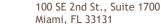
Consolidated Financial Statements Years Ended December 31, 2021 and 2020



Consolidated Financial Statements Years Ended December 31, 2021 and 2020

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#### **Independent Auditor's Report**

Board of Directors South Florida Council, Inc. Boy Scouts of America Miami Lakes, Florida

#### **Opinion**

We have audited the 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, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### Responsibilities of Management for the Financial Statements

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

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

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#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit
  procedures that are appropriate in the circumstances, but not for the purpose of
  expressing an opinion on the effectiveness of the Organization's internal control.
  Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Miami, Florida May 26, 2022 BDO USA, LLP
Certified Public Accountants

## **Consolidated Financial Statements**

#### **Consolidated Statements of Financial Position**

			_				_			Endown						
December 31,		Operating Fund 2021 2020		Capital Fund			Board Designated 2021 2020				Total All Funds			2020		
		2021		2020		2021		2020		2021		2020		.021		2020
Assets																
Cash and cash equivalents	\$	366,722	\$	222,690	\$	406,845	\$	150,106	\$	179,189	\$	447,085	\$	952,756	\$	819,881
Accounts and other receivables - net		-		71,189		-		-		-		-		-		71,189
Pledges receivable - net		16,900		8,730		-		-		-		-		16,900		8,730
Prepaid expenses		92,060		68,993		-		-		-		-		92,060		68,993
Interfund receivable (payable)		-		-		-		49,260		-		(49,260)		-		-
Contribution receivable from remainder trust		-		-		-		-		578,433		546,727		578,433		546,727
Land, buildings and equipment - net		-		-		12,762,295		12,827,740		-		-	12,	762,295		12,827,740
Investments		-		-		1,634,272		1,712,402		6,915,084		6,054,210	8,	549,356		7,766,612
Cash value of life insurance - net		-		-		-		-		276,832		278,292		276,832		278,292
Total Assets	\$	475,682	\$	371,602	\$	14,803,412	\$	14,739,508	\$	7,949,538	\$	7,277,054	\$ 23,	228,632	\$	22,388,164
Liabilities and Net Assets (Deficit)																
Liabilities																
Accounts payable	\$	27,445	\$	83,067	\$	-	\$	491	\$	-	\$	-	\$	27,445	\$	83,558
Accrued expenses and other liabilities		180,470		144,515		-		-		-		-		180,470		144,515
Paycheck Protection Program loan		262,325		258,880		-		-		-		-		262,325		258,880
Total Liabilities		470,240		486,462		-		491		-		-		470,240		486,953
Commitments and Contingencies (Note 20)																
Net Assets (Deficit)																
Net assets (deficit) without donor restrictions, including boa	rd															
designations of \$419,936 and \$213,354 for 2021 and 2020		(106,608)		(140,560)		14,802,212		14,229,655		419,936		213,354	15,	115,540		14,302,449
Net assets with donor restrictions		112,050		25,700		1,200		509,362		7,529,602		7,063,700	7,	642,852		7,598,762
Total Net Assets (Deficit)		5,442		(114,860)		14,803,412		14,739,017		7,949,538		7,277,054	22,	758,392		21,901,211
Total Liabilities and Net Assets (Deficit)	\$	475,682	\$	371,602	\$	14,803,412	\$	14,739,508	\$	7,949,538	\$	7,277,054	\$ 23,	228,632	\$	22,388,164

## Consolidated Statements of Activities (With Summarized Comparative 2020 Totals)

Changes in Net Assets Without Donor Restrictions: Public support and revenue:  Direct - Friends of Souting (less provision for uncollectible accounts of \$7,265 and \$24,860 for 2021 and 2020, respectively)  \$ 198,636 \$ - \$ - \$ 198,636 \$ 2.2 Project sales \$ 3,200 3,200 \$ 5pecial events - gross \$ 398,245 398,245 (5.5) (g. 5561) (				2021				
Years ended December 31,         Fund         Fund         Designated         2021         202           Changes in Net Assets Without Donor Restrictions:         Public support and revenue:         Public support and revenu		Operating		Capital		-	Total All F	unds
Public support and revenue:	Years ended December 31,	•		•				2020
Direct - Friends of Scouting (less provision for uncollectible accounts of \$7,265 and \$24,860 for 2021 and 2020, respectively)   \$ 198,636 \$ - \$ - \$ 198,636 \$ 2.2	Changes in Net Assets Without Donor Restrictions:							
Friends of Scouting (less provision for uncollectible accounts of \$7,265 and \$24,860 for 2021 and 2020, respectively)  Project sales Special events - gross 398,245 Less: cost of direct benefit (\$9,561) Special events - net 338,684 - Less: cost of direct benefit (\$9,561) Special events - net 338,684 - Less: cost of direct benefit (\$9,561) Special events - net 338,684 - Less: cost of direct benefit (\$9,561) Special events - net 338,684 - Legacies and bequests 5,050 - Foundations and trusts So4,018 - So5,040 Special events - net - I,049,588 - I,337 I,050,925 I,08  Indirect - Fees and grants from government and local agencies - Fees and grants from government and local agencies - Fees and grants from government and local agencies - T,142  Total Indirect - Scouting product sales - Less: cost of goods sold - Less: commissions paid to units - Scouting product sales - Less: commissions paid to units - Scouting product sales - net - Investment income including interest, dividends and realized and unrealized gains and losses (net of fees) - Souting product sales - net - Investment income including interest, dividends and realized and unrealized gains and losses (net of fees) - Signify on the sales - net - Scouting product sales - Scouting product sales - Scouting product sales - Scouting produ	Public support and revenue:							
of \$7,265 and \$24,860 for 2021 and 2020, respectively) Project sales Special events - gross	Direct -							
Project sales Special events - gross Special events - net Specia	Friends of Scouting (less provision for uncollectible accounts							
Special events - gross   398,245	of \$7,265 and \$24,860 for 2021 and 2020, respectively)	\$ 198,636	\$	-	\$ -	\$	<b>198,636</b> \$	236,680
Less: cost of direct benefit   (59,561)   - (59,561)   (60,561)   (70,561)	Project sales	3,200		-	-		3,200	5,000
Special events - net         338,684         -         338,684         2           Legacies and bequests         5,050         -         -         5,050         -         5,050         -         5,050         -         -         504,018         50         -         504,018         50         -         -         504,018         50         -         -         504,018         50         -         -         504,018         50         -         -         504,018         50         -         -         504,018         50         -         -         504,018         50         -         -         504,018         50         -         -         504,018         50         -         -         504,018         50         -         -         504,018         50         -         -         504,018         50         -         -         -         1,00         -	Special events - gross	398,245		-	-		398,245	280,225
Legacies and bequests   5,050   -   -   5,050   -   Foundations and trusts   504,018   -   -   504,018	Less: cost of direct benefit	(59,561	)	-	-		(59,561)	(45,190)
Foundations and trusts   504,018   -   -   504,018   504,018   Other direct support   -   -   1,337   1,337   1,337   1,337   1,050,925   1,005	Special events - net	338,684		-	-		338,684	235,035
Other direct support         -         -         1,337         1,337         1,337           Total Direct         1,049,588         -         1,337         1,050,925         1,06           Indirect -         Fees and grants from government and local agencies         79,737         -         -         79,737         1-           United Way         7,142         -         -         1,68,679         1         -         -         1,68,679         1         -         -         1,68,679         -         -	Legacies and bequests	5,050		-	-		5,050	45,537
Total Direct	Foundations and trusts	504,018		-	-		504,018	560,216
Indirect -   Fees and grants from government and local agencies   79,737   -   79,737   14   14   14   14   15   15   15   16   16	Other direct support	-		-	1,337		1,337	463
Fees and grants from government and local agencies 79,737 - 79,737 10 10 10 10 10 10 10 10 10 10 10 10 10	Total Direct	1,049,588		-	1,337		1,050,925	1,082,931
United Way   7,142	Indirect -							
Total Indirect         86,879         -         -         86,879         12           Other -         Scouting product sales         18,046         -         -         18,046         8           Less: cost of goods sold         (7,197)         -         -         (7,197)         <	Fees and grants from government and local agencies	79,737		-	-		79,737	141,000
Other -         Scouting product sales         18,046         -         -         18,046         2           Less: cost of goods sold         (7,197)         -         -         (7,197)         (7           Less: commissions paid to units         (6,158)         -         -         (6,158)         (2           Scouting product sales - net         4,691         -         -         4,691         -           Investment income including interest, dividends and realized and unrealized gains and losses (net of fees)         330,324         114,206         210,615         655,145         18           Camping         82,429         -         -         82,429         -         82,429         9         -         82,429         9         -         106,159         116,	United Way	7,142		-	-		7,142	7,838
Scouting product sales   18,046   -   18,046   8	Total Indirect	86,879		-	-		86,879	148,838
Less: cost of goods sold (7,197) (7,197) (1,197) Less: commissions paid to units (6,158) (6,158) (1,197) Less: commissions paid to units (6,158)	Other -							
Less: commissions paid to units         (6,158)         -         -         (6,158)         (3)           Scouting product sales - net         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         4,691         -         -         -         4,691         -         -         -         4,691         -         -         -         -         1,691         -         -         -         -         -         -         82,429         -         -         -         82,429         -         -         -         106,159         -         -         -         106,159         -         -         -         106,159         -         -         -         258,880         -         -         -         258,880         -         -         -         258,880         -	Scouting product sales	18,046		-	-		18,046	81,014
Less: commissions paid to units       (6,158)       -       -       (6,158)       (3,158)         Scouting product sales - net       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       4,691       -       -       -       4,691       -       -       -       1,655       18       -       -       -       82,429       -       -       -       82,429       -       -       -       82,429       -       -       -       106,159       16       -       -       106,159       16       -       -       258,880       -       -       -       258,880       -       -       -       258,880       -       -       -       250,734       14         Total Other <t< td=""><td></td><td>(7,197</td><td>)</td><td>-</td><td>-</td><td></td><td>(7,197)</td><td>(13,849)</td></t<>		(7,197	)	-	-		(7,197)	(13,849)
Scouting product sales - net   4,691   -		(6,158	)	-	-		(6,158)	(38,222)
realized and unrealized gains and losses (net of fees)  Camping  82,429  Activities  106,159  Gain from Paycheck Protection Program loan forgiveness Other revenue  249,285  Net assets released from restrictions:  Expiration of time restriction  700  Fulfillment of purpose restriction  330,324  114,206  210,615  655,145  18  62,429  - 82,429  - 106,159  16  258,880  258,880  - 258,880  - 259,734  14  700  700  700  700  700  700  700	Scouting product sales - net	4,691		-	-		4,691	28,943
Camping       82,429       -       -       82,429       -       -       82,429       -       -       106,159       16         Activities       106,159       -       -       106,159       16         Gain from Paycheck Protection Program loan forgiveness       258,880       -       -       258,880         Other revenue       249,285       1,449       -       250,734       14         Total Other       1,031,768       115,655       210,615       1,358,038       62         Net assets released from restrictions:         Expiration of time restriction       700       -       -       700       2         Fulfillment of purpose restriction       25,000       509,362       -       534,362	Investment income including interest, dividends and							
Camping       82,429       -       -       82,429       -       -       82,429       -       -       106,159       16         Activities       106,159       -       -       106,159       16         Gain from Paycheck Protection Program loan forgiveness       258,880       -       -       258,880         Other revenue       249,285       1,449       -       250,734       14         Total Other       1,031,768       115,655       210,615       1,358,038       62         Net assets released from restrictions:         Expiration of time restriction       700       -       -       700       2         Fulfillment of purpose restriction       25,000       509,362       -       534,362	,	330,324		114,206	210,615		655,145	184,710
Activities       106,159       -       -       106,159       10         Gain from Paycheck Protection Program loan forgiveness       258,880       -       -       258,880       -       -       258,880       -       -       250,734       14         Total Other       1,031,768       115,655       210,615       1,358,038       62         Net assets released from restrictions:       Expiration of time restriction       700       -       -       700       70         Fulfillment of purpose restriction       25,000       509,362       -       534,362	,	•		· -	´-		•	94,339
Gain from Paycheck Protection Program loan forgiveness       258,880       -       -       258,880         Other revenue       249,285       1,449       -       250,734       14         Total Other       1,031,768       115,655       210,615       1,358,038       62         Net assets released from restrictions:       Expiration of time restriction       700       -       -       700       70         Fulfillment of purpose restriction       25,000       509,362       -       534,362		•		-	-		•	165,391
Total Other         1,031,768         115,655         210,615         1,358,038         62           Net assets released from restrictions:         Expiration of time restriction         700         -         -         700         70           Fulfillment of purpose restriction         25,000         509,362         -         534,362	Gain from Paycheck Protection Program loan forgiveness	•		-	-		•	· -
Net assets released from restrictions:  Expiration of time restriction 700 700 7  Fulfillment of purpose restriction 25,000 509,362 - 534,362	Other revenue	249,285		1,449	-		250,734	148,243
Expiration of time restriction 700 700 70 Fulfillment of purpose restriction 25,000 509,362 - 534,362	Total Other	1,031,768		115,655	210,615		1,358,038	621,626
Expiration of time restriction 700 700 7 Fulfillment of purpose restriction 25,000 509,362 - 534,362	Net assets released from restrictions:				 			
Fulfillment of purpose restriction 25,000 509,362 - 534,362		700		-	-		700	25,000
	•			509,362	 			-
Total Net Assets Released from Restrictions 25,700 509,362 - 535,062 2	Total Net Assets Released from Restrictions	25,700		509,362	-		535,062	25,000
Total Public Support and Revenue \$ 2,193,935 \$ 625,017 \$ 211,952 \$ 3,030,904 \$ 1,85	Total Public Support and Revenue	\$ 2,193,935	\$	625,017	\$ 211,952	\$	3,030,904 \$	1,878,395

## Consolidated Statements of Activities - Continued (With Summarized Comparative 2020 Totals)

		2021			
			Endowment	•	
	Operating	Capital	and Board	Total All	
Years ended December 31,	Fund	Fund	Designated	2021	2020
Expenses:					
Program services	\$ 1,602,063	\$ 364,477	\$ -	\$ 1,966,540	2,025,156
Supporting services:					
Management and general	88,359	-	5,370	93,729	99,172
Fundraising	78,222	12,983	-	91,205	214,562
	1,768,644	377,460	5,370	2,151,474	2,338,890
Unallocated Charter and National Service Fee	66,339	-	-	66,339	66,340
Total Expenses	1,834,983	377,460	5,370	2,217,813	2,405,230
Increase (Decrease) in Net Assets Without Donor Restrictions before					
Interfund Transfer	358,952	247,557	206,582	813,091	(526,835)
Interfund Transfer of Net Assets (Note 3)	(325,000)	325,000	-	-	
Increase (Decrease) in Net Assets Without Donor Restrictions	33,952	572,557	206,582	813,091	(526,835)
Changes in Net Assets With Donor Restrictions:					
Friends of Scouting direct support	12,050	-	-	12,050	700
Capital campaign	-	1,200	-	1,200	10,005
Other direct support	-	-	5,101	5,101	-
Foundations and trusts	100,000	-	-	100,000	25,000
Investment income including interest, dividends and realized					
and unrealized gains and losses	-	-	460,801	460,801	409,228
Net assets released from restrictions:					
Expiration of time restriction	(700)	-	-	(700)	(25,000)
Fulfillment of purpose restriction	(25,000)	(509,362)	-	(534,362)	-
Increase (Decrease) in Net Assets With Donor Restrictions	86,350	(508,162)	465,902	44,090	419,933
Change in Net Assets	120,302	64,395	672,484	857,181	(106,902)
Net Assets (Deficit), beginning of year	(114,860)	14,739,017	7,277,054	21,901,211	22,008,113
Net Assets, end of year	\$ 5,442	\$ 14,803,412	\$ 7,949,538	\$ 22,758,392	5 21,901,211

## **Consolidated Statement of Activities**

Year ended December 31, 2020	Operating Fund	Capital	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 \$24,860)	\$ 236,680	\$ - \$	- \$	236,680
Project sales	5,000	-	-	5,000
Special events - gross	280,225	-	-	280,225
Less: cost of direct benefit	(45,190)	-	-	(45,190)
Special events - net	235,035	-	-	235,035
Legacies and bequests	45,537	-	-	45,537
Foundations and trusts	560,216	-	-	560,216
Other direct support	463	-	-	463
Total Direct	1,082,931	-	-	1,082,931
Indirect -				
Fees and grants from government and local agencies	141,000	-	-	141,000
United Way	7,838	-	-	7,838
Total Indirect	148,838	-	-	148,838
Other -				
Scouting product sales	81,014	-	-	81,014
Less: cost of goods sold	(13,849)	-	-	(13,849)
Less: commissions paid to units	(38,222)	-	-	(38,222)
Product sales - net	28,943	-	-	28,943
Investment income (loss) including interest, dividends and realized and unrealized gains and losses (net of fees of				
approximately \$26,000)	327,504	(178,607)	35,813	184,710
Camping	94,339	-	-	94,339
Activities	165,391	-	-	165,391
Other revenue	146,907	1,336	-	148,243
Total Other	763,084	(177,271)	35,813	621,626
Net assets released from restrictions:				
Expiration of time restriction	25,000	-	-	25,000
	•			<u> </u>
Total Net Assets Released From Restrictions	25,000	-	•	25,000
Total Public Support And Revenue	\$ 2,019,853 \$	(177,271) \$	35,813 \$	1,878,395

## Consolidated Statement of Activities - Continued

Year ended December 31, 2020	(	Operating Fund	Capital Fund	aı	dowment nd Board esignated		Total
Functional Expenses:							
Program services	\$	1,649,836	\$ 375,320	\$	-	\$	2,025,156
Supporting services:							
Management and general		95,252	-		3,920		99,172
Fund-raising		112,562	102,000		-		214,562
Total Functional Expenses		1,857,650	477,320		3,920		2,338,890
Unallocated Charter And National Service Fee		66,340	-		-		66,340
Total Expenses		1,923,990	477,320		3,920		2,405,230
Increase (Decrease) In Net Assets Without Donor Restrictions		95,863	(654,591)		31,893		(526,835)
Changes In Net Assets With Donor Restrictions:							
Friends of Scouting direct support		700	-		-		700
Capital campaign		-	10,005		-		10,005
Foundations and trusts		25,000	-		-		25,000
Investment income including interest, dividends and realize	d						
and unrealized gains and losses		=	-		409,228		409,228
Net assets released from restrictions:							
Expiration of time restriction		(25,000)	-		-		(25,000)
Increase in Net Assets With Donor Restrictions		700	10,005		409,228		419,933
Change in Net Assets		96,563	(644,586)		441,121		(106,902)
Net Assets (Deficit), beginning of year		(211,423)	 15,383,603		6,835,933		22,008,113
Net Assets (Deficit), end of year	\$	(114,860)	\$ 14,739,017	\$	7,277,054	\$2	1,901,211

## Consolidated Statements of Functional Expenses (With Summarized Comparative 2020 Totals)

					20	021					
		Su	ıppor	ting Servi	es						
						Total					
Years ended December 31,		Management				Supporting		Program	Total Expenses		
		and General		Fundraising		Services		Services	2021		2020
Personnel Costs:											
Professional salaries	\$	39,373	\$	33,631	\$	73,004	\$	787,508	\$ 860,512	\$	927,712
Employee benefits		9,976		8,521		18,497		158,600	177,097		178,311
Payroll taxes		3,164		2,703		5,867		61,297	67,164		66,152
Employee related expenses		64		55		119		1,992	2,111		3,327
Total Personnel Costs		52,577		44,910		97,487		1,009,397	1,106,884		1,175,502
Other Expenses:											
Professional fees		23,361		5,518		28,879		116,415	145,294		93,917
Program materials and supplies		1,317		7,422		8,739		55,170	63,909		62,715
Telephone		1,444		575		2,019		12,211	14,230		24,907
Postage		908		823		1,731		2,603	4,334		5,820
Occupancy		2,472		2,111		4,583		124,573	129,156		141,332
Rental and maintenance of equipment		2,449		2,092		4,541		50,592	55,133		78,372
Printing and publications		220		1,324		1,544		22,913	24,457		16,303
Travel		2,772		8,448		11,220		48,013	59,233		37,336
Conferences and meetings		396		338		734		9,535	10,269		2,189
Specific assistance to individuals		26		22		48		2,476	2,524		-
Recognition awards		417		9,447		9,864		24,935	34,799		51,993
Insurance		2,888		2,470		5,358		103,112	108,470		127,894
Other expenses		1,271		4,671		5,942		22,363	28,305		60,304
Depreciation and amortization		1,211		1,034		2,245		362,232	364,477		358,306
Bad debt		-		-		-		-	-		102,000
Total Other Expenses		41,152		46,295		87,447		957,143	1,044,590		1,163,388
Total Expenses	\$	93,729	\$	91,205	\$	184,934	\$	1,966,540	\$ 2,151,474	\$	2,338,890

## **Consolidated Statement of Functional Expenses**

		рро								
						Total	_			
	Mar	nagement			Supporting			Program		
Year ended December 31, 2020	and	l General	Fu	ındraising		Services		Services		Total
Personnel Costs:										
Professional salaries	\$	39,904	\$	34,085	\$	73,989	\$	853,723	\$	927,712
Employee benefits	*	9,708	*	8,293	*	18,001	*	160,310	*	178,311
Payroll taxes		2,958		2,527		5,485		60,667		66,152
Employee related expenses		192		164		356		2,971		3,327
Total Personnel Costs		52,762		45,069		97,831		1,077,671		1,175,502
Other Expenses:										
Professional fees		28,563		4,343		32,906		61,011		93,917
Program materials and supplies		1,596		4,369		5,965		56,750		62,715
Telephone		1,620		820		2,440		22,467		24,907
Postage		867		1,722		2,589		3,231		5,820
Occupancy		2,556		2,184		4,740		136,592		141,332
Rental and maintenance of equipment		3,430		2,930		6,360		72,012		78,372
Printing and publications		400		2,220		2,620		13,683		16,303
Travel		1,526		7,443		8,969		28,367		37,336
Conferences and meetings		254		217		471		1,718		2,189
Recognition awards		116		9,398		9,514		42,479		51,993
Insurance		2,701		2,307		5,008		122,886		127,894
Other expenses		1,793		28,697		30,490		29,814		60,304
Depreciation and amortization		988		843		1,831		356,475		358,306
Bad debt		-		102,000		102,000		-		102,000
Total Other Expenses		46,410		169,493		215,903		947,485		1,163,388
Total Expenses	\$	99,172	\$	214,562	\$	313,734	\$	2,025,156	\$	2,338,890

## Consolidated Statements of Cash Flows (With Summarized Comparative 2020 Totals)

		2021				
			Endowment			
	Operating	Capital	and Board	Total	All Fur	nds
Years ended December 31,	Fund	Fund	Designated	2021		2020
Cash Flows from Operating Activities:						
Change in net assets	\$ 445,302	\$ (260,605)	\$ 672,484	\$ 857,1	81 \$	(106,902)
Adjustment to reconcile change in net assets to net cash						
provided by (used in) operating activities:						
Depreciation and amortization	-	364,477	-	364,4	77	358,306
Net unrealized loss (gain) on investments	-	104,405	228,290	332,6	95	(296,814)
Gain from Paycheck Protection Program						
loan forgiveness	(258,880)	-	-	(258,8	80)	-
Increase in cash surrender value of life insurance	-	-	1,460	1,4	60	(9,000)
Adjustment to contribution receivable from remainder trust	-	-	(31,706)	(31,7	06)	1,753
Provision for uncollectible pledges	-	-	-	-		124,938
Change in operating assets and liabilities:						
Accounts and other receivables and pledges receivable, net	63,019	-	-	63,0	19	(87,215)
Prepaid expenses	(23,067)	-	-	(23,0	67)	(18,568)
Accounts payable, accrued expenses and other liabilities	(19,667)	(491)	-	(20,1	,	17,058
Total Adjustments	(238,595)	468,391	198,044	427,8	40	90,458
Net Cash Provided by (Used in) Operating Activities	206,707	207,786	870,528	1,285,0	21	(16,444)
Cash Flows from Investing Activities:		(200, 022)		(200.0	221	(74.244)
Purchases of land, buildings and equipment	-	(299,032)	430.043	(299,0	,	(74,364)
Proceeds from sale of investments	-	203,847	139,962	343,8		1,193,832
Purchase of investments	-	(230,122)	(1,229,126)	(1,459,2	48)	(969,895)
Net Cash Provided by (Used in) Investing Activities	-	(325,307)	(1,089,164)	(1,414,4	71)	149,573
Cash Flows from Financing Activities:						
Proceeds from Paycheck Protection Program loan	262,325	_	_	262,3	25	258,880
Interfund loans	-	49,260	(49,260)	202,5		-
Interfund transfer	(325,000)	325,000	(17,200)	_		_
interruna transfer	(323,000)	323,000				
Net Cash Provided by (Used in) Financing Activities	(62,675)	374,260	(49,260)	262,3	25	258,880
Net Increase (Decrease) in Cash and Cash Equivalents	144,032	256,739	(267,896)	132,8	75	392,009
Cash and Cash Equivalents, beginning of year	222,690	150,106	447,085	819,8	81	427,872
Cash and Cash Equivalents, end of year	\$ 366,722	\$ 406,845	\$ 179,189	\$ 952,75	56 \$	819,881

## **Consolidated Statement of Cash Flows**

Year ended December 31, 2020	Operati Fund			Capital Fund	Endowment and Board Designated			Total
,								
Cash Flows from Operating Activities:								
Change in net assets	\$	96,563	\$	(644,586)	\$	441,121	\$	(106,902)
Adjustment to reconcile change in net assets to net cash								
provided by (used in) operating activities:								
Depreciation and amortization		-		358,306		-		358,306
Net unrealized loss on investments		-		17,853		(314,667)		(296,814)
Increase in cash surrender value of life insurance		-		-		(9,000)		(9,000)
Adjustment to contribution receivable from remainder trust		-		-		1,753		1,753
Provision for uncollectible pledges		22,938		102,000		-		124,938
Change in operating assets and liabilities:								
Accounts and other receivables and pledges receivable, net		(88,884)		1,669		-		(87,215)
Prepaid expenses		(18,568)		-		-		(18,568)
Accounts payable, accrued expenses and other liabilities		16,729		491		(162)		17,058
Total Adjustments		(67,785)		480,319		(322,076)		90,458
Net Cash Provided by (Used in) Operating Activities		28,778		(164,267)		119,045		(16,444)
Cash Flows from Investing Activities:								
Purchases of land, buildings and equipment				(74,364)				(74,364)
Proceeds from sale of investments		_		721,971		471,861		1,193,832
Purchase of investments		_		(377,911)		(591,984)		(969,895)
Fulctiase of investments				(377,711)		(371,704)		(707,073)
Net Cash Provided by (Used in) Investing Activities		-		269,696		(120,123)		149,573
Cash Flows from Financing Activities:								
Proceeds from Paycheck Protection Program loan		258,880		-		-		258,880
Interfund loans	(	110,941)		(119,060)		230,001		-
Net Cash Provided by (Used in) Financing Activities		147,939		(119,060)		230,001		258,880
The Cash Troviaca by (osea m) I maneing receives		,,,,,,		(117,000)		230,001		230,000
Net Increase (Decrease) in Cash and Cash Equivalents	•	176,717		(13,631)		228,923		392,009
Cash and Cash Equivalents, beginning of year		45,973		163,737		218,162		427,872
Cash and Cash Equivalents, end of year	\$ 2	22,690	\$	150,106	\$	447,085	\$	819,881
		-	_	*	_	•	_	

#### **Notes to Consolidated Financial Statements**

#### 1. Summary of Significant Accounting Policies and Other Information

#### **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 subject to the terms of the trust agreements, 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.

#### **Notes to Consolidated Financial Statements**

#### 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" or "Operating Fund" in the accompanying
  consolidated financial statements.
- <u>Capital Fund</u> 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" or "Capital Fund" in the accompanying consolidated financial statements.
- <u>Endowment and Board Designated</u> 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" or "Endowment and Board Designated Fund" in the accompanying consolidated financial statements.

Both trusts are managed by current and prior board members of the Organization. The second trust was funded by proceeds from life insurance policies. 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. Cash and cash equivalents temporarily held by financial institutions for investment purposes are included within investments in the consolidated statements of financial position.

#### **Notes to Consolidated Financial Statements**

#### **Concentration of 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.

#### 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 an analysis of expected collection rates determined from experience. Management determined that no allowance for doubtful accounts was considered necessary as of December 31, 2021 and 2020.

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

Unconditional promises to give (pledges) that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Organization's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivables collectability. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for uncollectible pledges is recorded when the Organization determines, based on historical experience and collection efforts, that a pledges receivable (carried over from a prior year) is uncollectible. As of December 31, 2021 and 2020, pledges receivable were net of an allowance for uncollectible pledges of \$7,265 and \$24,860, respectively.

#### 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 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.

#### Notes to Consolidated Financial Statements

The Organization applies Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("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 for the years ending December 31, 2021 and 2020:

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 sales also help the Organization raise money in support of its programs. Popcorn sales to Scout units start in the fall of each year, with the Scout 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 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 the 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 as revenue in the Consolidated Statements of Activities after delivery of the program has occurred.

Special events 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.

<u>Other Revenue</u> — Other revenue consists primarily of rent revenue and is recognized on a monthly basis as earned.

#### 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.

#### Notes to Consolidated Financial Statements

#### 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 of \$1,000 or more and a life span of more than two years 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 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.

#### **Recognition Awards**

Recognition awards include items such as trophies, patches, T-shirts, among others, 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" in the accompanying Consolidated Statements of Activities.

#### Income Taxes

The Council 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 Council currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded as of December 31, 2021 and 2020.

#### **Notes to Consolidated Financial Statements**

The Council 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. No uncertain tax positions were identified by the Council as of December 31, 2021 and 2020.

The U.S. Federal jurisdiction and the State of Florida jurisdiction are the major tax jurisdictions where the Council files information returns. The Council's tax years subject to examination by the Internal Revenue Service generally remain open for three years from the date of filing.

#### 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 Boy Scouts of America, Inc. (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.

#### **Summarized Comparative Totals**

Certain consolidated financial statements for the year ended December 31, 2021 include prior year summarized comparative information in total, however the detail of the prior year information is presented separately in the consolidated financial statements.

#### **Recent Accounting Pronouncements**

#### Lease Accounting

In February 2016, the Financial Accounting Standards Board ("FASB") issued accounting standard update 2016-02, Leases (Topic 842), 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

#### Notes to Consolidated Financial Statements

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, 2021, and for interim periods within fiscal years beginning after December 15, 2022, with early application permitted.

#### Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, which amends guidance for nonprofit entities that receive contributed nonfinancial assets. The update requires nonprofits to present contributed nonfinancial assets as a separate line item in the statements of activities, and to disclose information regarding each type of contributed nonfinancial asset. The update is to be applied on a retrospective basis and is effective for annual reporting periods beginning after June 15, 2021, and for interim reporting periods beginning after June 15, 2022. The Organization is currently evaluating the effect the update will have on its consolidated financial statements.

#### 2. Liquidity and Availability of Financial Resources

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 Statements of Financial Position date for general expenditures as of December 31, 2021 and 2020 are as follows:

As of December 31,	2021	2020
Cash and cash equivalents	\$ 952,756	\$ 819,881
Accounts and other receivables - net	-	71,189
Pledges receivable - net	16,900	8,730
Contribution receivable from remainder trust	578,433	546,727
Investments	8,549,356	7,766,612
Cash value of life insurance - net	276,832	278,292
Total Financial Assets as of Year End	10,374,277	9,491,431
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	101,200	534,362
Restricted by donors with time restrictions	12,050	700
Accumulated earnings on endowment- restricted until appropriated		
Less: endowed in perpetuity (including unappropriated earnings)	7,529,602	7,063,700
Less: amounts unavailable to management without Board approval		
Board designated endowment funds	419,936	213,354
Total Financial Assets Available to Management for General		
Expenditures within One Year	\$ 2,311,489	\$ 1,679,315

#### **Notes to Consolidated Financial Statements**

The Council invests cash in excess of daily requirements in short-term investments. Additionally, the Council has \$419,936 of board designated endowment funds. Although the Council does not intend to spend from its board designated endowment, amounts could be made available if necessary.

#### 3. Interfund Activity

At December 31, 2020, a total of \$49,260 of investment income was payable to the Capital Fund from the Endowment and Board Designated Fund. This interfund balance is related to investment earnings that were not distributed to the Operating Fund as of December 31, 2020. The Endowment and Board Designated Fund paid the entire payable of \$49,260 to the Capital Fund in 2021. There were no interfund balances as of December 31, 2021.

During the year ended December 31, 2021, the Board of Directors approved a net asset transfer of \$325,000 from the Operating Fund to the Capital Fund to repay a prior net asset transfer.

#### 4. Contribution Receivable From Remainder Trust

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 \$578,433 and \$546,727 as of December 31, 2021 and 2020, respectively, based on the assumptions outlined above.

#### 5. Pledges Receivable - Net

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. Bad debt expense during the year ended December 31, 2020 totaled \$102,000. There was no bad debt expense during the year ended December 31, 2021.

Pledges receivable, net include the following unconditional promises:

Years ended December 31,	2021	2020	
2021	\$ -	\$ 41,335	
2022	24,165	-	
Total	24,165	41,335	
Less: Discount on long-term pledges	-	(7,745)	
Less: allowance for estimated uncollectible pledges	(7,265)	(24,860)	
	\$ 16,900	\$ 8,730	

#### Notes to Consolidated Financial Statements

#### 6. Land, Buildings And Equipment - Net

Land, buildings and equipment are summarized as follows:

	Estimated		
As of December 31,	Useful Lives	2021	2020
Land	-	\$ 3,185,770	\$ 3,185,770
Land improvements	10 - 40 Years	6,313,045	6,298,537
Building and improvements	5 - 40 Years	7,533,772	7,101,966
Office equipment	10 Years	487,193	487,193
Transportation equipment	3 - 10 Years	39,526	39,526
Outdoor program equipment	3 - 5 Years	61,793	61,793
Construction in progress	-	-	147,282
		17,621,099	17,322,067
Less: accumulated depreciation			
and amortization		4,858,804	4,494,327
	_		
Total		\$ 12,762,295	\$ 12,827,740

Depreciation and amortization expense was \$364,477 and \$358,306 for the years ended December 31, 2021 and 2020, respectively.

The construction on the Chart House at Camp Sawyer was completed during the year ended December 31, 2021 and the related construction in progress was reclassed into building and improvements.

The Council has four parcels of land, one where the office is located and three where the camps are located, recorded in the consolidated financial statements. The parcels of land where the camps are located were deeded to the Organization in 1956, 1958, 1961 and 1985. In accordance with the terms of each respective camp deed, there are restrictions the Organization must follow in order to maintain compliance. Per the restricted camp deeds, should the Organization not use the land for the intended purpose in the deed, the land will revert back to the grantor.

#### 7. Investments

Investments are stated at fair value and summarized as follows:

As of December 31,	2021	2020
Common stock	\$2,445,339	\$ 2,095,544
Mutual funds - equity	3,238,888	2,968,941
Mutual funds - fixed income	2,107,669	1,880,363
Real estate investment trusts	481,221	435,500
Money market funds	145,685	336,621
AB Private Credit Investors Corporation	130,554	49,643
	\$8,549,356	\$ 7,766,612

#### Notes to Consolidated Financial Statements

The following schedule summarizes the investment income, net of fees, in the Consolidated Statements of Activities:

Years ended December 31,	2021	2020
Investment income (net of fees)	\$ 282,042	\$ 138,265
Net realized and unrealized gain	835,364	446,673
(Decrease) increase in cash surrender value of life insurance	(1,460)	9,000
	\$ 1,115,946	\$ 593,938

The above investment income is classified in the Consolidated Statements of Activities as follows:

Years ended December 31,	2021	2020
Net assets without donor restrictions  Net assets with donor restrictions	\$ 655,145 460.801	\$ 184,710 409,228
rec assets with donor restrictions	\$ 1,115,946	\$ 593,938

#### 8. Fair Value Measurements

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.
- Inputs to the valuation methodology include: •Level 2
  - 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, 2021 and 2020.

#### Notes to Consolidated Financial Statements

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 investments are valued at the closing price reported in the active market in which the individual securities are traded.

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.

Real estate investment trusts - Valued at the closing price reported in the active market in which the individual securities are traded.

Money market funds - Valued at cost, which approximates fair 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.

The following table represents the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2021 for each of the fair value hierarchy levels:

					asur	ements at Dece	mbe	r 31, 2021	
				In Active	Sig	gnificant Other Observable	Significant Othe		
				Markets for entical Assets		Inputs		Unobservable Inputs	
Description		Total		(Level 1)		(Level 2)	(Level 3)		
Assets:									
Common stock	\$	2,445,339	\$	2,445,339	\$	-	\$	-	
Mutual funds - equity		3,238,888		3,238,888		-		-	
Mutual funds - fixed income		2,107,669		2,107,669		-		-	
Real estate investment trusts		481,221		481,221		-		-	
Money market funds		145,685		145,685		-		-	
	\$	8,418,802	\$	8,418,802	\$	-	\$	-	
Alternate investment:									
AB Private Credit Investors									
Corporation <sup>(a)</sup>		130,554	•						
	Ś	8.549.356							

#### Notes to Consolidated Financial Statements

The following table represents the Organization's financial instruments measured at fair value on a recurring basis at December 31, 2020 for each of the fair value hierarchy levels:

			Fair Value Measurements at December 31, 2						
			Qı	oted Prices					
				In Active	Sig	nificant Other	Sigr	nificant Other	
			٨	Markets for		Observable	Unobservable		
			Identical Assets		Inputs		Inputs		
Description		Total	(Level 1)		(Level 2)		(Level 3)		
Assets:									
Common stock	\$	2,095,544	\$	2,095,544	\$	-	\$	-	
Mutual funds - equity		2,968,941		2,968,941		-		-	
Mutual funds - fixed income		1,880,363		1,880,363		-		-	
Real estate investment trusts		435,500		435,500		-		-	
Money market funds		336,621		336,621		-		-	
	\$	7,716,969	\$	7,716,969	\$	-	\$	-	

	\$ 7,766,612
Corporation <sup>(a)</sup>	49,643
AB Private Credit Investors	
Alternate investment:	

(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, 2021 and 2020.

#### 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.

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#### **Notes to Consolidated Financial Statements**

Information regarding the Organization's investments in entities that calculate NAV per share or its equivalent for the years ended December 31, 2021 and 2020 is as follows:

	Unfunded Commitments									
Description		/31/2021 air Value		12/31/2020 Fair Value	1	as of 2/31/2021	Redemption Frequency	Redemption Notice Period		
AB Private Credit Investors Corporation <sup>(a)</sup>	\$	130,554	\$	49,643	\$	75,000	N/A	N/A		
	\$	130,554	\$	49,643	\$	75,000				

(a) 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

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 2021 and 2020 and cash values of approximately \$277,000 and \$278,000 each at December 31, 2021 and 2020, 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.

#### 10. Paycheck Protection Program Loans

During the year ended December 31, 2021, the Organization applied for and received funds under the Paycheck Protection Program ("PPP") in the amount of \$262,325. The application for these funds requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. This certification further requires the Organization to take into account our current business activity and our ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business. The receipt of these funds, and the forgiveness of the loan attendant to these funds, is dependent on the Organization having initially qualified for the loan and qualifying for the forgiveness of such loan based on our future adherence to the forgiveness criteria.

The Small Business Administration ("SBA") has stated that all PPP loans in excess of \$2 million, and other PPP loans as appropriate, will be subject to review by the SBA for compliance with program requirements. If the SBA determines in the course of its review that a borrower lacked an adequate basis for the required certification concerning the necessity of the loan request or the subsequent use of loan proceeds, the SBA will seek repayment of the PPP loan, including interest and potential penalties. While we believe our loan was properly obtained, there can be no assurance regarding the outcome of an SBA review.

#### **Notes to Consolidated Financial Statements**

The loan begins accruing interest at a rate of 1.00% on the effective date. For any portion of the loan not forgiven, principal payments are due in equal monthly installments commencing seven months after the covered period. The loan matures on February 11, 2026, at which time all unpaid principal and accrued interest is due. The outstanding balance on the loan as of December 31, 2021 was \$262,325. The Organization will reduce the debt and recognize the gain once the conditions of release have been explicitly waived. In May 2022, the Organization received formal forgiveness from the SBA for the full amount of the loan.

During the year ended December 31, 2021, the Organization received formal forgiveness from the SBA for the full amount of the first loan of \$258,880, which was applied for and received during fiscal year 2020. The forgiveness of the first PPP loan is reflected as revenue in the Statements of Activities under the caption "Gain from Paycheck Protection Program Loan Forgiveness."

#### 11. Net Assets with Donor Restrictions

Net assets with donor restrictions consists of the following as of December 31, 2021:

December 31, 2021	0	perating	Capit	tal Fund	Endowment	1	Total .
Subject to expenditure for a specific purpose:							
Membership development	\$	100,000	\$	-	\$ -	\$	100,000
Capital improvements		-		1,200	-		1,200
Total purpose restrictions		100,000		1,200	-		101,200
Subject to the passage of time:							
Friends of Scouting		12,050		-	-		12,050
Endowment:							
Subject to endowment spending policy							
and appropriation:							
General use		-		-	4,666,238	4	1,666,238
Maintenance and repair of facilities		-		-	2,754,831	2	2,754,831
Program activities		-		-	108,533		108,533
Total subject to endowment spending policy							
and appropriation		-		-	7,529,602	7	,529,602
Total Net Assets With Donor Restrictions	\$	112,050	\$	1,200	\$7,529,602	\$7,	,642,852

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#### Notes to Consolidated Financial Statements

Net assets with donor restrictions consists of the following as of December 31, 2020:

December 31, 2020	Op	erating	Cap	ital Fund	Endowment	Total
Subject to expenditure for a specific purpose:						
Contributions grant	\$	25,000	\$	-	\$ -	\$ 25,000
Capital improvements		-		509,362	-	509,362
Total purpose restrictions		25,000		509,362	-	534,362
Subject to the passage of time:						
Friends of Scouting		700		-	-	700
Endowment:						
Subject to endowment spending policy						
and appropriation:						
General use		-		-	4,381,191	4,381,191
Maintenance and repair of facilities		-		-	2,580,252	2,580,252
Program activities		-		-	102,257	102,257
Total subject to endowment spending policy						
and appropriation		-		-	7,063,700	7,063,700
Total net assets with donor restrictions	\$	25,700	\$	509,362	\$7,063,700	\$7,598,762

#### 12. Net Assets Released from Restrictions

During the years ended December 31, 2021 and 2020, net assets of \$535,062 and \$25,000, respectively, were released from restriction by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

#### 13. Endowment and Board Designated Endowment Fund

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.

#### **Notes to Consolidated Financial Statements**

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

#### 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, 2021 and 2020. The Organization has interpreted the FUPMIFA and applicable state trust law to permit spending from underwater endowments in accordance with prudent measures required under law.

#### 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).

#### **Notes to Consolidated Financial Statements**

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:

Years ended December 31,	2021	2020
Cash and cash equivalents	\$ 179,189	\$ 447,085
Interfund receivable	-	(49,260)
Contribution receivable from remainder trust	578,433	546,727
Investments	6,915,084	6,054,210
Cash value of life insurance - net	276,832	278,292
	\$ 7,949,538	\$ 7,277,054

#### Summary of Endowment Assets at December 31, 2021:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	
Donor restricted endowment fund - perpetual in duration	\$ -	\$ 7,099,832	\$ 7,099,832	
Donor restricted endowment fund - program services	-	429,770	429,770	
Board designated endowment fund	419,936	-	419,936	
Total endowment assets	\$ 419,936	\$ 7,529,602	\$ 7,949,538	

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#### **Notes to Consolidated Financial Statements**

Summary of Endowment Assets at December 31, 2020:

		Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Total	
Donor restricted endowment fund - perpetual in duration	\$	-	\$	6,696,567	\$	6,696,567	
Donor restricted endowment fund - program services		-		367,133		367,133	
Board designated endowment fund		213,354		-		213,354	
Total endowment assets	\$	213,354	\$	7,063,700	\$	7,277,054	

Changes in endowment net assets for the year ended December 31, 2021:

		Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Total	
Endowment net assets, beginning	\$	213,354	\$ 7	7,063,700	\$	7,277,054	
Adjustment to contribution receivable from remainder trust and other contributions		1,337		36,807		38,144	
Investment income including interest, dividends and		1,337		30,007		30,111	
realized and unrealized gains and losses (net of fees)		210,615		429,095		639,710	
Amounts appropriated for expenditure		(5,370)		-		(5,370)	
Endowment net assets, ending	\$	419,936	\$ 7,	,529,602	\$	7,949,538	

Changes in endowment net assets for the year ended December 31, 2020:

		Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		Total
Endowment net assets, beginning	\$	181,461	\$	6,654,472	\$	6,835,933
Adjustment to contribution receivable from						
remainder trust and other contributions		-		(1,753)		(1,753)
Investment income including interest, dividends and						
realized and unrealized gains and losses (net of fees)		35,813		410,981		446,794
Amounts appropriated for expenditure		(3,920)		-		(3,920)
Endowment net assets, ending	\$	213,354	\$	7,063,700	\$	7,277,054

#### 14. 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 \$74,000 and \$80,000 at December 31, 2021 and 2020, respectively. Such amounts are included in the accompanying Consolidated Statements of Financial Position as accrued expenses and other liabilities.

#### **Notes to Consolidated Financial Statements**

#### 15. 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. Effective December 31, 2018, the plan was frozen to employees with less than 15 years of vesting service, and whose age plus vesting service equaled less than 60 as of December 31, 2018 (nongrandfathered employees). From January 1, 2020 through July 31, 2020, employees with at least 15 years of vesting service and whose age plus vesting service equaled 60 or more as of December 31, 2018 (grandfathered employees) contributed 4.25 percent of compensation to the Plan. Effective August 1, 2020, the plan was frozen to grandfathered employees, thereby freezing the plan for all BSA employees. The Council contributed 7.75 percent of eligible employees' compensation to the BSA retirement program. Pension expense (excluding the contributions made by employees) was approximately \$73,000 and \$25,000 for the years ended December 31, 2021 and 2020, respectively, and covered current service cost. The actuarial information for the multi-employer plan as of February 1, 2021, indicates that it is in compliance with the Employee Retirement Income Security Act regulations regarding funding.

#### 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. In May 2020, an announcement was made that all employees will be on the same Thrift Plan and matching contributions were reduced to 50% of contributions from each participant, limited to 6% of each employee's gross pay. During the year ended December 31, 2020, the Council's contribution to fund this plan rose from 7.75% to 12%.

The Organization contributed approximately \$22,000 and \$41,000 to the Thrift Plan for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, the Organization remitted approximately \$74,000 and \$102,000, respectively, on behalf of its employees to the National Council related to the health care plan.

#### **Notes to Consolidated Financial Statements**

#### 16. Government and Local Agency Contracts

During the years ended December 31, 2021 and 2020, the Organization received approximately \$80,000 and \$141,000, 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.

#### 17. Leases

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, 2021 and 2020 was approximately \$27,000 and \$25,000, respectively. Future minimum lease payments under non-cancelable lease agreements with third parties are as follows:

Y	ears	ende	'd D	ecemi	ber	31	١,
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2022	Ś	27,000
2023	7	24,000
2024		6,000
2025		2,000
	\$	59,000

#### 18. Related Parties

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 \$19,000 and \$15,000 for the years ended December 31, 2021 and 2020, respectively. No amounts were due as of December 31, 2021 and 2020.

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.

#### 19. Scout Shop

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, 2021 and 2020 amounted to approximately \$28,000 and \$38,000, respectively, which is included in other revenue in the accompanying Consolidated Statements of Activities.

#### Notes to Consolidated Financial Statements

#### 20. Commitments and Contingencies

#### **Grants**

The Organization participates in grant programs and amounts received and expended under various programs are subject to audits by the agencies to determine if activities undertaken by the Organization comply with conditions of the grants. Management believes that no material liability will arise from any such audits.

#### National Council Legal Matters

Boy Scouts of America, Inc., headquartered in Irving, Texas, referred to herein as 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 from the National Council. 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 Organization including the benefit and insurance programs noted above. Neither the Organization nor any other local council are parties to the bankruptcy proceeding.

The court has granted a stay on litigation against both the National Council and local councils and the National Council has proposed a plan of reorganization that would protect local councils from any further legal exposure for abuse claims arising prior to February 18, 2020. Such plan will require a contribution from local councils. As of this date, the Organization's contribution is expected to be approximately \$3,163,000, however that may change or be rejected. The ability of the National Council to confirm such a plan 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.

#### 21. Risks and Uncertainties

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date these financial statements were available to be issued. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19

#### **Notes to Consolidated Financial Statements**

pandemic and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 pandemic on its results of operations, financial condition or liquidity for the fiscal year 2022.

#### 22. Subsequent Events

The Organization has evaluated subsequent events through May 26, 2022 which is the date the consolidated financial statements were available to be issued, and except as disclosed in Note 10 regarding the formal forgiveness of the second PPP loan in May 2022, there were no other subsequent events requiring adjustments to the consolidated financial statements or disclosures stated herein.