

SOUTH FLORIDA COUNCIL, INC. BOY SCOUTS OF AMERICA

---

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

**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") ( a non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, 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, 2019 and 2018, 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.

### **Emphasis of Matter – COVID-19**

As discussed in Note 20 to the consolidated financial statements, since January 2020, the coronavirus (COVID-19) outbreak has caused substantial disruption in international and U.S. economies and markets. The coronavirus and fear of further spread of the coronavirus has caused quarantines, cancellation of events and travel, business and school shutdowns, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak a pandemic. Management is currently assessing the impact of these conditions and continues to explore various options to minimize the financial impact, however the ultimate outcome is not known as of the date these consolidated financial statements were available to be issued, and our opinion is not modified with respect to this matter.

*Merison, Brown, Arjiv & Fama*

Miami, Florida  
June 4, 2020

An independent member of Baker Tilly International

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2019 AND 2018

**ASSETS**

	Operating Fund		Capital Fund		Endowment and Board Designated		Total All Funds	
	2019	2018	2019	2018	2019	2018	2019	2018
Cash and cash equivalents	\$ 45,973	\$ -	\$ 163,737	\$ 250,635	\$ 218,162	\$ 221,936	\$ 427,872	\$ 472,571
Accounts and other receivables - net	3,974	161,383	-	-	-	-	3,974	161,383
Pledges receivable - net	9,999	99,017	103,669	-	-	3,445	113,668	102,462
Prepaid expenses	50,425	66,373	-	-	-	-	50,425	66,373
Interfund receivable (payable)	(110,941)	(230,001)	(69,800)	-	180,741	230,001	-	-
Contribution receivable from remainder trust	-	-	-	-	548,480	512,674	548,480	512,674
Land, buildings and equipment - net	-	-	13,111,682	13,420,564	-	-	13,111,682	13,420,564
Investments	-	-	2,074,315	1,834,244	5,619,420	4,975,916	7,693,735	6,810,160
Cash value of life insurance - net	-	-	-	-	269,292	260,792	269,292	260,792
<b>TOTAL ASSETS</b>	<b>\$ (570)</b>	<b>\$ 96,772</b>	<b>\$ 15,383,603</b>	<b>\$ 15,505,443</b>	<b>\$ 6,836,095</b>	<b>\$ 6,204,764</b>	<b>\$ 22,219,128</b>	<b>\$ 21,806,979</b>
<b>LIABILITIES AND NET (DEFICIT) ASSETS</b>								
<b>LIABILITIES</b>								
Accounts payable	\$ 40,540	\$ 31,597	\$ -	\$ -	\$ 162	\$ -	\$ 40,702	\$ 31,597
Accrued expenses and other liabilities	170,313	136,583	-	-	-	-	170,313	136,583
<b>TOTAL LIABILITIES</b>	<b>210,853</b>	<b>168,180</b>	<b>-</b>	<b>-</b>	<b>162</b>	<b>-</b>	<b>211,015</b>	<b>168,180</b>
<b>NET (DEFICIT) ASSETS</b>								
Net assets without donor restrictions, including board designations of \$181,461 and \$305,640 for 2019 and 2018	(236,423)	(197,879)	14,884,246	15,115,396	181,461	305,640	14,829,284	15,223,157
Net assets with donor restrictions	25,000	126,471	499,357	390,047	6,654,472	5,899,124	7,178,829	6,415,642
<b>TOTAL NET (DEFICIT) ASSETS</b>	<b>(211,423)</b>	<b>(71,408)</b>	<b>15,383,603</b>	<b>15,505,443</b>	<b>6,835,933</b>	<b>6,204,764</b>	<b>22,008,113</b>	<b>21,638,799</b>
<b>TOTAL LIABILITIES AND NET (DEFICIT) ASSETS</b>	<b>\$ (570)</b>	<b>\$ 96,772</b>	<b>\$ 15,383,603</b>	<b>\$ 15,505,443</b>	<b>\$ 6,836,095</b>	<b>\$ 6,204,764</b>	<b>\$ 22,219,128</b>	<b>\$ 21,806,979</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, 2019 (WITH COMPARATIVE 2018 TOTAL FUND AMOUNTS)

	Operating Fund	Capital Fund	Endowment and Board Designated	Total All Funds	
				2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:					
Public support and revenue:					
Direct –					
Friends of Scouting (less provision for uncollectible accounts of \$40,085 and \$31,964 for 2019 and 2018, respectively)	\$ 276,285	\$ -	\$ -	\$ 276,285	\$ 334,605
Project sales	9,000	-	-	9,000	9,611
Special events - gross	320,283	-	-	320,283	335,977
Less: cost of direct benefit	(57,507)	-	-	(57,507)	(38,458)
Special events - net	262,776	-	-	262,776	297,519
Legacies and bequests	87,059	-	-	87,059	34,840
Foundations and trusts	275,500	-	-	275,500	319,100
Other direct support	29,196	-	-	29,196	26,020
TOTAL DIRECT	939,816	-	-	939,816	1,021,695
Indirect –					
Fees and grants from government and local agencies	179,263	-	-	179,263	100,000
United Way	65,977	-	-	65,977	67,461
TOTAL INDIRECT	245,240	-	-	245,240	167,461
Other –					
Scouting product sales	333,801	-	-	333,801	376,905
Less: cost of goods sold	(69,484)	-	-	(69,484)	(66,193)
Less: commissions paid to units	(142,118)	-	-	(142,118)	(168,202)
Product sales - net	122,199	-	-	122,199	142,510
Investment income (loss) including interest, dividends and realized and unrealized gains and losses (net of fees of approximately \$26,000 and \$27,000 for 2019 and 2018, respectively)	374,660	170,286	(116,670)	428,276	46,551
Camping	157,210	-	-	157,210	183,364
Activities	329,682	-	-	329,682	288,703
Other revenue	130,856	-	-	130,856	113,436
Insurance proceeds	-	-	-	-	543,091
TOTAL OTHER	1,114,607	170,286	(116,670)	1,168,223	1,317,655
Net assets released from restrictions:					
Expiration of time restriction	64,971	-	-	64,971	-
Fulfillment of purpose restriction	61,500	-	-	61,500	-
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	126,471	-	-	126,471	-
TOTAL PUBLIC SUPPORT AND REVENUE	\$ 2,426,134	\$ 170,286	\$ (116,670)	\$ 2,479,750	\$ 2,506,811

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, 2019 (WITH COMPARATIVE 2018 TOTAL FUND AMOUNTS)

	Operating Fund	Capital Fund	Endowment and Board Designated	Total All Funds	
				2019	2018
FUNCTIONAL EXPENSES:					
Program services	\$ 2,140,893	\$ 401,436	\$ -	\$ 2,542,329	\$ 2,504,023
Supporting services:					
Management and general	119,291	-	7,509	126,800	171,503
Fundraising	137,904	-	-	137,904	137,378
TOTAL FUNCTIONAL EXPENSES	2,398,088	401,436	7,509	2,807,033	2,812,904
CHARTER AND NATIONAL SERVICE FEE	66,590	-	-	66,590	66,239
TOTAL EXPENSES	2,464,678	401,436	7,509	2,873,623	2,879,143
DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(38,544)	(231,150)	(124,179)	(393,873)	(372,332)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:					
Friends of Scouting direct support	-	-	-	-	64,971
Capital campaign	-	109,310	-	109,310	280,429
Special events	-	-	-	-	36,500
Foundations and trusts	25,000	-	-	25,000	25,000
Investment income (loss) including interest, dividends and realized and unrealized gains and losses	-	-	755,348	755,348	(530,081)
Other direct support	-	-	-	-	-
Net assets released from restrictions:					
Expiration of time restriction	(64,971)	-	-	(64,971)	-
Fulfillment of purpose restriction	(61,500)	-	-	(61,500)	-
(DECREASE) INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	(101,471)	109,310	755,348	763,187	(123,181)
LOSS ON DISPOSAL OF FIXED ASSETS	-	-	-	-	(285,630)
CHANGE IN NET ASSETS	(140,015)	(121,840)	631,169	369,314	(781,143)
NET (DEFICIT) ASSETS – BEGINNING OF YEAR	(71,408)	15,505,443	6,204,764	21,638,799	22,419,942
NET (DEFICIT) ASSETS – END OF YEAR	<b>\$ (211,423)</b>	<b>\$ 15,383,603</b>	<b>\$ 6,835,933</b>	<b>\$ 22,008,113</b>	<b>\$ 21,638,799</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, 2018

	Operating Fund	Capital Fund	Endowment and Board Designated	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:				
Public support and revenue:				
Direct –				
Friends of Scouting (less provision for uncollectible accounts of \$31,964)	\$ 334,605	\$ -	\$ -	\$ 334,605
Project sales	9,611	-	-	9,611
Special events - gross	335,977	-	-	335,977
Less: cost of direct benefit	(38,458)	-	-	(38,458)
Special events - net	297,519	-	-	297,519
Legacies and bequests	34,840	-	-	34,840
Foundations and trusts	319,100	-	-	319,100
Other direct support	26,020	-	-	26,020
TOTAL DIRECT	1,021,695	-	-	1,021,695
Indirect –				
Fees and grants from government and local agencies	100,000	-	-	100,000
United Way	67,461	-	-	67,461
TOTAL INDIRECT	167,461	-	-	167,461
Other –				
Scouting product sales	376,905	-	-	376,905
Less: cost of goods sold	(66,193)	-	-	(66,193)
Less: commissions paid to units	(168,202)	-	-	(168,202)
Product sales - net	142,510	-	-	142,510
Investment income (loss) including interest, dividends and realized and unrealized gains and losses (net of fees of approximately \$27,000)	255,600	(152,853)	(56,196)	46,551
Camping	183,364	-	-	183,364
Activities	288,703	-	-	288,703
Other revenue	113,436	-	-	113,436
Insurance proceeds	257,461	285,630	-	543,091
TOTAL OTHER	1,241,074	132,777	(56,196)	1,317,655
TOTAL PUBLIC SUPPORT AND REVENUE	\$ 2,430,230	\$ 132,777	\$ (56,196)	\$ 2,506,811

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, 2018

	Operating Fund	Capital Fund	Endowment and Board Designated	Total
FUNCTIONAL EXPENSES:				
Program services	\$ 1,826,880	\$ 677,143	\$ -	\$ 2,504,023
Supporting services:				
Management and general	167,207	1,147	3,149	171,503
Fund-raising	136,830	548	-	137,378
TOTAL FUNCTIONAL EXPENSES	2,130,917	678,838	3,149	2,812,904
CHARTER AND NATIONAL SERVICE FEE	66,239	-	-	66,239
TOTAL EXPENSES	2,197,156	678,838	3,149	2,879,143
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	233,074	(546,061)	(59,345)	(372,332)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:				
Friends of Scouting direct support (less provision for uncollectible accounts)	64,971	-	-	64,971
Capital campaign	-	280,429	-	280,429
Special events	36,500	-	-	36,500
Foundations and trusts	25,000	-	-	25,000
Investment loss including interest, dividends and realized and unrealized gains and losses	-	-	(530,081)	(530,081)
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	126,471	280,429	(530,081)	(123,181)
INTERFUND TRANSFER OF NET ASSETS (NOTE 3)	57,539	(57,539)	-	-
LOSS ON DISPOSAL OF FIXED ASSETS	(285,630)	-	-	(285,630)
CHANGE IN NET ASSETS	131,454	(323,171)	(589,426)	(781,143)
NET (DEFICIT) ASSETS – BEGINNING OF YEAR	(202,862)	15,828,614	6,794,190	22,419,942
NET (DEFICIT) ASSETS – END OF YEAR	<b>\$ (71,408)</b>	<b>\$ 15,505,443</b>	<b>\$ 6,204,764</b>	<b>\$ 21,638,799</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, 2019 (WITH COMPARATIVE 2018 TOTAL FUND AMOUNTS)

	Supporting Services				Total Expenses	
	Management and General	Fundraising	Total Supporting Services	Program Services	2019	2018
	PERSONNEL COSTS:					
Professional salaries	\$ 51,032	\$ 43,589	\$ 94,621	\$ 1,019,964	\$ 1,114,585	\$ 1,053,751
Employee benefits	13,410	11,455	24,865	219,500	244,365	217,499
Payroll taxes	3,950	3,374	7,324	76,800	84,124	93,032
Employee related expenses	831	710	1,541	15,382	16,923	33,103
<b>TOTAL PERSONNEL COSTS</b>	<b>69,223</b>	<b>59,128</b>	<b>128,351</b>	<b>1,331,646</b>	<b>1,459,997</b>	<b>1,397,385</b>
OPERATING EXPENSES AND PROGRAM ACTIVITIES:						
Professional fees	33,841	15,479	49,320	83,476	132,796	110,355
Program materials and supplies	4,762	12,087	16,849	86,957	103,806	127,402
Telephone	1,729	700	2,429	23,277	25,706	18,547
Postage	371	2,455	2,826	1,084	3,910	9,116
Occupancy	3,288	2,791	6,079	188,084	194,163	174,641
Rental and maintenance of equipment	2,524	4,700	7,224	52,265	59,489	166,704
Printing and publications	397	1,548	1,945	12,955	14,900	12,783
Travel	3,621	8,710	12,331	115,396	127,727	70,934
Conferences and meetings	561	479	1,040	64,122	65,162	39,071
Specific assistance to individuals	3	3	6	27,069	27,075	69,833
Recognition awards	242	10,599	10,841	45,898	56,739	58,805
Insurance	4,118	3,517	7,635	124,453	132,088	114,422
Other expenses	838	14,613	15,451	24,516	39,967	83,197
Depreciation and amortization	1,282	1,095	2,377	361,131	363,508	359,709
<b>TOTAL OPERATING EXPENSES AND PROGRAM ACTIVITIES</b>	<b>57,577</b>	<b>78,776</b>	<b>136,353</b>	<b>1,210,683</b>	<b>1,347,036</b>	<b>1,415,519</b>
<b>TOTAL EXPENSES</b>	<b>\$ 126,800</b>	<b>\$ 137,904</b>	<b>\$ 264,704</b>	<b>\$ 2,542,329</b>	<b>\$ 2,807,033</b>	<b>\$ 2,812,904</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, 2018

	<b>Supporting Services</b>				<b>Total</b>
	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Supporting Services</b>	<b>Program Services</b>	
PERSONNEL COSTS:					
Professional salaries	\$ 63,465	\$ 27,199	\$ 90,664	\$ 963,087	\$ 1,053,751
Employee benefits	14,987	6,423	21,410	196,089	217,499
Payroll taxes	5,634	2,415	8,049	84,983	93,032
Employee related expenses	2,317	993	3,310	29,793	33,103
<b>TOTAL PERSONNEL COSTS</b>	<b>86,403</b>	<b>37,030</b>	<b>123,433</b>	<b>1,273,952</b>	<b>1,397,385</b>
OPERATING EXPENSES AND PROGRAM ACTIVITIES:					
Professional fees	40,583	2,100	42,683	67,672	110,355
Program materials and supplies	6,747	18,770	25,517	101,885	127,402
Telephone	2,873	405	3,278	15,269	18,547
Postage	1,672	5,413	7,085	2,031	9,116
Occupancy	3,283	3,210	6,493	168,148	174,641
Rental and maintenance of equipment	9,468	7,079	16,547	150,157	166,704
Printing and publications	191	609	800	11,983	12,783
Travel	4,640	6,349	10,989	59,945	70,934
Conferences and meetings	3,246	543	3,789	35,282	39,071
Specific assistance to individuals	2	1	3	69,830	69,833
Recognition awards	671	9,472	10,143	48,662	58,805
Insurance	7,902	2,037	9,939	104,483	114,422
Other expenses	2,678	43,870	46,548	36,649	83,197
Depreciation and amortization	1,144	490	1,634	358,075	359,709
<b>TOTAL OPERATING EXPENSES AND PROGRAM ACTIVITIES</b>	<b>85,100</b>	<b>100,348</b>	<b>185,448</b>	<b>1,230,071</b>	<b>1,415,519</b>
<b>TOTAL EXPENSES</b>	<b>\$ 171,503</b>	<b>\$ 137,378</b>	<b>\$ 308,881</b>	<b>\$ 2,504,023</b>	<b>\$ 2,812,904</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, 2019 (WITH COMPARATIVE 2018 TOTAL FUND AMOUNTS)

	Operating Fund	Capital Fund	Endowment and Board Designated	Total All Funds	
				2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Change in net assets	\$ (140,015)	\$ (121,840)	\$ 631,169	\$ 369,314	\$ (781,143)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	-	363,508	-	363,508	359,709
Net unrealized (gain) loss on investments	-	(177,561)	(566,988)	(744,549)	839,162
Increase in cash surrender value of life insurance	-	-	(8,500)	(8,500)	(9,000)
Adjustment to contribution receivable from remainder trust	-	-	(35,806)	(35,806)	35,822
Provision for uncollectible pledges	1,600	-	-	1,600	35,346
Loss from disposal of fixed assets	-	-	-	-	285,630
Proceeds from insurance	-	-	-	-	(543,091)
Donation of stock	-	-	-	-	(251,718)
Change in operating assets and liabilities:					
Accounts and other receivables and pledges receivable, net	244,827	(103,669)	3,445	144,603	(205,100)
Prepaid expenses	15,948	-	-	15,948	(29,238)
Accounts payable, accrued expenses and other liabilities	42,673	-	162	42,835	89
<b>TOTAL ADJUSTMENTS</b>	<b>305,048</b>	<b>82,278</b>	<b>(607,687)</b>	<b>(220,361)</b>	<b>517,611</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>165,033</b>	<b>(39,562)</b>	<b>23,482</b>	<b>148,953</b>	<b>(263,532)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchases of land, buildings and equipment	-	(54,626)	-	(54,626)	(90,368)
Proceeds from insurance	-	-	-	-	543,091
Proceeds from sale of investments	-	354,314	637,523	991,837	586,850
Acquisition of investments	-	(416,824)	(714,039)	(1,130,863)	(713,707)
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>	<b>-</b>	<b>(117,136)</b>	<b>(76,516)</b>	<b>(193,652)</b>	<b>325,866</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Interfund (receivable) payable	(119,060)	69,800	49,260	-	-
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(119,060)</b>	<b>69,800</b>	<b>49,260</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>45,973</b>	<b>(86,898)</b>	<b>(3,774)</b>	<b>(44,699)</b>	<b>62,334</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>-</b>	<b>250,635</b>	<b>221,936</b>	<b>472,571</b>	<b>410,237</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 45,973</b>	<b>\$ 163,737</b>	<b>\$ 218,162</b>	<b>\$ 427,872</b>	<b>\$ 472,571</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, 2018

	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Endowment and Board Designated</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Change in net assets	\$ 131,454	\$ (323,171)	\$ (589,426)	\$ (781,143)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	359,709	-	359,709
Net unrealized loss on investments	-	192,973	646,189	839,162
Increase in cash surrender value of life insurance	-	-	(9,000)	(9,000)
Adjustment to contribution receivable from remainder trust	-	-	35,822	35,822
Provision for uncollectible pledges	35,346	-	-	35,346
Loss from disposal of fixed assets	-	285,630	-	285,630
Proceeds from insurance	(257,461)	(285,630)	-	(543,091)
Donation of stock	-	(251,718)	-	(251,718)
Change in operating assets and liabilities:				
Accounts and other receivables and pledges receivable, net	(205,100)	-	-	(205,100)
Prepaid expenses	(29,238)	-	-	(29,238)
Accounts payable, accrued expenses and other liabilities	89	-	-	89
<b>TOTAL ADJUSTMENTS</b>	<b>(456,364)</b>	<b>300,964</b>	<b>673,011</b>	<b>517,611</b>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>(324,910)</b>	<b>(22,207)</b>	<b>83,585</b>	<b>(263,532)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchases of land, buildings and equipment	-	(90,368)	-	(90,368)
Proceeds from insurance	257,461	285,630	-	543,091
Proceeds from sale of investments	-	115,848	471,002	586,850
Acquisition of investments	-	(155,970)	(557,737)	(713,707)
<b>NET CASH (PROVIDED BY) USED IN INVESTING ACTIVITIES</b>	<b>257,461</b>	<b>155,140</b>	<b>(86,735)</b>	<b>325,866</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Interfund loans	(84,999)	-	84,999	-
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>	<b>(84,999)</b>	<b>-</b>	<b>84,999</b>	<b>-</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(152,448)</b>	<b>132,933</b>	<b>81,849</b>	<b>62,334</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>152,448</b>	<b>117,702</b>	<b>140,087</b>	<b>410,237</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ -</b>	<b>\$ 250,635</b>	<b>\$ 221,936</b>	<b>\$ 472,571</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, 2019 AND 2018

#### 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 and women ages 5-21 in the Florida counties of Broward, Miami-Dade, and Monroe. Two trust funds were established for the benefit of the Council. The Council is an independent 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. In addition to support for organizational and programmatic scouting activities, the National Council of the Boy Scouts of America provides components of the Council's employee benefit plans and liability insurance programs as well as components of the Council's technology, software and other items.

##### 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

Net assets and revenues, gains and losses are classified into two classes of net assets based on the existence or absence of donor-imposed restrictions. The two classes of net asset categories are as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions or laws and may be expended for any purpose in performing the primary objectives of the Organization.
- **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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Consolidated Statements of Activities.

###### 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."
- Capital Fund - The Capital Fund represents land, buildings and equipment owned and used by the Organization. Included in the Capital Fund are amounts designated for the purchase and improvement of land, buildings and equipment. The Capital Fund is referred to as "Fund 2."
- 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."

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

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##### **Financial Statement Presentation (Continued)**

###### Fund Accounting (Continued)

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. 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, 2019 and 2018.

##### **Revenue Recognition- Pledges Receivable - Net and Contributions**

Contributions received are recorded as support within net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions 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 net assets with donor restrictions. When a restriction expires or is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions 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, 2019 and 2018. 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.

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

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##### Revenue Recognition – Exchange Transactions

Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization adopted Accounting Standards Codification (“ASC”) Topic 606, Revenue from Contracts with Customers (“Topic 606”) on January 1, 2019 using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The modified retrospective adoption method requires the Organization to record a transition adjustment for the new revenue standard, if any, as a cumulative effect adjustment to beginning net assets as of the date of adoption. Therefore, comparative information has not been adjusted. No adjustments to the Organization’s beginning net assets were required as a result of adopting Topic 606.

The Organization applies Topic 606 to exchange transactions in which it receives consideration from individuals for membership and other services offered. Under U.S. GAAP, these arrangements are exchange transactions between the Organizations and the individuals participating in the Organization’s programs or using their services.

The Organization records the following exchange transaction revenue in its Consolidated Statements of Activities and changes in net assets for the years ending December 31, 2019 and 2018:

*Project sales and product sales, net*— To help scout packs and troops raise the money they need to fund programs and activities throughout the year, the Organization participates in the Trail’s End Popcorn program. Scout packs and troops purchase popcorn from the Organization, which they then resell to customers. The Scout packs and troops earn a commission on each sale they make, which may be used to offset the price of the popcorn they purchase from the Organization. The popcorn sale also helps the Organization 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 online through the Trail’s End website. The price the Scout unit pays for the popcorn is established by the Organization, and each item is individually priced, so no allocation of the transaction price is required. The performance obligation is delivery of the product, which is fulfilled by the Organization at predetermined times and locations. Revenue recognition occurs when the product has been delivered. The Organization presents separately in its Consolidated 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).

*Camping and Activity revenue*— The Organization conducts program-related experiences at its camps where the performance obligation is delivery of the program. Fees for camps and activities are set by the Organization. Fees collected in advance of delivery of the camp or activity are initially recognized as liabilities (deferred revenue) and are only recognized in the Consolidated Statements of Activities after delivery of the program has occurred.

*Special event revenue*— The Organization 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 Organization. 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 Organization. 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 Organization, are recorded as costs of direct donor benefits in the Consolidated Statement of Activities and changes in net assets.

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

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

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018**

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

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##### **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.

##### **Land, Buildings and Equipment - Net**

Land, buildings and equipment are recorded in the Capital 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 6).

##### **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.



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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### **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 2016.

##### **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.

Functional expenses are those expenses incurred by the Organization in the accomplishment of their mission. The Consolidated Statements of Functional Expenses presents expenses by function and natural classification. Expenses that can be directly identified with the program or supporting service are reported as expenses of those functional areas. Other expenses are allocated among program and supporting services based on a reasonable basis that is consistently applied. The expenses that are allocated include: depreciation, insurance, maintenance and repairs, rent, and utilities, which are allocated on a square footage basis; salaries and wages, payroll taxes and employee benefits, are allocated on the basis of estimates of time and effort; and other expenses are allocated based on estimated usage.

##### **Adopted Accounting Pronouncements**

###### Revenue from Contracts with Customers

The Organization adopted Topic 606, beginning January 1, 2019, using the modified retrospective method. Under Topic 606, revenue is recognized when a customer obtains control of promised goods or services in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services. In addition, the update requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization determined that the adoption of Topic 606 did not have a material effect on beginning net asset balances because revenue is recognized as services are provided under both the current and prior accounting rules and as such no cumulative-effect adjustment in net assets was recorded as a result of the adoption of Topic 606.

###### Accounting Guidance for Contributions Received and Contributions Made

During the year ended December 31, 2019, the Organization adopted Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as an exchange transaction and determining whether a contribution is conditional or not. The adoption of this update had no effect on the Organization's consolidated financial position and changes in net assets.

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

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##### Recent Accounting Pronouncement

###### Lease Accounting

In February 2016, 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. Also, the FASB has issued amendments to the update with practical expedients related to land easements and lessor accounting. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Organization's presentation of comparative periods in the consolidated financial statements will continue to be in accordance with current lease accounting. The Organization is evaluating the method of adoption it will elect. The update is effective for fiscal years beginning after December 15, 2020, and for interim periods within fiscal years beginning after December 15, 2021, with early application permitted.

##### Subsequent Events

The Organization has evaluated subsequent events through June 4, 2020, which is the date the consolidated financial statements were available to be issued.

#### 2. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

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The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Consolidated Statement of Financial Position date for general expenditures as of December 31, 2019 are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 427,872	\$ 472,571
Accounts receivable	3,974	161,383
Pledge receivable - net	113,668	102,462
Contribution receivable from remainder trust	548,480	512,674
Investments	7,693,735	6,810,160
Cash value of life insurance - net	269,292	260,792
	<hr/>	<hr/>
Total financial assets as of year end	9,057,021	8,320,042
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	524,357	451,547
Restricted by donors with time restrictions	-	64,971
Less: endowed in perpetuity (including unappropriated earnings)	6,654,472	5,899,124
Less: amounts unavailable to management without Board approval		
Board designated endowment funds	181,461	305,640
	<hr/>	<hr/>
Total financial assets available to management for general expenditures within one year	<b><u>\$ 1,696,731</u></b>	<b><u>\$ 1,598,760</u></b>

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 3. INTERFUND ACTIVITY

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At December 31, 2018, the Operating Fund had a negative cash balance of \$230,001 that was reclassified to interfund receivable (payable). This negative cash balance resulted from the Operating Fund using cash from the Endowment and Board Designated Fund. The balance is still outstanding as of December 31, 2019.

During the year ended December 31, 2018, the Capital Fund transferred net assets of \$57,539 to the Operating Fund so that the Operating Fund could repay the prior interfund payable to the Endowment and Board Designated Fund.

At December 31, 2019, a total of \$119,060 of investment income was payable to the Operating Fund from the Capital and Endowment Fund, approximately \$69,800 and \$49,260, respectively. This interfund balance is related to investment earnings that were not distributed to the Operating Fund as of December 31, 2019. The investment earnings were transferred to the Operating Fund in January 2020.

#### 4. 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 restricted through donor stipulations. The Organization estimates the remaining portion of the assets to be worth \$548,480 and \$512,674 as of December 31, 2019 and 2018, respectively, based on the assumptions outlined above.

#### 5. 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. Amortization of the discount is included in contribution revenue.

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

	<u>2019</u>	<u>2018</u>
Years ending December 31,:		
2018	\$ -	\$ 35,409
2019	-	103,765
2020	82,834	-
2021	20,000	-
2022	20,000	-
2023	20,000	-
2024	20,000	-
Total	<u>162,834</u>	<u>139,174</u>
Less: Discount on long-term pledges	(9,081)	-
Less: allowance for estimated uncollectible pledges	<u>(40,085)</u>	<u>(36,712)</u>
	<u>\$ 113,668</u>	<u>\$ 102,462</u>

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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

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

	<b>Estimated Useful Lives</b>	<b>2019</b>	<b>2018</b>
Land	-	\$ 3,185,770	\$ 3,185,770
Land improvements	10 - 40 Years	6,298,537	6,294,576
Building and improvements	5 - 40 Years	7,101,966	7,090,806
Office equipment	10 Years	485,074	485,074
Transportation equipment	3 - 10 Years	39,526	20,567
Outdoor program equipment	3 - 5 Years	61,793	61,793
Construction in progress	-	75,037	60,528
		17,247,703	17,199,114
Less: accumulated depreciation and amortization		4,136,021	3,778,550
		<b>\$ 13,111,682</b>	<b>\$ 13,420,564</b>

Depreciation and amortization expense was \$363,508 and \$359,709 for the years ended December 31, 2019 and 2018, respectively.

During September 2017, the Organization suffered damages due to Hurricane Irma. The Organization filed insurance claims and received insurance proceeds of approximately \$543,000 during the year end December 31, 2018. The net book value of the fixed assets that suffered damages was approximately \$286,000 and has been recorded as a write-off of property and equipment within the Capital Fund during the year ended December 31, 2018.

Subsequent to year end, the Organization engaged a third-party contractor to complete the Chart House at Camp Sawyer for approximately \$323,000. The construction is expected to be completed by February 2021.

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 7. INVESTMENTS

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

	<u>2019</u>	<u>2018</u>
Common stock	\$ 1,833,158	\$ 1,364,261
Mutual funds - equity	3,050,075	2,182,228
Real estate investment trusts	494,968	344,632
Mutual funds - fixed income	2,123,968	1,559,083
Money market funds	171,704	355,019
BSA Commingled Fund	-	1,004,937
Alternative investment- AB Private Credit Investors Corporation	19,862	-
	<u>\$ 7,693,735</u>	<u>\$ 6,810,160</u>

The investment expense paid by the Organization for the years ended December 31, 2019 and 2018 was approximately \$26,000 and \$27,000, respectively.

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

	<u>2019</u>	<u>2018</u>
Investment income (loss)	\$ 191,048	\$ (96,421)
Net realized and unrealized gain (loss)	984,076	(396,109)
Increase in cash surrender value of life insurance	8,500	9,000
	<u>\$ 1,183,624</u>	<u>\$ (483,530)</u>

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

	<u>2019</u>	<u>2018</u>
Net assets without donor restrictions	\$ 412,020	\$ 46,551
Net assets with donor restrictions	771,604	(530,081)
	<u>\$ 1,183,624</u>	<u>\$ (483,530)</u>

#### 8. 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.

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### 8. FAIR VALUE MEASUREMENTS (CONTINUED)

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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, 2019 and 2018.

*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 Organization and the Fund's unit value.

The *alternate investment - AB Private Credit Investors Corporation* investment is valued by the underlying investments of the fund, measured monthly. The fund is redeemable at its net asset value ("NAV") per share.

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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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

The following table represents the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2019 for each of the fair value hierarchy levels:

Description	Total	Fair Value Measurements at December 31, 2019		
		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	\$ 1,833,158	\$ 1,833,158	\$ -	\$ -
Mutual funds - equity	3,050,075	3,050,075	-	-
Real estate investment trusts	494,968	494,968	-	-
Mutual funds - fixed income	2,123,968	2,123,968	-	-
Money market funds	171,704	171,704	-	-
	7,673,873	<b>\$ 7,673,873</b>	<b>\$ -</b>	<b>\$ -</b>
Alternate investment- AB Private Credit Investors Corporation <sup>(a)</sup>	19,862			
	<b>\$ 7,693,735</b>			

The following table represents the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2018 for each of the fair value hierarchy levels:

Description	Total	Fair Value Measurements at December 31, 2018		
		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	\$ 1,364,261	\$ 1,364,261	\$ -	\$ -
Mutual funds - equity	2,182,228	2,182,228	-	-
Real estate investment trusts	344,632	344,632	-	-
Mutual funds - fixed income	1,559,083	1,559,083	-	-
Money market funds	355,019	355,019	-	-
	5,805,223	<b>\$ 5,805,223</b>	<b>\$ -</b>	<b>\$ -</b>
BSA Commingled Fund <sup>(a)</sup>	1,004,937			
	<b>\$ 6,810,160</b>			

(a) – Certain investments that are measured at fair value using the NAV 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, 2019 and 2018.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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

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Net Asset Value

The Organization uses the NAV to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their consolidated financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

Information regarding the Organization's investments in entities that calculate NAV per share or its equivalent for the years ended December 31, 2019 and 2018 is as follows:

<u>Description</u>	<u>12/31/2019 Fair Value</u>	<u>12/31/2018 Fair Value</u>	<u>Unfunded Commitments as of 12/31/2019</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
BSA Commingled Endowment Fund L.P. <sup>(a)</sup>	\$ -	\$ 1,004,937	\$ -	Monthly	N/A
AB Private Credit Investors Corporation <sup>(b)</sup>	19,862	-	180,000	N/A	N/A
	<u>\$ 19,862</u>	<u>\$ 1,004,937</u>	<u>\$ 180,000</u>		

(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.

(b) AB Private Credit Investors Corporation – The objective of the fund is to invest in primary-issue middle-market credit opportunities that are directly sourced and privately managed.

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

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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 2019 and 2018 and cash values of approximately \$269,000 and \$261,000 at December 31, 2019 and 2018, 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.



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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

**10. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consists of the following as of December 31, 2019:

	Operating Fund	Capital Fund	Endowment Fund	Total
<b><u>Subject to expenditure for a specific purpose:</u></b>				
Contributions grant	\$ 25,000	\$ -	\$ -	\$ 25,000
Capital improvements	-	499,357	-	499,357
<i>Total purpose restrictions</i>	<u>25,000</u>	<u>499,357</u>	<u>-</u>	<u>524,357</u>
<b><u>Endowment:</u></b>				
Subject to endowment spending policy and appropriation:				
General use	-	-	4,152,713	4,152,713
Maintenance and repair of facilities	-	-	2,409,870	2,409,870
Program activities	-	-	91,889	91,889
Total subject to endowment spending policy and appropriation	<u>-</u>	<u>-</u>	<u>6,654,472</u>	<u>6,654,472</u>
<b>Total net assets with donor restrictions</b>	<b><u>\$ 25,000</u></b>	<b><u>\$ 499,357</u></b>	<b><u>\$ 6,654,472</u></b>	<b><u>\$ 7,178,829</u></b>

Net assets with donor restrictions consists of the following as of December 31, 2018:

	Operating Fund	Capital Fund	Endowment Fund	Total
<b><u>Subject to expenditure for a specific purpose:</u></b>				
Special events	\$ 36,500	\$ -	\$ -	\$ 36,500
Contributions grant	25,000	-	-	25,000
Capital improvements	-	390,047	-	390,047
<i>Total purpose restrictions</i>	<u>61,500</u>	<u>390,047</u>	<u>-</u>	<u>451,547</u>
<b><u>Subject to the passage of time:</u></b>				
Friends of Scouting	64,971	-	-	64,971
<b><u>Endowment:</u></b>				
Subject to endowment spending policy and appropriation:				
General use	-	-	3,686,070	3,686,070
Maintenance and repair of facilities	-	-	2,121,515	2,121,515
Program activities	-	-	91,539	91,539
Total subject to endowment spending policy and appropriation	<u>-</u>	<u>-</u>	<u>5,899,124</u>	<u>5,899,124</u>
<b>Total net assets with donor restrictions</b>	<b><u>\$ 126,471</u></b>	<b><u>\$ 390,047</u></b>	<b><u>\$ 5,899,124</u></b>	<b><u>\$ 6,415,642</u></b>

**11. NET ASSETS RELEASED FROM RESTRICTIONS**

During the year ended December 31, 2019, net assets of \$126,471 were released from restriction by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. There were no releases of net assets during the year ended December 31, 2018.

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### **12. 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 net assets with donor restrictions (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. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the FUPMIFA. 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, 2019 and 2018, the Organization has elected not to add appreciation for cost of living or other spending policies to its endowment for inflation and other economic conditions.

##### **Funds with Deficiencies**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). There were no such deficiencies in the endowment funds as of December 31, 2019 and 2018.

##### **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.

##### **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).

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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

**Spending Policy and How the Investment Objectives Relate to Spending Policy (Continued)**

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.

**Summary of Endowment Assets:**

Endowment assets consist of the following at December 31,:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 218,162	\$ 221,936
Interfund receivable	180,741	230,001
Pledges receivable - net	-	3,445
Contribution receivable from remainder trust	548,480	512,674
Investments	5,619,420	4,975,916
Cash value of life insurance - net	269,292	260,792
Accounts payable	(162)	-
	<u>\$ 6,835,933</u>	<u>\$ 6,204,764</u>

**Summary of Endowment Assets at December 31, 2019:**

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment fund	\$ -	\$ 6,654,472	\$ 6,654,472
Board designated endowment fund	181,461	-	181,461
Total endowment assets	<u>\$ 181,461</u>	<u>\$ 6,654,472</u>	<u>\$ 6,835,933</u>

**Summary of Endowment Assets at December 31, 2018:**

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment fund	\$ -	\$ 5,899,124	\$ 5,899,124
Board designated endowment fund	305,640	-	305,640
Total endowment assets	<u>\$ 305,640</u>	<u>\$ 5,899,124</u>	<u>\$ 6,204,764</u>

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

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

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**Changes in endowment net assets for the year ended December 31, 2019:**

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning	\$ 305,640	\$ 5,899,124	\$ 6,204,764
Adjustment to contribution receivable from remainder trust and other contributions	-	35,806	35,806
Investment income (loss) including interest, dividends and realized and unrealized gains and losses (net of fees)	(116,670)	719,542	602,872
Amounts appropriated for expenditure	(7,509)	-	(7,509)
	<b>\$ 181,461</b>	<b>\$ 6,654,472</b>	<b>\$ 6,835,933</b>

**Changes in endowment net assets for the year ended December 31, 2018:**

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning	\$ 364,985	\$ 6,429,205	\$ 6,794,190
Adjustment to contribution receivable from remainder trust and other contributions	-	(35,822)	(35,822)
Investment loss including interest, dividends and realized and unrealized gains and losses (net of fees)	(56,196)	(494,259)	(550,455)
Amounts appropriated for expenditure	(3,149)	-	(3,149)
	<b>\$ 305,640</b>	<b>\$ 5,899,124</b>	<b>\$ 6,204,764</b>

**13. CUSTODIAL ACCOUNTS**

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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 \$19,000 and \$8,000 at December 31, 2019 and 2018, respectively. Such amounts are included in the accompanying Consolidated Statements of Financial Position as accrued expenses and other liabilities.

**14. EMPLOYEE BENEFIT PLANS**

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**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 4.25% of compensation, and the Organization contributes an additional 6.8% to the Plan. Pension expense (excluding the contributions made by employees) was approximately \$32,000 and \$51,000 for the years ended December 31, 2019 and 2018, 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, 2019 AND 2018

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

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##### Retirement Plan (Continued)

As of May 2020, the National BSA announced that it will freeze the Retirement plan on July 31, 2020 and cease collecting the 4.25% contribution from employees.

##### 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.

For grandfathered employees into the Retirement Plan, the Organization has elected to match up to 50% of contributions from each participant, limited to 6% of each employee's gross pay that are available for the Thrift Plan. For non-grandfathered employees, 100% of contributions from each participant, limited to 6% of each employee's gross pay is available for the Thrift Plan. In addition, 1.75% was paid by the Council, through the National BSA, for additional contribution to the non-grandfathered employees Thrift Plan. As of May 2020, an announcement was made that all employees will be on the same Thrift Plan and matching contributions will be reduced to 50% of contributions from each participant, limited to 6% of each employee's gross pay. The Council's contribution to fund this plan will rise from 7.75% to 12%.

The Organization contributed approximately \$55,000 and \$20,000 to the Thrift Plan for the years ended December 31, 2019 and 2018, respectively.

##### Health Care Plan

The Organization's employees participate in a health care plan provided by the National Council. The Organization pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2019 and 2018, the Organization remitted approximately \$144,000 and \$134,000, respectively, on behalf of its employees to the National Council related to the health care plan.

#### 15. GOVERNMENT AND LOCAL AGENCY CONTRACTS

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During the years ended December 31, 2019 and 2018, the Organization received approximately \$179,000 and \$100,000, 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.

#### 16. 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, 2019 and 2018 was approximately \$22,000 and \$87,000, respectively. Future minimum lease payments under non-cancelable lease agreements with third parties are as follows:

Years ending December 31,:	
2020	\$ 23,658
2021	23,658
2022	23,658
2023	20,598
2024	3,178
	<hr/>
	<b>\$ 94,750</b>

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### **17. 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 \$42,000 and \$71,000 for the years ended December 31, 2019 and 2018, 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.

#### **18. 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 5% on total net sales in excess of \$750,000. The commissions earned (before expenses) by the Organization during the years ended December 31, 2019 and 2018 amounted to approximately \$49,000 and \$43,000, respectively, which is included in other revenue in the accompanying Consolidated Statements of Activities.

#### **19. COMMITMENTS AND CONTINGENCIES**

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##### **Legal Matters**

The Organization has been named as a defendant or has been made aware of personal injury claims against it arising out of the normal course of business. The Organization has and will continue to vigorously defend these actions. The cost to defend the Organization is covered by the National Council, Boy Scouts of America. At the present time, management is unable to estimate a probable outcome of these matters and accordingly no provision for liabilities, if any, has been made in the accompanying financial statements. Any changes in state law could result in additional claims being asserted.

##### **National Council Legal Matters**

The National Council has been named as a defendant in lawsuits alleging sexual abuse, including claims for compensatory and punitive damages. The Organization 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 Organization with a charter, program materials and support for administration as well as sponsoring certain benefit plans for Organization employees. Since 1978 the National Council has operated a general liability insurance program in which the Organization 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 Organizations including the benefit and insurance programs noted above. Neither the Council nor any other local council are parties to the bankruptcy proceeding. The National Council has sought to stay litigation against both the National Council and local councils and has proposed a plan of reorganization that would protect local councils from any further legal exposure for abuse claims arising prior to February 18, 2020 subject to a to be determined contribution from local councils. The ability of the National Council to confirm such a plan and the size of the potential contribution from the Organization is unknown. Management of the Organization is unable to assess the effect, if any, the resolution of these matters by the National Council may have on the Organization's operations or its financial statements.

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

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

#### **20. SUBSEQUENT EVENTS**

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##### **COVID -19**

Since January 2020, the coronavirus (COVID-19) outbreak has caused substantial disruption in international and U.S. economies and markets, which intensified in recent weeks. The coronavirus and fear of further spread of the coronavirus has caused quarantines, cancellation of events, and overall reduction in business and economic activity. On March 11, 2020, the World Health Organization designated the coronavirus outbreak a pandemic. Management and the Board of Trustees are evaluating the potential adverse effect this will have on their consolidated financial position, operations and cash flows. Additionally, the coronavirus has caused volatility in global financial markets which have deteriorated in 2020. The Organization's investment portfolio has declined in value by approximately 12% as of the date these financial statements were available to be issued. Due to the current volatility in the market, the Organization may experience further losses on their investment portfolio.

##### **Paycheck Protection Program Loan**

On April 19, 2020, the Organization executed a loan of approximately \$259,000 under the Paycheck Protection Program authorized by the CARES Act that was signed into law on March 27, 2020. The loan bears interest at 1%. Six months after the effective date, principal payments are due in equal amounts over an eighteen-month period. The loan matures in April 2022. Under the Paycheck Protection Program, loan funds are eligible for forgiveness to the extent that they are used to cover certain payroll, rent and utility costs and if the Organization retains employees during a specified period of time. Management estimates that a portion of the loan funds will be eligible for forgiveness.