

Audited Financial Statements

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

December 31, 2016 and 2015

Audited Financial Statements

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

December 31, 2016 and 2015

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McKeever Varga & Senko

*Certified Public Accountants
Personal Financial Planners
Business Consultants*

Independent Auditor's Report

To the Executive Board of
BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

We have audited the accompanying financial statements of Bucktail Council of Boy Scouts of America, Inc. (a Pennsylvania nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bucktail Council of Boy Scouts of America, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

August 22, 2017
Pittsburgh, Pennsylvania

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BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Statements of Financial Position

December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	Total All Funds
	2016	2015	2016	2015	2016	2015	2016	2015
Current assets:								
Cash and cash equivalents	\$ 30,946	\$ 24,948	\$ 752	\$ 2,365	\$ -	\$ -	\$ 31,698	\$ 27,313
Short-term investments	-	-	-	-	20,910	29,397	20,910	29,397
Pledges receivable, net	1,074	11,407	-	-	1,000	1,000	2,074	12,407
Accounts receivable	2,901	15,413	-	-	-	1,000	2,901	16,413
Prepaid expenses	18,614	20,721	-	-	-	-	18,614	20,721
Deferred Activity Expense	32,789	-	-	-	-	-	32,789	-
Inventory	26,705	27,649	-	-	-	-	26,705	27,649
Interfund loans	19,877	19,877	(19,877)	(19,877)	-	-	-	-
Total current assets	132,906	120,015	(19,125)	(17,512)	21,910	31,397	135,691	133,900
Fixed assets:								
Land and land improvements	-	-	439,203	420,352	-	-	439,203	420,352
Buildings	-	-	2,470,393	2,470,393	-	-	2,470,393	2,470,393
Construction in progress	-	-	-	11,758	-	-	-	11,758
Furnishings and equipment	-	-	648,328	639,813	-	-	648,328	639,813
	-	-	3,557,924	3,542,316	-	-	3,557,924	3,542,316
Less: accumulated depreciation	-	-	(2,387,713)	(2,309,144)	-	-	(2,387,713)	(2,309,144)
Net fixed assets	-	-	1,170,211	1,233,172	-	-	1,170,211	1,233,172
Other assets:								
Long term pledges receivable	-	(396)	-	-	7,178	7,781	7,178	7,385
Long term investments	-	-	-	-	662,493	641,910	662,493	641,910
Beneficial trust interests	-	-	-	-	48,234	54,682	48,234	54,682
Cash surrender value – life insurance	-	-	-	-	12,277	11,711	12,277	11,711
Assets held for resale	-	-	11,758	-	-	-	11,758	-
Total other assets	-	(396)	11,758	-	730,182	716,084	741,940	715,688
Total assets	\$ 132,906	\$ 119,619	\$ 1,162,844	\$ 1,215,660	\$ 752,092	\$ 747,481	\$ 2,047,842	\$ 2,082,760

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

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Statements of Financial Position (Continued)

December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2016	2015	2016	2015	2016	2015	Funds 2016	Funds 2015
Current liabilities:								
Accounts payable	\$ 119,445	\$ 47,452	\$ -	\$ -	\$ -	\$ 5,357	\$ 119,445	\$ 52,809
Accrued expenses	3,317	-	-	-	-	-	3,317	-
Payroll taxes and other withholdings	1,066	801	-	-	-	-	1,066	801
Deferred income	26,424	7,235	-	-	-	-	26,424	7,235
Agency funds	38,435	30,895	2,026	1,527	-	-	40,461	32,422
Other current liabilities	590	-	-	-	-	-	590	-
Short-term notes payable	54,803	43,537	-	-	-	-	54,803	43,537
Long-term debt, current portion	30,000	30,000	-	-	-	-	30,000	30,000
Total current liabilities	274,080	159,920	2,026	1,527	-	5,357	276,106	166,804
Long-term debt	37,029	63,504	-	-	-	-	37,029	63,504
Total liabilities and deferred support	311,109	223,424	2,026	1,527	-	5,357	313,135	230,308
Net assets (deficit):								
Unrestricted	(177,926)	(88,317)	1,151,659	1,214,133	(119,225)	(103,056)	854,508	1,022,760
Temporarily restricted	(277)	(15,488)	9,159	-	511,567	487,910	520,449	472,422
Permanently restricted	-	-	-	-	359,750	357,270	359,750	357,270
Total net assets (deficit)	(178,203)	(103,805)	1,160,818	1,214,133	752,092	742,124	1,734,707	1,852,452
Total liabilities, deferred support, and net assets	\$ 132,906	\$ 119,619	\$ 1,162,844	\$ 1,215,660	\$ 752,092	\$ 747,481	\$ 2,047,842	\$ 2,082,760

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

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Statements of Changes in Net Assets

For the Years Ended December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2016	2015	2016	2015	2016	2015	Funds 2016	Funds 2015
Changes in unrestricted net assets:								
Direct support:								
Friends of scouting – gross	\$ 102,050	\$ 111,632	\$ -	\$ -	\$ -	\$ -	\$ 102,050	\$ 111,632
Project sales	9,448	6,946	48,297	12,110	-	-	57,745	19,056
Capital campaign	-	-	-	2,200	-	-	-	2,200
Special events – gross	14,003	15,354	-	-	-	-	14,003	15,354
Less: cost of direct benefit	(7,535)	(8,050)	-	-	-	-	(7,535)	(8,050)
Net special events	6,468	7,304	-	-	-	-	6,468	7,304
Foundations and trusts	78,620	110,490	-	-	-	-	78,620	110,490
Legacies and bequests	-	-	-	-	-	-	-	-
Other direct support	-	-	-	-	-	-	-	-
Total direct support	196,586	236,372	48,297	14,310	-	-	244,883	250,682
Indirect support:								
Unassociated organizations	6	-	-	-	-	-	6	-
United way	40,666	46,132	-	-	-	-	40,666	46,132
Total indirect support	40,672	46,132	-	-	-	-	40,672	46,132
Revenue:								
Sale of supplies – gross	35,056	40,123	-	-	-	-	35,056	40,123
Less: cost of goods sold	(21,451)	(28,904)	-	-	-	-	(21,451)	(28,904)
Net sale of supplies	13,605	11,219	-	-	-	-	13,605	11,219
Product sales – gross	117,888	132,380	-	-	-	-	117,888	132,380
Less: cost of goods sold	(38,243)	(42,347)	-	-	-	-	(38,243)	(42,347)
Less: commissions paid to units	(43,468)	(48,504)	-	-	-	-	(43,468)	(48,504)
Net product sales	36,177	41,529	-	-	-	-	36,177	41,529
Investment income	21,890	23,115	-	-	566	533	22,456	23,648
Gain or loss on investments	-	-	-	-	-	-	-	-
Camping revenue	154,263	171,736	-	-	-	-	154,263	171,736
Activity revenue	10,115	10,952	-	-	-	-	10,115	10,952
Other revenue	21,597	23,654	2,167	-	-	-	23,764	23,654
Total revenue	257,647	282,205	2,167	-	566	533	260,380	282,738
Net assets released from restrictions:								
Reclass foundations and trusts	-	975	-	-	-	-	-	975
Reclass United way	277	-	-	-	-	-	277	-
Total reclassification of net assets	277	975	-	-	-	-	277	975
Total support and revenue	495,182	565,684	50,464	14,310	566	533	546,212	580,527

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

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Statements of Changes in Net Assets (Continued)

For the Years Ended December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2016	2015	2016	2015	2016	2015	Funds 2016	Funds 2015
Changes in unrestricted net assets (continued):								
Expenses:								
Program services	480,294	493,524	109,103	88,876	-	-	589,397	582,400
Support services:								
Management and general	20,278	24,134	207	355	5,583	5,715	26,068	30,204
Fundraising	76,207	40,732	1,896	1,164	-	150	78,103	42,046
Total support services	96,485	64,866	2,103	1,519	5,583	5,865	104,171	72,250
Total functional expenses	576,779	558,390	111,206	90,395	5,583	5,865	693,568	654,650
Charter and national service fee	5,408	7,668	-	-	-	-	5,408	7,668
Total expenses	582,187	566,058	111,206	90,395	5,583	5,865	698,976	662,318
Increase (decrease) in unrestricted net assets	(87,005)	(374)	(60,742)	(76,085)	(5,017)	(5,332)	(152,764)	(81,791)
Changes in temporarily restricted net assets:								
Direct support:								
Friends of scouting	-	-	-	-	-	-	-	-
Project sales	-	-	9,159	-	-	-	9,159	-
Capital campaign	-	-	-	-	-	-	-	-
Legacies/bequests	-	-	-	-	(353)	(787)	(353)	(787)
Other direct support	-	-	-	-	-	-	-	-
Total direct support	-	-	9,159	-	(353)	(787)	8,806	(787)
Indirect support:								
United Way	-	-	-	-	-	-	-	-
Total indirect support	-	-	-	-	-	-	-	-

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

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Statements of Changes in Net Assets (Continued)

For the Years Ended December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2016	2015	2016	2015	2016	2015	Funds 2016	Funds 2015
Changes in temporarily restricted net assets (continued):								
Revenue:								
Investment income	-	5,357	-	-	4,314	(4,048)	4,314	1,309
Realized gain/loss on investments	-	-	-	-	5,333	-	5,333	-
Unrealized gain/loss on investments	-	-	-	-	14,363	(39,333)	14,363	(39,333)
Total revenue	-	5,357	-	-	24,010	(43,381)	24,010	(38,024)
Net assets released from restrictions:								
Reclass foundations and trusts	-	(975)	-	-	-	-	-	(975)
Reclass United way	(277)	-	-	-	-	-	(277)	-
Total reclassification of net assets	(277)	(975)	-	-	-	-	(277)	(975)
Total support and revenue	(277)	4,382	9,159	-	23,657	(44,168)	32,539	(39,786)
Increase (decrease) in temporarily restricted net assets	(277)	4,382	9,159	-	23,657	(44,168)	32,539	(39,786)
Changes in permanently restricted net assets:								
Direct support:								
Legacies and bequests	-	-	-	-	2,480	1,334	2,480	1,334
Other direct support	-	-	-	-	-	2,000	-	2,000
Total direct support	-	-	-	-	2,480	3,334	2,480	3,334
Total support and revenue	-	-	-	-	2,480	3,334	2,480	3,334
Increase (decrease) in permanently restricted net assets	-	-	-	-	2,480	3,334	2,480	3,334
Increase (decrease) in total net assets	(87,282)	4,008	(51,583)	(76,085)	21,120	(46,166)	(117,745)	(118,243)

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

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Statements of Changes in Net Assets (Continued)

For the Years Ended December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2016	2015	2016	2015	2016	2015	Funds 2016	Funds 2015
Net asset summary:								
Net assets, beginning of year:								
Unrestricted net assets	(88,317)	(90,901)	1,214,133	1,290,218	(103,056)	(94,766)	1,022,760	1,104,551
Temporarily restricted net assets	(15,488)	(19,870)	-	-	487,910	532,078	472,422	512,208
Permanently restricted net assets	-	-	-	-	357,270	353,936	357,270	353,936
Total net assets, beginning of year	(103,805)	(110,771)	1,214,133	1,290,218	742,124	791,248	1,852,452	1,970,695
Transfers	12,884	2,958	(1,732)	-	(11,152)	(2,958)	-	-
Adjustments to net assets:								
Unrestricted net assets	(15,488)	-	-	-	-	-	(15,488)	-
Temporarily restricted net assets	15,488	-	-	-	-	-	15,488	-
Total adjustments to net assets	-	-	-	-	-	-	-	-
Net assets, end of year:								
Unrestricted net assets	(177,926)	(88,317)	1,151,659	1,214,133	(119,225)	(103,056)	854,508	1,022,760
Temporarily restricted net assets	(277)	(15,488)	9,159	-	511,567	487,910	520,449	472,422
Permanently restricted net assets	-	-	-	-	359,750	357,270	359,750	357,270
Total net assets, end of year	\$ (178,203)	\$ (103,805)	\$ 1,160,818	\$ 1,214,133	\$ 752,092	\$ 742,124	\$ 1,734,707	\$ 1,852,452

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

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Statements of Functional Expenses

For the Year Ended December 31, 2016
(With Comparative Totals for 2015)

Expenses:	Support Services			Total Support Services 2016	Total Expenses	
	Program Services 2016	Management and General 2016	Fund- Raising 2016		2016	2015
Employee compensation:						
Salaries and wages	\$ 220,695	\$ 4,048	\$ 36,968	\$ 41,016	\$ 261,711	\$ 247,912
Employee benefits	37,877	1,057	9,655	10,712	48,589	41,425
Payroll taxes	19,479	280	2,559	2,839	22,318	21,954
Employee-related expenses	1,052	1	5	6	1,058	2,927
Total employee compensation	279,103	5,386	49,187	54,573	333,676	314,218
Other expenses:						
Professional fees	6,753	16,345	1,736	18,081	24,834	22,943
Supplies	55,184	111	1,513	1,624	56,808	65,482
Telephone	8,551	133	1,216	1,349	9,900	8,963
Postage and shipping	1,461	477	729	1,206	2,667	2,925
Occupancy	80,974	190	1,739	1,929	82,903	70,621
Rent and maintenance of equipment	12,023	45	612	657	12,680	9,831
Printing and publications	-	-	-	-	-	-
Travel	15,941	336	3,297	3,633	19,574	17,036
Conferences and meetings	6,631	80	733	813	7,444	3,724
Specific asst. to individuals	2,364	66	608	674	3,038	3,152
Recognition awards	4,465	4	10,449	10,453	14,918	11,499
Interest expense	4,176	118	1,073	1,191	5,367	6,714
Insurance	28,766	277	2,526	2,803	31,569	28,722
Other expenses	5,433	2,402	1,787	4,189	9,622	6,815
Total other expenses	232,722	20,584	28,018	48,602	281,324	258,427
Expenses before depreciation	511,825	25,970	77,205	103,175	615,000	572,645
Depreciation of buildings and equipment	77,572	98	898	996	78,568	82,005
Total functional expenses	\$ 589,397	\$ 26,068	\$ 78,103	\$ 104,171	\$ 693,568	\$ 654,650
Functional expense percentage	84.98%	3.76%	11.26%			

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

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Statements of Cash Flows

For the Years Ended December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2016	2015	2016	2015	2016	2015	Funds 2016	Funds 2015
Cash flows from operating activities:								
Increase (decrease) in total net assets	\$ (87,282)	\$ 4,008	\$ (51,583)	\$ (76,085)	\$ 21,120	\$ (46,166)	\$ (117,745)	\$ (118,243)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:								
Depreciation	-	-	78,568	82,005	-	-	78,568	82,005
Realized/unrealized (gains)/losses on sale of investments	-	-	-	-	(19,696)	39,333	(19,696)	39,333
Changes in assets and liabilities:								
Accounts receivable	12,512	10,321	-	-	1,000	(1,000)	13,512	9,321
Pledges receivable	9,937	(9,337)	-	(240)	603	387	10,540	(9,190)
Inventory	944	290	-	-	-	-	944	290
Prepaid expenses	2,107	(3,148)	-	-	-	-	2,107	(3,148)
Deferred activity expenses	(32,789)	-	-	-	-	-	(32,789)	-
Cash surrender value of life insurance	-	-	-	-	(566)	(534)	(566)	(534)
Accounts payable	71,993	(4,829)	-	-	(5,357)	(541)	66,636	(5,370)
Payroll taxes	265	(550)	-	-	-	-	265	(550)
Custodial accounts	7,540	(13,122)	499	126	-	-	8,039	(12,996)
Accrued expenses	3,317	-	-	-	-	-	3,317	-
Other current liabilities	590	-	-	-	-	-	590	-
Deferred income	19,189	6,705	-	-	-	-	19,189	6,705
Net cash flows from operating activities	8,323	(9,661)	27,484	5,806	(2,896)	(8,521)	32,911	(12,377)

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

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Statements of Cash Flows (Continued)

For the Years Ended December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2016	2015	2016	2015	2016	2015	Funds 2016	Funds 2015
Cash flows from investing activities:								
Purchase of fixed assets	-	-	(27,365)	(5,500)	-	-	(27,365)	(5,500)
Proceeds from sale of investments	-	-	-	-	5,561	6,177	5,561	6,177
Net cash flows from investing activities	-	-	(27,365)	(5,500)	5,561	6,177	(21,804)	677
Cash flows from financing activities:								
Curtailements of borrowing	(15,209)	(23,994)	-	-	-	-	(15,209)	(23,994)
Transfers	12,884	2,958	(1,732)	-	(11,152)	(2,958)	-	-
Interfund loans	-	8,859	-	(8,589)	-	-	-	-
Net cash flows from financing activities	(2,325)	(12,177)	(1,732)	(8,859)	(11,152)	(2,958)	(15,209)	(23,994)
Net increase (decrease) in cash	5,998	(21,839)	(1,613)	(8,553)	(8,487)	(5,302)	(4,102)	(35,694)
Cash, beginning of year	24,948	46,787	2,365	10,918	29,397	34,699	56,710	92,404
Cash, end of year	\$ 30,946	\$ 24,948	\$ 752	\$ 2,365	\$ 20,910	\$ 29,397	\$ 52,608	\$ 56,710

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

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements

December 31, 2016 and 2015

Note 1. Organization and Summary of Significant Accounting Policies

A. Organization

Bucktail Council of Boy Scouts of America, Inc. (the Council) operates in DuBois, Pennsylvania, and provides services to young men ages 7 through 20 and young women ages 14 through 20 in counties of Cameron, Clearfield, Elk, Jefferson, and the western portion of Centre County. The Council is a not-for-profit organization devoted to promoting, within the territory covered by the charter from time to time granted it by the Boy Scouts of America and in accordance with the Bylaws, and Rules and Regulations of the Boy Scouts of America, the Scouting program of promoting the ability of boys and young men and women to do things for themselves and others, training them in scoutcraft and teaching them patriotism, courage, self-reliance, and to prepare them to make ethical choices over their lifetime and achieve their full potential using the methods which are now in common use by the Boy Scouts of America.

The Bucktail Council's program areas are classified as follows:

Tiger Cubs – One-year, family-oriented program for a group of teams, each consisting of a first-grade (or 7-year-old) boy and an adult partner (usually a parent). A Tiger Cub den is part of the Cub Scout pack.

Cub Scouts – Family and community centered approach to learn citizenship, compassion, and courage through service projects, ceremonies, games, and other activities promoting character development and physical fitness.

Boy Scouting – With the Scout Oath and Scout Law as guides, and the support of parents and religious and neighborhood organizations, Scouts develop an awareness and appreciation of their role in their community and become well-rounded young men through the advancement of the program. Scouts progress in rank through achievements, gain additional knowledge and responsibilities, and earn merit badges that introduce a lifelong hobby or a rewarding career.

Venturing – Provides experiences to help young men and women, ages 14 (or 13 with completion of the eight grade) through 20, become mature, responsible, caring adults. Young teens learn leadership skills and participate in challenging outdoor activities, including having access to Boy Scout camping properties, a recognition program, and Youth Protection training.

Learning for Life – program to enable young people to become responsible individuals by teaching positive character traits, career development, leadership, and life skills so they can make ethical choices and achieve their full potential.

Council 509's website address is www.bucktail.org.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

B. Prior-Period Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

C. Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the accounts of the Council are reported in the following net asset categories:

Unrestricted Net Assets – Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors.

Temporarily Restricted Net Assets – Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure.

Permanently Restricted Net Assets – Permanently restricted net assets represent resources that have donor-imposed restrictions requiring that the principal be maintained in perpetuity but permit the nonprofit organization (NPO) to expend the income earned thereupon.

D. Fund Accounting Structure

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

The Council also prepares financial statements in accordance with Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (ASC 958-205 and subsections). Under these standards, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Council is required to present a Statement of Cash Flows.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

F. Reclassifications

Certain reclassifications have been made to the 2016 summarized financial information to conform to current year presentation. These reclassifications had no effect on the decrease in net assets in 2016.

G. Cash and Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less. The Council maintains deposits in financial institutions that may, at times, exceed federal depositor insurance limits. Management believes that the Council's deposits are not subject to significant credit risk.

H. Accounts Receivable

Accounts receivable are recorded primarily for product sales stated at net realizable value if the amounts are due within one year. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance for doubtful accounts for accounts receivable was considered necessary as of December 31, 2016, and 2015.

I. Pledges Receivable

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

The Council uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges made. The total allowance at December 31, 2016 and 2015 of \$550 and \$205 respectively are reflected as a reduction of contributed support.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

J. Inventory

Inventory consists of Scouting and other items available for resale and is stated at cost on a first-in, first-out basis.

K. Investments

Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts. The Council accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the Statement of Financial Position. Fair value of marketable equity and debt securities is based on quote market prices. The realized and unrealized gain or loss on investments is reflected in the Statement of Changes in Net Assets.

Investments are exposed to various risks such as significant world events, interest rates, 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 Statement of Financial Position. See also Notes 4 and 5.

L. Investment Policy

The Council's investment policy intends for the Council to invest in assets that would produce results exceeding the investment's purchase price and incur a significant yield of return, while assuming a moderate level of investment risk. The Council expects its Endowment Fund, over time, to provide a reasonable rate of return. To satisfy the long-term rate-of-return objective, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation that places a greater emphasis on marketable equity and debt securities and money-market accounts to achieve its long-term objectives with prudent risk constraints.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

M. Land, Buildings, and Equipment

Land, buildings, and equipment acquisitions are recorded at cost. Donated land, buildings, and equipment are recorded at the approximate fair market value of the asset on the date of donation. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The Council will capitalize asset(s) with an estimated useful life of greater than one year and a cost exceeding \$1,000. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Land, buildings, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

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.

N. Contributions

Pledges receivable are recognized upon notification of a donor's unconditional promise to give to the Council. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value because that amount results in a reasonable estimate of fair value in accordance with the *Contributions Received* section of the FASB ASC. An allowance for uncollectible promises to give is recorded based on an analysis of collection histories and on reviews of the credit worthiness of major donors. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Changes in Net Assets as assets released from restrictions.

O. Interfund Loans

The interfund loans at December 31, 2016 and 2015 resulted from the Capital Fund making advances of surplus cash funds to the Operating Fund for operating purposes.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

P. Donated Materials and Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Council reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying consolidated financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Council's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Q. Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement 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 Council providing those services. In accordance with the policy of the National Council of the Boy Scouts of America ("the National Council"), the payments of the charter and national services fees to the National Council are not allocated as functional expenses.

R. Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising cost for December 31, 2016 and 2015 amounted to \$383 and \$509, respectively.

S. Agency Funds

Agency funds, which are custodial in nature, represent funds held by the Council on behalf of individuals, Boy Scout troops and other special activity groups.

T. Sale of Supplies and Products

Receipts from the sale of supplies and products are reported net cost of goods sold.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

U. Income Taxes

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Council is classified as a public charity. The Council is also exempt from state income taxes. The Council currently has no unrelated business income.

The Council assess whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the positions, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Council records no assets or liabilities for uncertain tax positions or unrecognized tax benefits. The Council's IRS Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2015, 2014, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

V. Concentration of Credit Risk

Cash balances of the Council are maintained at a local brokerage firm and at a local financial institution. Cash at the financial institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2016 and 2015, the Council had no uninsured cash balances.

W. Compensated Absences

Employees of the Council are entitled to paid vacation depending on length of service and other factors. The Council cannot reasonably estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Council's policy is to recognize the costs of compensated absences when actually paid to the employees.

X. Spending Policy

The Council has a Board approved total return spending policy that allows the operating fund to receive and recognize investment earnings originating from the endowment fund. As of December 31, 2016, annual withdrawals for program spending are not to exceed 4% of the Council's investable asset value on an annual basis. Provisions are made in the trust document that up to 10% can be withdrawn from Trust A during a financial crisis. The 4% spending objective will be determined based on the average market value of the Council's investable assets at the end of each quarter for the 12 consecutive quarters proceeding the calendar year to which the 4% is applied. As of December 31, 2015, the board-approved spending policy was a maximum 10% of the prior 12 months' average market value.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 2. Pledges Receivable

Unconditional pledges receivable at December 31, 2016 and 2015 consist of the following:

	2016	2015
Friends of Scouting	\$ 1,493	\$ 10,699
United Way	131	713
Other unrestricted promises	-	(196)
Restricted to Capital Fund	-	-
Restricted to Endowment Fund	8,178	8,781
Less allowance for doubtful accounts	<u>(550)</u>	<u>(205)</u>
Total	<u>9,252</u>	<u>\$ 19,792</u>
Receivable in less than one year	<u>\$ 2,074</u>	<u>\$ 12,407</u>

Note 3. Beneficial Trust Interests

The Council has been named beneficiary of two (2) charitable remainder trusts. Independent trustees selected by the donors maintain the trusts. Charitable remainder trusts provide for the payment of distributions to designated beneficiaries over the trusts' terms. At the end of the trusts' terms, the remaining assets are to be available for the Council's use, subject to donor-imposed restrictions, if any. The assets of these trusts are invested in both fixed income and equity investments. The estimated present value of the future benefits to be received from these trusts at December 31, 2016 and 2015 is \$48,234 and \$54,682, respectively. As of December 31, 2016 and 2015 the projected net return of 5.00% and 5.00% was used to estimate the present value of one of the trusts while the projected net return of 6.24% and 5.76% was used to estimate the present value of the other trust, respectively.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 4. Summary of Fair Value Measurements

Generally accepted accounting principles establish 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 are described below:

Level 1: Quoted prices in active markets for identical securities.

Corporate common and preferred stocks – Valued at the closing market price on the stock exchange where they are traded (primarily the New York Stock Exchange).

Money market and savings accounts – Composed of funds invested in savings accounts at various financial institutions and a money market mutual fund. Funds invested in savings accounts are valued based on the value of deposited funds and net investment earnings less withdrawals and fees. The money market mutual funds consists primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations, and other securities of foreign issuers. The fund seeks to maintain a stable net asset value (“NAV”) of \$1.

Mutual funds – Collective investment vehicles that are regulated and sold to the general public. The Council has two main types of these, Equity Securities and U.S. Government Securities. Equity securities are mutual funds that invest mainly the ownership of companies commonly traded in the open market including the New York Stock Exchange. U.S. Government securities are mutual funds that invest in bonds issued and backed by the government and municipalities that issue them within the confines of the United States.

Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risks, etc.). Bucktail Council believes that they have no level 2 investments.

Level 3: Significant unobservable inputs (including the Council’s own assumption in determine the fair value of investments). Bucktail Council believes that they have no level 3 investments.

The inputs and methodology used for valuing the Council’s financial assets and liabilities are not indicators of the risks associated with those instruments.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 4. Summary of Fair Value Measurements (Continued)

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015:

	Investments in Securities	
	2016	2015
Level 1: quoted prices	<u>\$ 683,403</u>	<u>\$ 671,307</u>
Total fair value	<u><u>\$ 683,403</u></u>	<u><u>\$ 671,307</u></u>

Note 5. Investments

Investments at December 31, 2016 and 2015 are composed of the following:

	<u>2016</u>		<u>2015</u>	
	Cost	Market	Cost	Market
Cash money market	\$ 20,910	\$ 20,910	\$ 29,397	\$ 29,397
Equity Securities	395,961	405,954	107,908	117,104
United States Government Securities	<u>238,255</u>	<u>256,539</u>	<u>526,536</u>	<u>524,806</u>
	<u><u>\$ 655,126</u></u>	<u><u>\$ 683,403</u></u>	<u><u>\$ 663,841</u></u>	<u><u>\$ 671,307</u></u>

Investments in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the financial statements.

The following schedule summarized the investment return in the Statement of Activities and Changes in Net Assets for the years ended December 31, 2016 and 2015:

	2016	2015
Interest and dividend income	\$ 26,770	\$ 24,957
Net realized and unrealized gains (losses)	<u>19,696</u>	<u>(39,333)</u>
	<u><u>\$ 46,466</u></u>	<u><u>\$ (14,376)</u></u>

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 5. Investments (Continued)

The above investment return is classified in the 2016 and 2015 Statement of Changes in Net Asset as follows:

	2016	2015
Unrestricted	\$ 22,456	\$ 23,648
Temporarily restricted	<u>24,010</u>	<u>(38,024)</u>
	<u>\$ 44,466</u>	<u>\$ (14,376)</u>

Income from interest and dividends on investments and realized and unrealized gains and losses on the sales of investments (“Investment Income, Gains, and Losses”) are recorded initially in the Endowment Fund. Distributions of Investment Income, Gains, and Losses from the Endowment Fund are recorded as income by the Operating and Capital funds in the period in which the distributions are made in accordance with the Council’s spending policy (Note 1X). In 2016 and 2015 investment expenses were presented as part of professional fees. As of December 31, 2016 and 2015, investment expenses amounted to \$5,583 and \$6,168.

Note 6. Fixed Assets

As of December 31, 2016 and 2015, fixed assets consist of the following:

	Useful lives	2016	2015
Land and land improvement		\$ 439,203	\$ 420,352
Buildings and improvements	5 – 30 years	2,470,393	2,470,393
Furniture, fixtures and equipment	2 – 10 years	648,328	639,813
Construction in progress		<u>-</u>	<u>11,758</u>
		<u>3,557,924</u>	<u>3,542,316</u>
Less accumulated depreciation		<u>(2,387,713)</u>	<u>(2,309,144)</u>
Net fixed assets		<u>\$ 1,170,211</u>	<u>\$ 1,233,172</u>

During the years ended December 31, 2016 and 2015, camp and office equipment was purchased and donated at a cost of \$27,365 and \$5,500, respectively.

Depreciation expense for the years ended December 31, 2016 and 2015 were \$78,568 and \$82,005, respectively.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 7. Construction in Progress

Construction in progress consists of:

	2016	2015
Construction of bridge:		
The project cost of the Mountain Run Bridge is \$11,758, as of December 31, 2016 the project will not be continued.	<u>\$ -</u>	<u>\$ 11,758</u>
Total	<u>\$ -</u>	<u>\$ 11,758</u>

Note 8. Net Assets and Restrictions

Substantially all of the restrictions on net assets at the end of 2016 and 2015 are related to funds raised through capital and endowment campaigns to help prepare the Council for future Scouting needs, charitable trusts of which the Council is beneficiary, and United Way service funding for the next year.

Temporarily restricted net assets are available for the following purposes at December 31, 2016 and 2015:

	2016	2015
Camping program	\$ 10,514	\$ 10,709
General operations	<u>501,053</u>	<u>477,201</u>
	<u>\$ 511,567</u>	<u>\$ 487,910</u>

Permanently restricted net assets consist of the following as of December 31, 2016 and 2015:

	2016	2015
Permanently restricted endowment gifts required to be retained either by explicit donors stipulations or by Pennsylvania law:		
Camping program	\$ 94,623	\$ 96,379
General operations	<u>265,127</u>	<u>260,891</u>
	<u>\$ 359,750</u>	<u>\$ 357,270</u>

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 9. Endowment Funds

The Council's Endowment Fund includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted Pennsylvania law as requiring the preservation of the fair value of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Council classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as either temporarily restricted or unrestricted net assets based on the existence of donor restrictions or by law.

The Council 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 Council 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 Council
7. The investment policies of the Council

Changes in the endowment net assets (deficit) for the years ended December 31, 2016 and 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment fund net assets, December 31, 2014	\$ (94,766)	\$ 532,078	\$ 353,936	\$ 791,248
Investment return	-	(28,114)	-	(28,114)
Contributions	-	-	3,334	3,334
Change in unrestricted net assets	(5,332)	-	-	(5,332)
Transfers	(2,958)	-	-	(2,958)
Adjustments to net assets	-	(16,054)	-	(16,054)
Endowment funds net assets, December 31, 2015	(103,056)	487,910	357,270	742,124
Investment return	-	30,105	-	30,105
Contributions	-	-	2,480	2,480
Change in unrestricted net assets	(5,017)	-	-	(5,017)
Transfers	(11,512)	-	-	(11,152)
Adjustments to net assets	-	(6,448)	-	(6,448)
Endowment fund net assets, December 31, 2016	<u>\$ (119,225)</u>	<u>\$ 511,567</u>	<u>\$ 359,750</u>	<u>\$ 752,092</u>

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 10. Note Payable and Line of Credit

During 2014 an old line of credit was refinanced as a term loan with a rate of 4.28% with First Commonwealth Bank. The amount refinanced was \$139,000 and is due on March 30, 2019. At December 31, 2016 and 2015 the balance on this term loan was \$67,029 and \$93,504, respectively.

At the time of refinancing, a new line of credit was opened with First Commonwealth at a rate of prime plus one percentage point (approximately 4.50% at year-end). At December 31, 2016 and 2015 the line of credit balance was \$49,960 and \$43,537, respectively. The line of credit, with a borrowing limit of \$50,000 is renewed annually on December 31st and expires on April 7, 2017.

Additionally, management has a credit card with S&T Bank that has been classified as a note payable. The balance was previously tracked as part of accounts payable. The borrowing limit is \$5,000 at a rate of 28.99%. As of December 31, 2016 and 2015, the balance on the card was \$4,843 and \$4,051, respectively.

The loan and the line of credit are secured by real estate owned by the council and the line of credit must be renewed annually.

Note 11. Employee Benefits Plan

The National Council 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 the Bucktail Council of Boy Scouts of America, Inc. The plan name is the *Boy Scouts of America Master Pension Trust - Boy Scouts of America Retirement Plan for Employees* and covers all employees who have completed one year of service and who have agreed to make contributions. Eligible employees contribute 2 percent of compensation, and the council contributes an additional 7 percent to the plan. Pension expense (excluding the contributions made by employees) was approximately \$12,710 and \$12,106 in 2016 and 2015, respectively, and covered current service cost. The actuarial information for the multi-employer plan as of February 1, 2014, indicates that it is in compliance with ERISA regulations regarding funding.

Note 12. Healthcare Plan

The Council's employees participate in a healthcare plan provided by the National Council. The Council pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2016 and 2015, the Council remitted \$26,293 and \$19,307, respectively, on behalf of its employees to the National Council related to the healthcare plan.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2016 and 2015

Note 13. Assets Held for Resale

The Mountain Run Bridge has been reclassified from construction in process to assets held for resale as of December 31, 2016 as the project has been cancelled. The estimated value of the asset has not been impaired. At December 31, 2016 and 2015 the balance of assets held for resale was \$11,758 and \$-0-, respectively.

Note 14. Life Insurance Cash Value

The Council, beneficiary of a life insurance policy, receives the cash surrender value if the policy is terminated and upon the death of the insured receives all benefits payable. The cash surrender value of the policy was \$12,277 and \$11,711 at December 31, 2016 and 2015, respectively, and is included with other assets in the accompanying statement of financial position.

Note 15. Statement of Cash Flows

A. Cash and cash equivalents

The Council considers cash and other demand deposits as cash and cash equivalents.

B. Non-cash transactions

Gifts of equipment and/or supplies for use by the Council at December 31, 2016 and 2015 are \$32,304 and \$3,345, respectively.

C. Interest

Interest paid at December 31, 2016 and 2015 is \$5,366 and \$5,367, respectively.

Note 16. Subsequent Events

These financial statements considered subsequent events through August 22, 2017, the date the financial statements were available to be issued.