEASED FROM RESTRICTIONS</b>	<b>53,129</b>	<b>-</b>	<b>-</b>	<b>53,129</b>	<b>23,432</b>
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>\$ 2,778,331</b>	<b>\$ 274,400</b>	<b>\$ -</b>	<b>\$ 3,052,731</b>	<b>\$ 2,800,664</b>

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

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2017 (WITH COMPARATIVE 2016 TOTAL FUND AMOUNTS)

	Operating Fund	Property Fund	Endowment and Board Designated	Total All Funds	
				2017	2016
FUNCTIONAL EXPENSES:					
Program services	\$ 2,516,440	\$ 369,993	\$ -	\$ 2,886,433	\$ 2,713,136
Supporting services:					
Management and general	142,603	1,147	3,382	147,132	197,297
Fund-raising	114,688	548	-	115,236	149,600
TOTAL FUNCTIONAL EXPENSES	2,773,731	371,688	3,382	3,148,801	3,060,033
CHARTER AND NATIONAL SERVICE FEE	63,023	-	-	63,023	63,973
TOTAL EXPENSES	2,836,754	371,688	3,382	3,211,824	3,124,006
DECREASE IN UNRESTRICTED NET ASSETS	(58,423)	(97,288)	(3,382)	(159,093)	(323,342)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:					
Friends of Scouting direct support (less provision for uncollectible accounts)	-	-	-	-	21,169
Capital campaign	-	1,587	-	1,587	-
Fund-raising events	-	-	-	-	30,000
Investment income including interest, dividends and realized and unrealized gains and losses	-	-	81,234	81,234	12,650
Net assets released from restrictions:					
Expiration of time restriction	(21,169)	-	-	(21,169)	(8,432)
Fulfillment of purpose restriction	(31,960)	-	-	(31,960)	(15,000)
(DECREASE) INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	(53,129)	1,587	81,234	29,692	40,387
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:					
Other direct support	-	-	4,100	4,100	34,104
Investment income including interest, dividends and realized and unrealized gains and losses	-	-	447,808	447,808	177,508
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	-	-	451,908	451,908	211,612
CHANGE IN NET ASSETS	(111,552)	(95,701)	529,760	322,507	(71,343)
NET (DEFICIT) ASSETS – BEGINNING OF YEAR	(91,310)	15,924,315	6,264,430	22,097,435	22,168,778
NET (DEFICIT) ASSETS – END OF YEAR	<b>\$ (202,862)</b>	<b>\$ 15,828,614</b>	<b>\$ 6,794,190</b>	<b>\$ 22,419,942</b>	<b>\$ 22,097,435</b>

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

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Operating Fund	Property Fund	Endowment and Board Designated	Total
<b>CHANGES IN UNRESTRICTED NET ASSETS:</b>				
Public support and revenue:				
Direct –				
Friends of Scouting (less provision for uncollectible accounts of \$42,051)	\$ 384,847	\$ -	\$ -	\$ 384,847
Project sales	25,096	-	-	25,096
Fund-raising events (net of direct costs of \$44,974)	328,187	-	-	328,187
Legacies and bequests	102,375	-	-	102,375
Contributions	301,100	-	-	301,100
Other direct support	68,324	-	-	68,324
TOTAL DIRECT	<u>1,209,929</u>	<u>-</u>	<u>-</u>	<u>1,209,929</u>
Indirect –				
Fees and grants from government and local agencies	517,000	-	-	517,000
United Way	65,016	-	-	65,016
TOTAL INDIRECT	<u>582,016</u>	<u>-</u>	<u>-</u>	<u>582,016</u>
Other –				
Scouting product sales (net of costs of \$75,703 and commissions paid to units of \$192,191)	159,768	-	-	159,768
Investment income including interest, dividends and realized and unrealized gains and losses (net of fees of approximately \$23,000)	200,261	28,636	-	228,897
Camping	187,230	-	-	187,230
Activities	297,173	-	-	297,173
Other revenue	100,881	11,338	-	112,219
TOTAL OTHER	<u>945,313</u>	<u>39,974</u>	<u>-</u>	<u>985,287</u>
Net assets released from restrictions:				
Expiration of time restriction	8,432	-	-	8,432
Fulfillment of purpose restriction	15,000	-	-	15,000
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>23,432</u>	<u>-</u>	<u>-</u>	<u>23,432</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>\$ 2,760,690</u>	<u>\$ 39,974</u>	<u>\$ -</u>	<u>\$ 2,800,664</u>

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

## SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA

### CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2016

	Operating Fund	Property Fund	Endowment and Board Designated	Total
FUNCTIONAL EXPENSES:				
Program services	\$2,322,930	\$ 387,120	\$ 3,086	\$ 2,713,136
Supporting services:				
Management and general	194,069	2,851	377	197,297
Fund-raising	146,375	3,090	135	149,600
TOTAL FUNCTIONAL EXPENSES	2,663,374	393,061	3,598	3,060,033
CHARTER AND NATIONAL SERVICE FEE	63,973	-	-	63,973
TOTAL EXPENSES	2,727,347	393,061	3,598	3,124,006
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	33,343	(353,087)	(3,598)	(323,342)
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS:				
Friends of Scouting direct support (less provision for uncollectible accounts of \$1,841)	21,169	-	-	21,169
Fund-raising events	30,000	-	-	30,000
Investment income including interest, dividends and realized and unrealized gains and losses	-	-	12,650	12,650
Net assets released from restrictions:				
Expiration of time restriction	(8,432)	-	-	(8,432)
Fulfillment of purpose restriction	(15,000)	-	-	(15,000)
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	27,737	-	12,650	40,387
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS:				
Other direct support	-	-	34,104	34,104
Investment income including interest, dividends and realized and unrealized gains and losses	-	-	177,508	177,508
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	-	-	211,612	211,612
INTERFUND TRANSFER OF NET ASSETS (NOTE 9)	59,858	-	(59,858)	-
CHANGE IN NET ASSETS	120,938	(353,087)	160,806	(71,343)
NET (DEFICIT) ASSETS – BEGINNING OF YEAR	(212,248)	16,277,402	6,103,624	22,168,778
NET (DEFICIT) ASSETS – END OF YEAR	<b>\$ (91,310)</b>	<b>\$15,924,315</b>	<b>\$ 6,264,430</b>	<b>\$22,097,435</b>

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



**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017 (WITH COMPARATIVE 2016 TOTAL FUND AMOUNTS)

	Supporting Services				Total Expenses	
	Management and General	Fund- Raising	Total Supporting Services	Program Services	2017	2016
	PERSONNEL COSTS:					
Professional salaries	\$ 53,892	\$ 25,775	\$ 79,667	\$ 1,079,549	\$ 1,159,216	\$ 1,195,984
Employee benefits	16,243	7,768	24,011	233,229	257,240	259,508
Payroll taxes	4,326	2,069	6,395	82,847	89,242	88,229
Employee related expenses	10	4	14	128	142	12,385
<b>TOTAL PERSONNEL COSTS</b>	<b>74,471</b>	<b>35,616</b>	<b>110,087</b>	<b>1,395,753</b>	<b>1,505,840</b>	<b>1,556,106</b>
OPERATING EXPENSES AND PROGRAM ACTIVITIES:						
Professional fees	34,440	2,602	37,042	109,937	146,979	200,178
Program materials and supplies	5,051	10,506	15,557	120,542	136,099	143,800
Telephone	2,971	444	3,415	22,560	25,975	25,313
Postage	1,165	4,521	5,686	279	5,965	6,837
Occupancy	3,624	8,418	12,042	180,793	192,835	193,594
Rental and maintenance of equipment	8,135	8,464	16,599	139,750	156,349	140,007
Printing and publications	367	1,087	1,454	12,069	13,523	14,682
Travel	4,399	7,199	11,598	145,367	156,965	99,116
Conferences and meetings	1,535	215	1,750	120,804	122,554	28,113
Specific assistance to individuals	56	27	83	56,833	56,916	44,390
Recognition awards	145	9,621	9,766	57,766	67,532	58,661
Insurance	7,909	2,166	10,075	129,432	139,507	126,741
Other expenses	1,717	23,802	25,519	26,775	52,294	50,550
Depreciation and amortization	1,147	548	1,695	367,773	369,468	371,945
<b>TOTAL OPERATING EXPENSES AND PROGRAM ACTIVITIES</b>	<b>72,661</b>	<b>79,620</b>	<b>152,281</b>	<b>1,490,680</b>	<b>1,642,961</b>	<b>1,503,927</b>
<b>TOTAL EXPENSES</b>	<b>\$ 147,132</b>	<b>\$ 115,236</b>	<b>\$ 262,368</b>	<b>\$ 2,886,433</b>	<b>\$ 3,148,801</b>	<b>\$ 3,060,033</b>

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

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Supporting Services			Program Services	Total
	Management and General	Fund-Raising	Total Supporting Services		
PERSONNEL COSTS:					
Professional salaries	\$ 73,957	\$ 55,468	\$ 129,425	\$ 1,066,559	\$ 1,195,984
Employee benefits	20,430	15,322	35,752	223,756	259,508
Payroll taxes	5,569	4,176	9,745	78,484	88,229
Employee related expenses	6,683	372	7,055	5,330	12,385
<b>TOTAL PERSONNEL COSTS</b>	<b>106,639</b>	<b>75,338</b>	<b>181,977</b>	<b>1,374,129</b>	<b>1,556,106</b>
OPERATING EXPENSES AND PROGRAM ACTIVITIES:					
Professional fees	41,354	4,004	45,358	154,820	200,178
Program materials and supplies	6,189	8,882	15,071	128,729	143,800
Telephone	3,123	806	3,929	21,384	25,313
Postage	1,006	4,298	5,304	1,533	6,837
Occupancy	4,466	3,018	7,484	186,110	193,594
Rental and maintenance of equipment	8,656	9,949	18,605	121,402	140,007
Printing and publications	367	1,582	1,949	12,733	14,682
Travel	5,237	7,957	13,194	85,922	99,116
Conferences and meetings	1,940	769	2,709	25,404	28,113
Specific assistance to individuals	39	29	68	44,322	44,390
Recognition awards	172	13,572	13,744	44,917	58,661
Insurance	13,268	4,755	18,023	108,718	126,741
Other expenses	2,817	13,123	15,940	34,610	50,550
Depreciation and amortization	2,024	1,518	3,542	368,403	371,945
<b>TOTAL OPERATING EXPENSES AND PROGRAM ACTIVITIES</b>	<b>90,658</b>	<b>74,262</b>	<b>164,920</b>	<b>1,339,007</b>	<b>1,503,927</b>
<b>TOTAL EXPENSES</b>	<b>\$ 197,297</b>	<b>\$ 149,600</b>	<b>\$ 346,897</b>	<b>\$ 2,713,136</b>	<b>\$ 3,060,033</b>

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

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

CONSOLIDATED STATEMENT OF CASH FLOWS - ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2017 (WITH COMPARATIVE 2016 TOTAL FUND AMOUNTS)

	<u>Operating Fund</u>	<u>Property Fund</u>	<u>Endowment and Board Designated</u>	<u>Total All Funds</u>	
				<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Change in net assets	\$ (111,552)	\$ (95,701)	\$ 529,760	\$ 322,507	\$ (71,343)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	369,468	-	369,468	371,945
Net unrealized gain on investments	-	(132,702)	(503,011)	(635,713)	(202,571)
Increase in cash surrender value of life insurance	-	-	(9,500)	(9,500)	(9,000)
Adjustment to contribution receivable from remainder trust	-	-	(2,200)	(2,200)	(31,104)
Provision for uncollectible pledges	15,200	-	-	15,200	-
Change in operating assets and liabilities:					
Accounts and other receivables and pledges receivable, net	260,240	-	-	260,240	(99,198)
Prepaid expenses	53,991	-	-	53,991	(34,776)
Accounts payable, accrued expenses and other liabilities	(64,250)	(76)	(3,595)	(67,921)	(69,092)
<b>TOTAL ADJUSTMENTS</b>	<u>265,181</u>	<u>236,690</u>	<u>(518,306)</u>	<u>(16,435)</u>	<u>(73,796)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>153,629</u>	<u>140,989</u>	<u>11,454</u>	<u>306,072</u>	<u>(145,139)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchases of land, buildings and equipment	-	(10,000)	-	(10,000)	(28,688)
Proceeds from sale of securities	-	138,435	679,523	817,958	1,109,930
Acquisition of securities	-	(203,809)	(696,051)	(899,860)	(973,784)
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>(75,374)</u>	<u>(16,528)</u>	<u>(91,902)</u>	<u>107,458</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Interfund loans	(22,001)	-	22,001	-	-
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<u>(22,001)</u>	<u>-</u>	<u>22,001</u>	<u>-</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	131,628	65,615	16,927	214,170	(37,681)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	20,820	52,087	123,160	196,067	233,748
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 152,448</u>	<u>\$ 117,702</u>	<u>\$ 140,087</u>	<u>\$ 410,237</u>	<u>\$ 196,067</u>

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

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

CONSOLIDATED STATEMENT OF CASH FLOWS - ALL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Operating Fund</b>	<b>Property Fund</b>	<b>Endowment and Board Designated</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Change in net assets	\$ 120,938	\$ (353,087)	\$ 160,806	\$ (71,343)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	371,945	-	371,945
Net unrealized gain on investments	-	(40,004)	(162,567)	(202,571)
Increase in cash surrender value of life insurance	-	-	(9,000)	(9,000)
Adjustment to contribution receivable from remainder trust	-	-	(31,104)	(31,104)
Change in operating assets and liabilities:				
Accounts and other receivables and pledges receivable, net	(98,198)	-	(1,000)	(99,198)
Prepaid expenses	(34,776)	-	-	(34,776)
Accounts payable, accrued expenses and other liabilities	22,494	(95,181)	3,595	(69,092)
<b>TOTAL ADJUSTMENTS</b>	<b>(110,480)</b>	<b>236,760</b>	<b>(200,076)</b>	<b>(73,796)</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>10,458</b>	<b>(116,327)</b>	<b>(39,270)</b>	<b>(145,139)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchases of land, buildings and equipment	-	(28,688)	-	(28,688)
Proceeds from sale of securities	-	140,356	969,574	1,109,930
Acquisition of securities	-	(45,480)	(928,304)	(973,784)
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>66,188</b>	<b>41,270</b>	<b>107,458</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Interfund loans	(77,999)	100,000	(22,001)	-
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(77,999)</b>	<b>100,000</b>	<b>(22,001)</b>	<b>-</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(67,541)</b>	<b>49,861</b>	<b>(20,001)</b>	<b>(37,681)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>88,361</b>	<b>2,226</b>	<b>143,161</b>	<b>233,748</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 20,820</b>	<b>\$ 52,087</b>	<b>\$ 123,160</b>	<b>\$ 196,067</b>

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

# SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION

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#### Nature of Organization

The South Florida Council, Inc. Boy Scouts of America (the "Council"), provides service to young men ages 7-21, and young women ages 14-21 in the counties of Miami-Dade, Broward and Monroe. Two trust funds were established for the benefit of the Council. The Council is a not-for-profit organization devoted to 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 preparing them to make ethical choices over their lifetime and achieving their full potential using the methods which are now in common use by the Boy Scouts of America. The Boy Scouts of America will prepare every eligible youth in America to become a responsible, participating citizen and leader who is guided by the Scout Oath and Law.

#### Financial Statement Presentation

##### Principles of Consolidation

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

##### Consolidated Financial Statement Presentation

The consolidated financial statements are prepared using the accrual basis of accounting. Net assets, revenue, gains and losses are classified into three classes of net assets based on the existence or absence of donor-imposed restrictions. In addition, the Organization is required to present the Consolidated Statements of Cash Flows. The three net asset categories are reflected in the accompanying consolidated financial statements as follows:

- Unrestricted - Net assets which are free of donor-imposed restrictions. Includes all revenues, gains, and losses that are not changes in permanently or temporarily restricted net assets.
- Temporarily Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or that can be fulfilled or removed by actions of the Organization pursuant to those stipulations.
- Permanently Restricted - Net assets whose use by the Organization is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

##### Fund Accounting

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The accounts of the Organization are maintained in the following funds:

- Operating Fund - The operating fund represents revenues and expenses related to the operation and management of the Organization's primary programs and supporting services. The operating fund is referred to as "Fund 1."
- Property Fund - The property fund represents land, buildings and equipment owned and used by the Organization. Included in the property fund are amounts designated for the purchase and improvement of land, buildings and equipment. The property fund is referred to as "Fund 2."

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION (CONTINUED)**

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**Financial Statement Presentation (Continued)**

Fund Accounting (continued)

- Endowment and Board Designated - The endowment fund includes two separate trust accounts and the proceeds from a beneficial interest in a charitable remainder unitrust. The board designated fund represents net assets set aside by management for board designated purposes. The endowment and board designated fund is referred to as "Fund 3."

The first trust is managed by a bank as trustee. The second trust is funded by proceeds from life insurance policies and is administered by trustees who are current and prior board members of the Organization. The income from the proceeds of one of the policies is to be used for the maintenance and repair of the Tatham Scout Center and/or maintenance of camp facilities. At least 20% of the income generated from one of the policies is to be used for improvement and repair of camp facilities. The income generated from other assets of the second trust and the first trust is required to be distributed annually to the Organization for its operations unless donor restricted for a specific time or purpose.

**Use of Estimates**

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

**Cash and Cash Equivalents**

For purposes of the Consolidated Statements of Cash Flows, the Organization considers all highly liquid investments, not included in Investments, with an initial maturity of three months or less to be cash equivalents.

**Accounts and Other Receivables - Net**

Accounts and other receivables are recorded primarily for fees and grants from governmental agencies stated at estimated realizable value. At December 31, 2016, the balance related to one grantor was approximately 93% of the total accounts receivable balance. An allowance for doubtful accounts is based on management's review of the collectability of receivables. There was no allowance for doubtful accounts at December 31, 2017 and 2016.

**Pledges Receivable - Net and Contributions**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires or is fulfilled in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires or is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Consolidated Statements of Activities as net assets released from restrictions.

Pledges receivable due in excess of one year are discounted at the present value of their estimated future cash flows. Unconditional promises and other receivables are recorded in the Consolidated Statements of Financial Position at fair value estimated by discounted cash flow analyses, using an average discount rate of 5% for the years ended December 31, 2017 and 2016. An allowance for estimated uncollectible pledges is based on management's review of the collectability of pledge receivables. Pledges are charged off against the allowance after all means of collectability have been exhausted and the potential for recovery is considered remote.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION (CONTINUED)**

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**Land, Buildings and Equipment - Net**

Land, buildings and equipment are recorded in the property fund at cost or, if donated, at estimated fair market value as of the date acquired. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Buildings, improvements, and equipment are depreciated and amortized on a straight-line basis over their estimated useful lives.

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 (NOTE 5).

**Impairment of Long-Lived Assets**

The carrying value of long-lived assets is reviewed if the facts and circumstances, such as significant declines in revenues, earnings or cash flows, or material adverse changes in the business climate indicate that they may be impaired. The Organization performs its review by comparing the carrying amounts of long-lived assets to the estimated undiscounted cash flows relating to such assets. If any impairment in the value of the long-lived assets is indicated, the carrying value of the long-lived assets is adjusted to reflect such impairment.

**Investments**

Investments consist primarily of assets invested in marketable equity and debt securities and money market accounts. The Organization accounts for investments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-320 which requires investments in marketable securities with readily determinable fair values and all investments in debt securities be measured at fair value in the Consolidated Statements of Financial Position. Interest and dividends as well as realized and unrealized gains and losses are included in the accompanying Consolidated Statements of Activities. Investments in money market funds have been included as a component of investments in the accompanying Consolidated Statements of Financial Position.

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

**Credit Risk**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. At certain times during the year, there were amounts on deposit with financial institutions in excess of their insurable limits; however, the Organization places its cash and investments with stable, high quality financial institutions and continually monitors its exposure.

**Recognition Awards**

Recognition awards include items such as trophies, patches, T-shirts, etc. which are given to scouts in recognition of their participation in various events held throughout the year. The cost of the awards is mostly covered by activity fee charges which are included as activities fee income in the accompanying Consolidated Statements of Activities.

**Donated Materials, Securities and Services**

Donated materials and securities are recorded at their estimated fair market value at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Many volunteers provide services throughout the year that are not recognized as contributions in the consolidated financial statements. It is impracticable to determine the fair market value of all donated services by the volunteers of the Organization beyond those required to be recognized as income.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION (CONTINUED)**

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**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The Organization recognizes and measures tax positions based on their technical merit and assesses the likelihood that the positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. Interest and penalties on tax liabilities, if any, would be recorded in interest expense and other non-interest expense, respectively.

The U.S. Federal jurisdiction and the State of Florida jurisdiction are the major tax jurisdictions where the Organization files information returns. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2014.

**Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the accompanying Consolidated Statements of Functional Expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing those services. In accordance with the policy of the National Council 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.

**Recent Accounting Pronouncements**

Revenue From Contracts With Customers

In May 2014, the FASB issued an accounting standard update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity. The update is to be applied to the beginning of the year of implementation or retrospectively and is effective for annual periods beginning after December 15, 2018 and in interim periods in annual periods beginning after December 15, 2019. Early application is permitted, but no earlier than annual reporting periods beginning after December 15, 2016. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

Lease Accounting

In February 2016, the FASB issued an accounting standard update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Accounting by lessors remains largely unchanged from current U.S. GAAP. The update is effective using a modified retrospective approach for fiscal years beginning after December 15, 2019, and for interim periods within fiscal years beginning after December 15, 2020, with early application permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.



NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION (CONTINUED)**

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**Recent Accounting Pronouncements (Continued)**

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the FASB issued an accounting standard update which aims to improve information provided to creditors, donors, grantors, and others while also reducing complexity and costs. The update is the first phase of a project regarding not-for-profits which aims to improve and simplify net asset classification requirements and improve the information presented and disclosed in financial statements about liquidity, cash flows, and financial performance. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018, with earlier application permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued an accounting standard update to reduce diversity in practice on eight specific statement of cash flows issues. The update is effective retrospectively for financial statements issued for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

**Subsequent Events**

The Organization has evaluated subsequent events through June 15, 2018, which is the date the consolidated financial statements were available to be issued.

**2. INTERFUND RECEIVABLE (PAYABLE) AND OTHER INTERFUND ACTIVITY**

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The interfund receivable (payable) at December 31, 2017 and 2016 results from the borrowing by the Operating Fund to fund operations. The Operating Fund had an interfund payable to the Endowment and Board Designated fund of \$315,000 at December 31, 2017 and to the Endowment and Board Designated fund of \$337,001 at December 31, 2016. The Board has the discretion to transfer a certain percentage of the operating fund's surplus at the end of each year to pay down any interfund loans or transfers.

**3. CONTRIBUTION RECEIVABLE FROM REMAINDER TRUST**

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During 2001, the Organization became aware that it had been named as a beneficiary of a charitable trust. The Organization estimated the value of this contribution through the use of mortality tables, present value discount of 6%, estimated investment earnings, scheduled annuity payments and other relevant information provided to the Organization. Upon death of the donor, the Organization will receive a portion of the assets remaining in the trust, which have been permanently restricted through donor stipulations. The Organization estimates the remaining portion of the assets to be worth \$548,496 and \$546,296 as of December 31, 2017 and 2016, respectively, based on the assumptions outlined above.

**4. PLEDGES RECEIVABLE - NET**

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Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using an interest rate of 5% for the years ended December 31, 2017 and 2016. Amortization of the discount is included in contribution revenue.

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**4. PLEDGES RECEIVABLE – NET (CONTINUED)**

Pledges receivable, net include the following unconditional promises at December 31,:

	<u>2017</u>	<u>2016</u>
Years ending December 31:		
2016	\$ -	\$ 107,500
2017	47,314	-
Total	47,314	107,500
Less: allowance for estimated uncollectible pledges	(39,869)	(46,892)
	<u>\$ 7,445</u>	<u>\$ 60,608</u>

**5. LAND, BUILDINGS AND EQUIPMENT - NET**

Land, buildings and equipment are summarized as follows at December 31,:

	<u>Estimated Useful Lives</u>	<u>2017</u>	<u>2016</u>
Land	-	\$ 3,185,770	\$ 3,185,770
Land improvements	10 - 40 Years	6,336,759	6,331,667
Building and improvements	5 - 40 Years	7,362,170	7,362,170
Office equipment	10 Years	488,774	451,443
Transportation equipment	3 - 10 Years	20,567	20,567
Outdoor program equipment	3 - 5 Years	102,510	102,510
Construction in progress	-	10,000	42,423
		17,506,550	17,496,550
Less: accumulated depreciation and amortization		3,531,015	3,161,547
		<u>\$ 13,975,535</u>	<u>\$ 14,335,003</u>

Depreciation and amortization expense was \$369,468 and \$371,945 for the years ended December 31, 2017 and 2016, respectively.

**6. INVESTMENTS**

Investments are stated at fair value and summarized as follows at December 31,:

	<u>2017</u>	<u>2016</u>
Common stock	\$ 1,531,777	\$ 1,425,910
Mutual funds - equity	2,607,684	2,323,827
Real estate investment trusts	372,573	351,032
Mutual funds - fixed income	1,575,880	1,468,357
Money market funds	95,982	4,243
BSA Commingled Fund	1,086,851	979,763
	<u>\$ 7,270,747</u>	<u>\$ 6,553,132</u>

The investment expense paid by the Organization for the years ended December 31, 2017 and 2016 was approximately \$25,000 and \$23,000, respectively.

## SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

#### 6. INVESTMENTS (CONTINUED)

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The following schedule summarizes the investment income, net of fees, in the Consolidated Statements of Activities for the years ended December 31,:

	<u>2017</u>	<u>2016</u>
Investment income	\$ 226,170	\$ 120,988
Net realized and unrealized gains	828,567	289,067
Increase in cash surrender value of life insurance	9,500	9,000
	<u>\$ 1,064,237</u>	<u>\$ 419,055</u>

The above investment income is classified in the Consolidated Statements of Activities as follows for the years ended December 31,:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$ 535,195	\$ 228,897
Temporarily restricted	81,234	12,650
Permanently restricted	447,808	177,508
	<u>\$ 1,064,237</u>	<u>\$ 419,055</u>

#### 7. FAIR VALUE MEASUREMENTS

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The FASB 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the FASB 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 Organization 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;
  - 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's 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, 2017 and 2016.

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**7. FAIR VALUE MEASUREMENTS (CONTINUED)**

*Common stock and mutual funds-equity* - consists of equity securities and mutual funds managed primarily through investments held by independent investment advisors with discretionary investment authority. Equity securities consist primarily of common stocks. Equity investments are valued at the closing price reported in the active market in which the individual securities are traded.

*Real estate investment trusts* - consist of income-producing and developmental real estate investments held by independent investment advisors. These investments are valued at their current market value determined on the basis of quotations or, if market quotations are not readily available, at fair value based on procedures established by the investment advisors.

*Mutual funds-fixed income* - consists of investments in securities issued by the U.S. Treasury and corporate bonds through independent investment advisors. These investments are valued at the closing price reported in the active market in which the individual securities are traded.

*Money market funds* - are held by independent investment advisors and are reflected at market value.

*BSA Commingled Endowment Fund LP ("BSA Fund")* - Investments held by the BSA Fund are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or ask price for over-the-counter securities not listed on a securities exchange, or at cost or at a value obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market. The custodian of the investments in the BSA Fund also has the ability to determine the fair value of securities not listed or traded on any exchange or on the over-the-counter market based on available information. The BSA Fund is valued at the number of units held by the Council and the Fund's unit value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The values assigned to certain investments are based upon currently available information and do not necessarily represent amounts that may ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values may differ significantly from the values that would have been used had a ready market for the investments existed and the differences could be material.

The following table represents the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2017 for each of the fair value hierarchy levels:

Description	12/31/2017	Fair Value Measurements at December 31, 2017		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Common stock	\$ 1,531,777	\$ 1,531,777	\$ -	\$ -
Mutual funds - equity	2,607,684	2,607,684	-	-
Real estate investment trusts	372,573	372,573	-	-
Mutual funds - fixed income	1,575,880	1,575,880	-	-
Money market funds	95,982	95,982	-	-
BSA Commingled Fund <sup>(a)</sup>	1,086,851	-	-	-
	<b>\$ 7,270,747</b>	<b>\$ 6,183,896</b>	<b>\$ -</b>	<b>\$ -</b>

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**7. FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table represents the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2016 for each of the fair value hierarchy levels:

Description	12/31/2016	Fair Value Measurements at December 31, 2016		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:				
Common stock	\$ 1,425,910	\$ 1,425,910	\$ -	\$ -
Mutual funds - equity	2,323,827	2,323,827	-	-
Real estate investment trusts	351,032	351,032	-	-
Mutual funds - fixed income	1,468,357	1,468,357	-	-
Money market funds	4,243	4,243	-	-
BSA Commingled Fund <sup>(a)</sup>	979,763	-	-	-
	<b>\$ 6,553,132</b>	<b>\$ 5,573,369</b>	<b>\$ -</b>	<b>\$ -</b>

(a) – Certain investments that are measured at fair value using the net asset value per share (or its equivalent practical expedient), which is a reasonable estimate of fair value, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the accompanying Consolidated Statements of Financial Position.

There were no financial assets or liabilities measured at fair value on a non-recurring basis at December 31, 2017 and 2016.

Information regarding the Organization's investments in entities that calculate net asset value per share or its equivalent for the years ended December 31, 2017 and 2016 is as follows:

Description	12/31/2017 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
BSA Commingled Endowment Fund L.P. (a)	\$ 1,086,851	\$ -	Monthly	N/A

  

Description	12/31/2016 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
BSA Commingled Endowment Fund L.P. (a)	\$ 979,763	\$ -	Monthly	N/A

(a) BSA Commingled Endowment Fund L.P. – The objective of this fund is to invest in fixed income, equity, and other securities for the purpose of generating investment returns for the partners.

**8. CASH VALUE OF LIFE INSURANCE - NET**

The Organization is the owner and beneficiary of life insurance policies on the lives of certain past and present board members and benefactors, with face amounts totaling \$500,000 in 2017 and 2016 and cash values of approximately \$252,000 and \$242,000 at December 31, 2017 and 2016, respectively. Certain policies have a dividend option whereby dividends purchase additional insurance. The policies cannot be used as collateral for debt nor can they be redeemed for cash value without the consent of the insured.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**9. ENDOWMENT AND BOARD DESIGNATED FUND**

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The Organization's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Executive Board to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Executive Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA"). The Organization has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the FUPMIFA. As of December 31, 2017 and 2016, changes in permanently restricted endowment funds included interest earned which were appropriated during the years then ended and have therefore been classified as unrestricted net assets.

In accordance with the FUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

For the years ended December 31, 2017 and 2016, the Organization has elected not to add appreciation for cost of living or other spending policies to its permanently restricted endowment for inflation and other economic conditions.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or the FUPMIFA requires the Organization to retain as permanently restricted. There were no such deficiencies in the endowment funds as of December 31, 2017 and 2016.

**Return Objectives, Risk Parameters and Strategies Employed for Achieving Objectives**

In support of the mission of the Organization, the Endowment is to be invested to provide sufficient distributable earnings in the form of a total return (the "Total Return") from capital appreciation and income (dividends, interest and realized capital gains) in real terms, considering inflation and to regulate the Endowment's long term ability to distribute income. The primary investment mission is to preserve principal and purchasing power in real dollar terms, while supporting current income requirements of the Organization.

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**9. ENDOWMENT AND BOARD DESIGNATED FUND (CONTINUED)**

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The general policy is to allow for (a) distributions from the Endowment Fund ("Fund 3") of up to 5% of the Endowment Fund's average market value over the preceding 3 years; and (b) monthly distributions to Fund 1 of dividends and interest received in Fund 3; the intent being that any distributions under (b) shall be counted toward aggregate distributions under (a).

Unless otherwise directed by the Executive Board of the Organization, no distributions from Fund 3 shall exceed the Total Return from Fund 3 as reduced by any applicable management and trustee fees charged or chargeable to Fund 3. If the market value of that portion or portions of Fund 3 that consist of donor-restricted gifts falls to or below the amount of said donor-restricted gifts, the distributions with respect to those donor-restricted portions of Fund 3 shall not exceed the actual earnings (dividends, interest and realized capital gains) of those donor-restricted portions of Fund 3.

Subject to the foregoing limitations and policies, by a formal action of the Endowment Trustees, they may adopt, from time to time, a spending plan, consisting of a stated percentage of the principal assets in the Endowment, to be withdrawn periodically from Fund 3 and transferred to Funds 1 or 2. Any such withdrawal percentage shall be consistent with the goals and mission of the Organization as set forth in the statement.

During the year ended December 31, 2016, Fund 3 transferred to Fund 1 \$59,858 in addition to the investment earnings of interest, dividends, and realized gains.

**Summary of Endowment Assets:**

Endowment assets consist of the following at December 31,:

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 140,087	\$ 123,160
Interfund receivable	315,000	337,001
Pledges receivable - net	3,445	3,445
Contribution receivable from remainder trust	548,496	546,296
Investments	5,535,370	5,015,831
Cash value of life insurance - net	251,792	242,292
Accounts payable	-	(3,595)
	<u>\$ 6,794,190</u>	<u>\$ 6,264,430</u>

**Summary of Endowment Assets at December 31, 2017:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor endowment funds	\$ 26,803	\$ 298,909	\$ 6,130,296	\$ 6,456,008
Board designated endowment funds	338,182	-	-	338,182
Total endowment assets	<u>\$ 364,985</u>	<u>\$ 298,909</u>	<u>\$ 6,130,296</u>	<u>\$ 6,794,190</u>

**Summary of Endowment Assets at December 31, 2016:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor endowment funds	\$ 30,185	\$ 217,675	\$ 5,678,388	\$ 5,926,248
Board designated endowment funds	338,182	-	-	338,182
Total endowment assets	<u>\$ 368,367</u>	<u>\$ 217,675</u>	<u>\$ 5,678,388</u>	<u>\$ 6,264,430</u>

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**9. ENDOWMENT AND BOARD DESIGNATED FUND (CONTINUED)**

**Changes in endowment net assets for the year ended December 31, 2017:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning	\$ 368,367	\$ 217,675	\$ 5,678,388	\$ 6,264,430
Adjustment to contribution receivable from remainder trust and other contributions	-	-	4,100	4,100
Investment income including interest, dividends and realized and unrealized gains and losses (net of fees)	-	81,234	447,808	529,042
Program service expenses	<u>(3,382)</u>	<u>-</u>	<u>-</u>	<u>(3,382)</u>
Endowment net assets, ending	<u>\$ 364,985</u>	<u>\$ 298,909</u>	<u>\$ 6,130,296</u>	<u>\$ 6,794,190</u>

**Changes in endowment net assets for the year ended December 31, 2016:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning	\$ 371,965	\$ 205,025	\$ 5,526,634	\$ 6,103,624
Adjustment to contribution receivable from remainder trust and other contributions	-	-	34,104	34,104
Investment income including interest, dividends and realized and unrealized gains and losses (net of fees)	-	12,650	177,508	190,158
Program service expenses	<u>(3,598)</u>	<u>-</u>	<u>-</u>	<u>(3,598)</u>
Interfund Transfer	<u>-</u>	<u>-</u>	<u>(59,858)</u>	<u>(59,858)</u>
Endowment net assets, ending	<u>\$ 368,367</u>	<u>\$ 217,675</u>	<u>\$ 5,678,388</u>	<u>\$ 6,264,430</u>

**10. CUSTODIAL ACCOUNTS**

The Organization holds funds as custodian for independent scouting units that are members of the South Florida Council. The funds are used to pay for various expenses of the respective units. The custodial funds amounted to approximately \$6,000 and \$(11,000) at December 31, 2017 and 2016, respectively. Such amounts are included in the accompanying Consolidated Statements of Financial Position as accrued expenses and other liabilities.

**11. EMPLOYEE BENEFIT PLANS**

**Retirement Plan**

The National Council, Boy Scouts of America, has a qualified defined benefit pension plan (the "Plan") administered at the national office that covers employees of the National Council and local councils, including South Florida Council, Inc. Boy Scouts of America. The plan name is the *Boy Scouts of America Master Pension Trust – Boy Scouts of America Retirement Plan for Employees*. The Plan covers all employees who have completed one year of service and who have agreed to make contributions. Eligible employees contribute 2% of compensation, and the Organization contributes an additional 6.8% to the Plan. Pension expense (excluding the contributions made by employees) was approximately \$68,000 and \$71,000 for the years ended December 31, 2017 and 2016, respectively, and covered current service cost.

The actuarial information for the multi-employer plan as of February 1, 2016, indicates that it is in compliance with the Employee Retirement Income Security Act regulations regarding funding.



## SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2017 AND 2016

#### 11. EMPLOYEE BENEFIT PLANS (CONTINUED)

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##### Thrift Plan

The Organization has established a Thrift Plan covering substantially all of the employees of the Organization. Participants in the Thrift Plan may elect to make voluntary before-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Code of 1986, as amended.

The Organization has elected to match employee contributions to the Thrift Plan up to 50% of contributions from each participant, limited to 6% of each employee's gross pay. The Organization contributed approximately \$25,000 to the Thrift Plan for each of the years ended December 31, 2017 and 2016.

##### Health Care Plan

The Organization's employees participate in a health care plan provided by the National Council. The Organization pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2017 and 2016, the Organization remitted approximately \$152,000 and \$150,000, respectively, on behalf of its employees to the National Council related to the health care plan.

#### 12. GOVERNMENT AND LOCAL AGENCY CONTRACTS

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During the years ended December 31, 2017 and 2016, the Organization received approximately \$290,000 and \$517,000, respectively, in fees and grants from government and local agencies. The funds received primarily relate to the contracted services provided by the Boy Scouts of America regarding the "Learning for Life" program. The "Learning for Life" program is an educational tool, which is designed to meet the needs of youth and schools.

#### 13. LEASES

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The Organization leases certain equipment from third parties under non-cancelable operating leases. Total rent expense relating to these leases for the years ended December 31, 2017 and 2016 was approximately \$102,000 and \$85,000, respectively. Future minimum lease payments under non-cancelable lease agreements with third parties are as follows at December 31, 2017:

Years ending December 31:		
	2018	\$ 83,976
	2019	<u>20,994</u>
		<b><u>\$ 104,970</u></b>

#### 14. RELATED PARTIES

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An Executive Board member holds a beneficial interest in two companies, which provide promotional products and services to the Organization. The Organization paid the companies approximately \$73,000 and \$65,000 for the years ended December 31, 2017 and 2016, respectively.

All services were provided in the ordinary course of business at prices and on terms and conditions that the Organization believes are the same as those that would result from arm's-length negotiations between unrelated parties.

**SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA**

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2017 AND 2016

**15. SCOUT SHOP**

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The National Council operates a Scout shop within the Organization's main office. The National Council manages the Scout shop and pays the Organization an 8% commission on total net sales up to \$750,000, and 13% on total net sales in excess of \$750,000. The commissions earned (before expenses) by the Organization during the years ended December 31, 2017 and 2016 amounted to approximately \$50,000 and \$49,000, respectively, which is included in other revenue in the accompanying Consolidated Statements of Activities.

**16. COMMITMENTS AND CONTINGENCIES**

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The Organization is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Organization's consolidated financial position or results of operations.

**17. HURRICANE IRMA**

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In September 2017, the Organization suffered property damages due to Hurricane Irma. The Organization is seeking insurance compensation for damages. As of the date the consolidated financial statements were available to be issued, the Organization has not reached a final agreement with the insurance provider. The Organization believes the carrying costs of the long-lived assets is recoverable and as such, no impairment charge was taken.