

Audited Financial Statements

**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

December 31, 2020 and 2019

Audited Financial Statements

**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

December 31, 2020 and 2019

**Table of Contents**

	<b>Page Number</b>
<b>Independent Auditor’s Report</b> .....	1
<b>Audited Financial Statements:</b>	
Statements of Financial Position .....	3
Statements of Activities and Changes in Net Assets .....	5
Statements of Functional Expenses .....	8
Statements of Cash Flows.....	10
Notes to Financial Statements .....	12



## **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.**

#### **Opinion**

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, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bucktail Council of Boy Scouts of America, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

**Report on Summarized Comparative Information**

We have previously audited the Bucktail Council of Boy Scouts of America, Inc.'s 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated November 12, 2020. In our opinion, the summarized comparative information presented in the statement of functional expenses for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Certified Public Accountants

**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

Statements of Financial Position

December 31, 2020 and 2019

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	Total All Funds
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Current assets:</b>								
Cash	\$ 50,863	\$ 34,600	\$ 8,558	\$ 28,146	\$ -	\$ -	\$ 59,421	\$ 62,746
Short-term investments	-	-	-	-	28,755	16,982	28,755	16,982
Contributions receivable, net	-	590	-	-	1,000	1,000	1,000	1,590
Accounts receivable	23	6,480	-	-	-	-	23	6,480
Prepaid expenses	3,110	13,345	-	-	-	-	3,110	13,345
Deferred activity expense	-	9,292	-	-	-	-	-	9,292
Deferred camp expense	471	100	-	-	-	-	471	100
Inventory	13,439	16,981	-	-	-	-	13,439	16,981
Interfund loans	16,160	(7,755)	(16,160)	(20,317)	-	28,072	-	-
<b>Total current assets</b>	<b>84,066</b>	<b>73,633</b>	<b>(7,602)</b>	<b>7,829</b>	<b>29,755</b>	<b>46,054</b>	<b>106,219</b>	<b>127,516</b>
<b>Land, buildings and equipment:</b>								
Land and land improvements	-	-	439,203	439,203	-	-	439,203	439,203
Buildings	-	-	2,509,368	2,496,268	-	-	2,509,368	2,496,268
Furnishings and equipment	-	-	637,759	637,759	-	-	637,759	637,759
	-	-	3,586,330	3,573,230	-	-	3,586,330	3,573,230
Less: accumulated depreciation	-	-	(2,661,619)	(2,592,749)	-	-	(2,661,619)	(2,592,749)
<b>Net land, buildings and equipment</b>	<b>-</b>	<b>-</b>	<b>924,711</b>	<b>980,481</b>	<b>-</b>	<b>-</b>	<b>924,711</b>	<b>980,481</b>
<b>Other assets:</b>								
Contributions receivable	-	4,500	-	-	9,677	6,766	9,677	11,266
Long term investments	-	-	-	-	934,052	880,362	934,052	880,362
Cash surrender value – life insurance	-	-	-	-	14,521	13,985	14,521	13,985
<b>Total other assets</b>	<b>-</b>	<b>4,500</b>	<b>-</b>	<b>-</b>	<b>958,250</b>	<b>901,113</b>	<b>958,250</b>	<b>905,613</b>
<b>Total assets</b>	<b>\$ 84,066</b>	<b>\$ 78,133</b>	<b>\$ 917,109</b>	<b>\$ 988,310</b>	<b>\$ 988,005</b>	<b>\$ 947,167</b>	<b>\$ 1,989,180</b>	<b>\$ 2,013,610</b>

*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, 2020 and 2019

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	Total All Funds
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Current liabilities:</b>								
Accounts payable	\$ 16,737	\$ 251,812	\$ 400	\$ -	\$ -	\$ -	\$ 17,137	\$ 251,812
Accrued expenses	267,857	3,560	-	-	-	-	267,857	3,560
Payroll taxes and other withholdings	(200)	344	-	-	-	-	(200)	344
Deferred activity revenue	-	156	-	-	-	-	-	156
Deferred camp revenue	7,011	7,206	-	-	-	-	7,011	7,206
Agency funds	48,388	57,405	2,326	2,576	-	-	50,714	59,981
Other current liabilities	590	590	-	-	-	-	590	590
Short-term notes payable	49,839	24,714	-	-	-	-	49,839	24,714
Current portion of long-term debt	-	-	-	-	-	-	-	-
<b>Total current liabilities</b>	<b>390,222</b>	<b>345,787</b>	<b>2,726</b>	<b>2,576</b>	<b>-</b>	<b>-</b>	<b>392,948</b>	<b>348,363</b>
<b>Long-term debt, net of current portion</b>	<b>203,012</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>203,012</b>	<b>-</b>
<b>Other non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>593,234</b>	<b>345,787</b>	<b>2,726</b>	<b>2,576</b>	<b>-</b>	<b>-</b>	<b>595,960</b>	<b>348,363</b>
<b>Net assets:</b>								
Without donor restrictions	(524,454)	(272,554)	875,861	933,367	-	-	351,407	660,813
With donor restrictions	15,286	4,900	38,522	52,367	988,005	947,167	1,041,813	1,004,434
<b>Total net assets</b>	<b>(509,168)</b>	<b>(267,654)</b>	<b>914,383</b>	<b>985,734</b>	<b>988,005</b>	<b>947,167</b>	<b>1,393,220</b>	<b>1,665,247</b>
<b>Total liabilities and net assets</b>	<b>\$ 84,066</b>	<b>\$ 78,133</b>	<b>\$ 917,109</b>	<b>\$ 988,310</b>	<b>\$ 988,005</b>	<b>\$ 947,167</b>	<b>\$ 1,989,180</b>	<b>\$ 2,013,610</b>

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

## BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

### Statements of Activities and Changes in Net Assets

For the Years Ended December 31, 2020 and 2019

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2020	2019	2020	2019	2020	2019	Funds 2020	Funds 2019
<b>Changes in net assets without donor restrictions:</b>								
<b>Direct support:</b>								
Friends of scouting	\$ 79,645	\$ 91,730	\$ -	\$ -	\$ -	\$ -	\$ 79,645	\$ 91,730
Project sales	5,980	23,666	230	250	-	-	6,210	23,916
Capital campaign	-	-	3,591	8,015	-	-	3,591	8,015
Special events – gross	23,394	12,028	-	-	-	-	23,394	12,028
Less: costs of direct benefit	(2,990)	(6,667)	-	-	-	-	(2,990)	(6,667)
Net special events	20,404	5,361	-	-	-	-	20,404	5,361
Foundations and trusts	74,255	36,750	-	-	-	-	74,255	36,750
<b>Total direct support</b>	<b>180,284</b>	<b>157,507</b>	<b>3,821</b>	<b>8,265</b>	<b>-</b>	<b>-</b>	<b>184,105</b>	<b>165,772</b>
<b>Indirect support:</b>								
Unassociated organizations	35	91	-	-	-	-	35	91
United Way	33,821	36,413	-	-	-	-	33,821	36,413
Government fees and grants	20,000	-	-	5,813	-	-	20,000	5,813
<b>Total indirect support</b>	<b>53,856</b>	<b>36,504</b>	<b>-</b>	<b>5,813</b>	<b>-</b>	<b>-</b>	<b>53,856</b>	<b>42,317</b>
<b>Revenue:</b>								
Sale of supplies – gross	19,032	32,557	-	-	-	-	19,032	32,557
Less: cost of goods sold	(12,365)	(20,173)	-	-	-	-	(12,365)	(20,173)
Net sales of supplies	6,667	12,384	-	-	-	-	6,667	12,384
Product sales – gross	39,366	115,582	-	-	-	-	39,366	115,582
Less: cost of goods sold	(16,233)	(39,200)	-	-	-	-	(16,233)	(39,200)
Less: commissions paid to units	(13,376)	(44,405)	-	-	-	-	(13,376)	(44,405)
Net product sales	9,757	31,977	-	-	-	-	9,757	31,977
Investment return – net	119,720	30,718	2	-	(126,061)	-	(6,339)	30,718
Camping revenue	21,423	190,330	-	-	-	-	21,423	190,330
Activity revenue	8,262	12,195	-	-	-	-	8,262	12,195
Other revenue	12,837	31,887	4,280	-	-	-	17,117	31,887
<b>Total revenue</b>	<b>178,666</b>	<b>309,491</b>	<b>4,282</b>	<b>-</b>	<b>(126,061)</b>	<b>-</b>	<b>56,887</b>	<b>309,491</b>
<b>Net assets released from restrictions:</b>								
Satisfaction of program restrictions	-	1,375	-	2,408	-	-	-	3,783
Expiration of time restrictions	5,116	2,000	16,600	12,396	-	-	21,716	14,396
<b>Total net assets released from restrictions</b>	<b>5,116</b>	<b>3,375</b>	<b>16,600</b>	<b>14,804</b>	<b>-</b>	<b>-</b>	<b>21,716</b>	<b>18,179</b>
<b>Total support and revenue</b>	<b>417,922</b>	<b>506,877</b>	<b>24,703</b>	<b>28,882</b>	<b>(126,061)</b>	<b>-</b>	<b>316,564</b>	<b>535,759</b>

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

**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

Statements of Activities and Changes in Net Assets (Continued)

For the Years Ended December 31, 2020 and 2019

	<b>Operating Fund</b>		<b>Capital Fund</b>		<b>Endowment Fund</b>		<b>Total All</b>	<b>Total All</b>
	<b>2020</b>	2019	<b>2020</b>	2019	<b>2020</b>	2019	<b>Funds 2020</b>	<b>Funds 2019</b>
<b>Changes in net assets without donor restrictions (continued):</b>								
<b>Expenses and losses:</b>								
Program services	<b>367,259</b>	507,305	<b>76,868</b>	80,315	<b>7,000</b>	-	<b>451,127</b>	587,620
Support services								
Management and general	<b>21,726</b>	23,539	<b>86</b>	114	<b>777</b>	-	<b>22,589</b>	23,653
Fundraising	<b>17,371</b>	20,564	<b>129</b>	170	<b>-</b>	-	<b>17,500</b>	20,734
<b>Total support services</b>	<b>39,097</b>	44,103	<b>215</b>	284	<b>777</b>	-	<b>40,089</b>	44,387
<b>Total functional expenses</b>	<b>406,356</b>	551,408	<b>77,083</b>	80,599	<b>7,777</b>	-	<b>491,216</b>	632,007
Charter and national service fee	<b>5,820</b>	6,628	-	-	-	-	<b>5,820</b>	6,628
Contribution to settlement trust	<b>261,000</b>	-	-	-	-	-	<b>261,000</b>	-
Loss on disposal of fixed assets	<b>-</b>	-	<b>1,772</b>	-	<b>-</b>	-	<b>1,772</b>	-
<b>Total expenses and losses</b>	<b>673,176</b>	558,036	<b>78,855</b>	80,599	<b>7,777</b>	-	<b>759,808</b>	638,635
<b>Increase (decrease) in net assets without donor restrictions</b>	<b>(255,254)</b>	(51,159)	<b>(54,152)</b>	(51,717)	<b>(133,838)</b>	-	<b>(443,244)</b>	(102,876)
<b>Changes in net assets with donor restrictions:</b>								
<b>Direct support:</b>								
Friends of scouting	-	100	-	-	-	-	-	100
Project sales	<b>11,862</b>	300	<b>1,121</b>	-	-	-	<b>12,983</b>	300
Capital campaign	-	-	<b>1,634</b>	690	-	-	<b>1,634</b>	690
Foundations and trusts	-	-	-	20,000	-	-	-	20,000
Legacies and bequests	-	-	-	-	<b>2,912</b>	1,730	<b>2,912</b>	1,730
Other direct support	<b>3,640</b>	-	-	-	-	18,196	<b>3,640</b>	18,196
<b>Total direct support</b>	<b>15,502</b>	400	<b>2,755</b>	20,690	<b>2,912</b>	19,926	<b>21,169</b>	41,016
<b>Indirect support:</b>								
United Way	-	4,500	-	-	-	-	-	4,500
<b>Total indirect support</b>	<b>-</b>	4,500	<b>-</b>	-	<b>-</b>	-	<b>-</b>	4,500

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



**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

Statements of Activities and Changes in Net Assets (Continued)

For the Years Ended December 31, 2020 and 2019

	<b>Operating Fund</b>		<b>Capital Fund</b>		<b>Endowment Fund</b>		<b>Total All</b>	<b>Total All</b>
	<b>2020</b>	2019	<b>2020</b>	2019	<b>2020</b>	2019	<b>Funds 2020</b>	<b>Funds 2019</b>
<b>Changes in net assets with donor restrictions (continued):</b>								
Investment revenue - net	-	-	-	-	<b>171,764</b>	124,267	<b>171,764</b>	124,267
<b>Net assets released from restrictions</b>	<b>(5,116)</b>	(3,375)	<b>(16,600)</b>	(14,804)	-	-	<b>(21,716)</b>	(18,179)
<b>Total support and revenue</b>	<b>10,386</b>	1,525	<b>(13,845)</b>	5,886	<b>174,676</b>	144,193	<b>171,217</b>	151,604
<b>Increase (decrease) in net assets with donor restrictions</b>	<b>10,386</b>	1,525	<b>(13,845)</b>	5,886	<b>174,676</b>	144,193	<b>171,217</b>	151,604
<b>Increase (decrease) in total net assets</b>	<b>(244,868)</b>	(49,634)	<b>(67,997)</b>	(45,831)	<b>40,838</b>	144,193	<b>(272,027)</b>	48,728
<b>Net assets, beginning of year:</b>								
Without donor restrictions	<b>(272,554)</b>	(134,509)	<b>933,367</b>	991,660	-	-	<b>660,813</b>	857,151
With donor restrictions	<b>4,900</b>	3,375	<b>52,367</b>	37,895	<b>947,167</b>	718,098	<b>1,004,434</b>	759,368
<b>Total net assets, beginning of year</b>	<b>(267,654)</b>	(131,134)	<b>985,734</b>	1,029,555	<b>947,167</b>	718,098	<b>1,665,247</b>	1,616,519
<b>Board authorized transfers</b>	<b>3,354</b>	(2,010)	<b>(3,354)</b>	2,010	-	-	-	-
<b>Adjustments to net assets:</b>								
Without donor restrictions	-	(84,876)	-	(8,586)	<b>133,838</b>	-	<b>133,838</b>	(93,462)
With donor restrictions	-	-	-	8,586	<b>(133,838)</b>	84,876	<b>(133,838)</b>	93,462
<b>Total adjustments to net assets</b>	-	(84,876)	-	-	-	84,876	-	-
<b>Net assets, end of year:</b>								
Without donor restrictions	<b>(524,454)</b>	(272,554)	<b>875,861</b>	933,367	-	-	<b>351,407</b>	660,813
With donor restrictions	<b>15,286</b>	4,900	<b>38,522</b>	52,367	<b>988,005</b>	947,167	<b>1,041,813</b>	1,004,434
<b>Total net assets, end of year</b>	<b>\$ (509,168)</b>	\$ (267,654)	<b>\$ 914,383</b>	\$ 985,734	<b>\$ 988,005</b>	\$ 947,167	<b>\$ 1,393,220</b>	\$ 1,665,247

*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, 2020

(With Comparative Totals for 2019)

	<b>Program Services</b>	<b>Management And General</b>	<b>Fund- Raising</b>	<b>Product Sales Cost of Sales</b>	<b>Cost of Direct Benefit to Donors</b>	<b>Total Expenses 2020</b>	<b>2019</b>
<b>Expenses:</b>							
<b>Employee compensation:</b>							
Salaries	\$ 190,728	\$ 6,441	\$ 9,669	\$ -	\$ -	\$ 206,838	\$ 245,056
Employee benefits	44,258	1,672	2,510	-	-	48,440	46,389
Payroll taxes	16,310	459	688	-	-	17,457	21,299
Employee-related expenses	20	1	1	-	-	22	244
<b>Total employee compensation</b>	<b>251,316</b>	<b>8,573</b>	<b>12,868</b>	<b>-</b>	<b>-</b>	<b>272,757</b>	<b>312,988</b>
<b>Other expenses:</b>							
Professional fees	6,333	11,450	339	-	-	18,122	17,020
Program and other supplies	7,183	99	428	-	-	7,710	53,924
Telephone and communications	8,224	188	282	-	-	8,694	7,810
Postage and shipping	1,421	180	67	-	-	1,668	2,486
Occupancy	54,109	238	359	-	-	54,706	68,957
Rental and maintenance of equipment	4,591	13	20	-	-	4,624	11,375
Publications and media	233	-	-	-	-	233	2,556
Travel	7,122	166	249	-	-	7,537	16,925
Conferences and meetings	1,629	48	72	-	-	1,749	6,690
Specific assistance to individuals	156	-	-	-	-	156	7,703
Recognition awards	3,737	83	1,790	-	-	5,610	12,549
Cost of products sold & unit commissions	-	-	-	29,609	-	29,609	83,605
Cost of goods sold	12,365	-	-	-	-	12,365	29,036
Cost of direct benefit to donors	-	-	-	-	2,990	2,990	6,667
Interest	1,764	75	112	-	-	1,951	4,116
Insurance	22,381	400	602	-	-	23,383	25,522

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

**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

Statements of Functional Expenses (Continued)

For the Year Ended December 31, 2020  
(With Comparative Totals for 2019)

	<b>Program Services</b>	<b>Management And General</b>	<b>Fund- Raising</b>	<b>Product Sales Cost of Sales</b>	<b>Cost of Direct Benefit to Donors</b>	<b>Total Expenses 2020</b>	2019
<b>Other expenses (continued)</b>							
Depreciation and amortization	70,426	68	104	-	-	70,598	70,622
Other	10,503	1,008	209	-	-	11,720	10,764
<b>Total other expenses</b>	<b>212,177</b>	<b>14,016</b>	<b>4,633</b>	<b>29,609</b>	<b>2,990</b>	<b>263,425</b>	438,327
<b>Total functional expenses</b>	<b>463,493</b>	<b>22,589</b>	<b>17,501</b>	<b>29,609</b>	<b>2,990</b>	<b>536,182</b>	751,315
<b>Expenses included with revenue on the statement of activities:</b>							
Cost of products sold and unit commissions	-	-	-	(29,609)	-	(29,609)	(83,605)
Cost of goods sold	(12,365)	-	-	-	-	(12,365)	(29,036)
Cost of direct benefit to donors	-	-	-	-	(2,990)	(2,990)	(6,667)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 451,128</b>	<b>\$ 22,589</b>	<b>\$ 17,501</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 491,218</b>	\$ 632,007

*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, 2020 and 2019

	<b>Operating Fund</b>		<b>Capital Fund</b>		<b>Endowment Fund</b>		<b>Total All</b>	<b>Total All</b>
	<b>2020</b>	2019	<b>2020</b>	2019	<b>2020</b>	2019	<b>Funds 2020</b>	Funds 2019
<b>Cash flows from operating activities:</b>								
Change in total net assets	\$ (244,868)	\$ (49,634)	\$ (67,997)	\$ (45,831)	\$ 40,838	\$ 144,193	\$ (272,027)	\$ 48,728
<b>Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:</b>								
Depreciation	-	-	70,598	70,622	-	-	70,598	70,622
Loss on disposal of fixed assets	-	-	1,772	-	-	-	1,772	-
Realized/unrealized (gains)/losses on sale of investments	-	-	-	-	(153,396)	(136,606)	(153,396)	(136,606)
Cash surrender value - life insurance	-	-	-	-	(536)	(570)	(536)	(570)
<b>Adjustment for changes in assets and liabilities:</b>								
Accounts receivable	6,457	6,914	-	-	-	-	6,457	6,914
Contributions receivable	5,090	80,386	-	(510)	(2,911)	(1,730)	2,179	78,146
Inventory	3,542	237	-	-	-	-	3,542	237
Deferred activity expenses	9,292	(9,118)	-	-	-	-	9,292	(9,118)
Deferred camp expense	(371)	-	-	-	-	-	(371)	-
Prepaid expenses	10,235	(9,736)	-	-	-	-	10,235	(9,736)
Accounts payable	(235,075)	66,310	400	(1,712)	-	-	(234,675)	64,598
Accrued expenses	264,297	(3)	-	-	-	-	264,297	(3)
Payroll taxes	(544)	88	-	-	-	-	(544)	88
Custodial accounts	(9,017)	13,044	(250)	300	-	-	(9,267)	13,344
Deferred activity revenue	(156)	(240)	-	-	-	-	(156)	(240)
Deferred camp revenue	(195)	(3,142)	-	-	-	-	(195)	(3,142)
<b>Net cash flow provided by/(used for) operating activities</b>	<b>(191,313)</b>	95,106	<b>4,523</b>	22,869	<b>(116,005)</b>	5,287	<b>(302,795)</b>	123,262

*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, 2020 and 2019

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	Total All Funds
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Cash flows from investing activities:</b>								
Purchase of property and equipment	-	-	(16,600)	-	-	-	(16,600)	-
Proceeds from sale of investments	-	-	-	-	99,706	-	99,706	-
Purchase of investments	-	-	-	-	-	(64,762)	-	(64,762)
<b>Net cash flows provided/(used) by investing activities</b>	<b>-</b>	<b>-</b>	<b>(16,600)</b>	<b>-</b>	<b>99,706</b>	<b>(64,762)</b>	<b>83,106</b>	<b>(64,762)</b>
<b>Cash flows from financing activities:</b>								
Proceeds from borrowing	228,137	-	-	-	-	-	228,137	-
Curtailements of borrowing	-	(37,209)	-	-	-	-	-	(37,209)
Net asset adjustments	-	(84,876)	-	-	-	84,876	-	-
Transfers IN	3,354	(2,010)	(3,354)	2,010	-	-	-	-
Proceeds from interfund loans	(23,915)	27,632	(4,157)	440	28,072	(28,072)	-	-
<b>Net cash flows provided/(used) by financing activities</b>	<b>207,576</b>	<b>(96,463)</b>	<b>(7,511)</b>	<b>2,450</b>	<b>28,072</b>	<b>56,804</b>	<b>228,137</b>	<b>(37,209)</b>
<b>Net increase(decrease) in cash and cash equivalents</b>	<b>16,263</b>	<b>(1,357)</b>	<b>(19,588)</b>	<b>25,319</b>	<b>11,773</b>	<b>(2,671)</b>	<b>8,448</b>	<b>21,291</b>
<b>Cash and temporary investments, beginning of year</b>	<b>34,600</b>	<b>35,957</b>	<b>28,146</b>	<b>2,827</b>	<b>16,982</b>	<b>19,653</b>	<b>79,728</b>	<b>58,437</b>
<b>Cash and temporary investments, end of year</b>	<b>\$ 50,863</b>	<b>\$ 34,600</b>	<b>\$ 8,558</b>	<b>\$ 28,146</b>	<b>\$ 28,755</b>	<b>\$ 16,982</b>	<b>\$ 88,176</b>	<b>\$ 79,728</b>

*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, 2020 and 2019

### 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 and women ages 5 through 20 in the counties of Cameron, Clearfield, Elk, Jefferson, and the western portion of Centre County. The Council has a camping facility located within its service area. The Council is an independent not-for-profit organization devoted to promoting, within the territory covered by the charter from time to time granted it by the Boy Scouts of America and in accordance with the Congressional Charter, Bylaws, and Rules and Regulations of the Boy Scouts of America, the Scouting program of promoting the ability of boys and girls and young men and women to do things for themselves and others, training them in scoutcraft and teaching them patriotism, courage, self-reliance, and kindred virtues, using the methods which are now in common use by the Boy Scouts of America. In addition to support for organizational and programmatic Scouting activities, the National Council of the Boy Scouts of America (the "National Council") provides components of the Council's employee benefit plans (see Note 13) and liability insurance programs (see Note 21) as well as components of the Council's technology, software and other items. The Council delivered Scouting to nearly 1,000 youth members in 2020. Scouting programs include the following:

*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.

*Scouts, BSA* – Scouts BSA is a year-round program for youth 11-17 years old that provides fun, adventure, learning, challenge, and responsibility to help them become the best versions of themselves.

*Venturing* – Provides experiences to help young men and women, ages 14 (or 13 with completion of the eighth grade) through 20, become mature, responsible, caring adults. Young 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.

Families can choose to sign up their sons and daughters who are ages 5-10 for Cub Scouts. Chartered organizations may choose to establish a new girl pack, establish a pack that consists of girl dens and boy dens, or remain an all-boy pack. Cub Scout dens will be a single gender – all boys or all girls. Using the same curriculum as the (now) former Boy Scouting program, Scouts BSA launched in February 2019, enabling all eligible youth ages 11-17 to earn the Eagle Scout rank. Scouts BSA is single gender – all-girl troops or all-boy troops. This unique approach allows the organization to maintain the integrity of the single-gender model while also meeting the needs of today's families.

Council 509's website address is [www.bucktail.org](http://www.bucktail.org).

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

#### B. Prior Year Summarized Comparative Information

The financial statements and certain notes 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, 2019, 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:

*Net Assets with Donor Restrictions* – The part of net assets of the Council that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

*Net Assets without Donor Restrictions* – The part of net assets of the Council that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

*Board-Designated Net Assets* – Net assets without donor restrictions, that are subject to self-imposed limits by action of the Council's Board of Directors. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

#### D. Fund Accounting

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Council are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The accounts of the Council are maintained in three self-balancing fund groups according to their nature and purpose as follows:

*General Operating Fund* – The general operating fund is used to account for the Council's operating activities.

*Capital Fund* – The capital fund is used to account for property, buildings, equipment, and legally restricted cash that is to be expended for property, buildings, and equipment and related debt payments. Also included in this fund are investments either restricted or designated for capital repair and improvements where the income is either designated or restricted for those particular items. Revenues and expenses related to the capital fundraising campaign are also included in this fund.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

### **D. Fund Accounting (Continued)**

*Endowment Fund* – The endowment fund is normally used to account for amounts of gifts and bequests accepted with legal restrictions based on donor stipulation that the principal be maintained intact in perpetuity until the occurrence of a specified event or for a specified period, and that only income from the investment thereof be expended either for general purposes or for purposes specified by the donor. Investment funds with and without donor restrictions are also included in the endowment fund.

Certain donor-restricted net assets have been restricted by donors to be maintained by the Council in perpetuity.

### **E. Basis of Presentation**

The financial statements are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2018, the Council adopted the provisions of Accounting Standards Update (“ASU”) 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about the Council’s liquidity, financial performance, and cash flows.

### **F. 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.

### **G. Cash and Cash Equivalents**

The Council considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

### **H. Inventory**

Inventory consists primarily of Scouting supplies and is stated at cost on a first-in, first-out basis.



# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

#### **I. Accounts Receivable**

Accounts receivable consist primarily of amounts due from Scout units on popcorn (product) sales and are reported at net realizable value if the amounts are due within one year. The total due as of December 31, 2020 and 2019 was \$23 and \$6,480 respectively. Allowances for doubtful accounts are established based on prior collection experiences and current economic factors, which, in management's judgment, could influence the ability of customers to repay the amounts. No allowance for doubtful accounts for accounts receivable was deemed necessary as of December 31, 2020, and 2019.

#### **J. Contributions Receivable**

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 using a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management's assessment of many factors, including when the receivable is expected to be collected, the creditworthiness of the other parties, the Council's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivables collectability. Amortization of the discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for uncollectible pledges is recorded when the Council determines, based on historical experience and collection efforts, that a contribution receivable (carried over from a prior year) is uncollectible. As of December 31, 2020, and 2019, contributions receivable were net of an allowance for uncollectible pledges of \$988 and \$350, respectively.

#### **K. Investments**

Investments with readily determinable fair values are at measured fair value in the statement of financial position. Interest, dividends, realized and unrealized gains and losses on investments, net of fees, are recorded as investment return in the statement of activities and net assets. Realized gains and losses are determined on a specific identification basis. Realized and unrealized gains and losses, interest, and dividends on investments are recorded as net assets without donor restriction unless such amounts are restricted by the donor or by law. Investments received as gifts are recorded at the estimated fair value at the date of the gift. Investments are classified based on their original maturities. Investments with original maturities of less than 12 months are classified as short-term investments.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

#### L. Land, Buildings, and Equipment

Purchased property and equipment are stated at cost. Maintenance and repairs are charged to operations when incurred. Betterments and renewals of \$1,000 or more are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in the change in net assets.

Depreciation of property and equipment and amortization of leasehold improvements are computed using the straight-line method based on the shorter of the estimated useful lives or lease terms of the assets as follows:

<u>Assets</u>	<u>Estimated Useful Lives</u>
Land improvements	10-40 years
Building and leasehold improvements	2-50 years
Furniture, fixtures, and equipment	3-20 years

Donations of property and equipment are recorded as contributions at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose based on its fair value. Assets donated with explicit restrictions regarding their use, absent donor stipulations regarding how long those donated assets must be maintained, are recorded as net assets with donor restrictions. The Council reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Council reclassifies net assets with donor restrictions that are temporary in nature to net assets without donor restrictions at that time.

#### M. Concentration of Credit Risk

The Council maintains its cash and cash equivalents in financial institution accounts, which may, at times, exceed the federally insured limit of \$250,000 set by the Federal Deposit Insurance Corporation. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions.

#### N. Interfund Loans

The Council records interfund loans on a single line in the asset section of the statement of financial position and classifies them as current or long-term based on the intended repayment date of the loan. The total of all three interfund loan accounts must be zero in the total column of the statement of financial position.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

#### **O. 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 in the net assets without donor restrictions category, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported in the net assets with donor restrictions category. Per FASB ASU 2016-14 and absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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 Council. Some members of the Council have donated significant amounts of time to the Council in furthering its programs and objectives. However, no amounts have been included in the financial statements for donated member or volunteer services since they did not meet the criteria for recognition.

#### **P. Functional Expenses**

The costs of providing the Scouting program and supporting services have been summarized on the statement of activities and changes in net assets on a functional basis. Most expenses can be directly attributed to the program or supporting functions. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include occupancy, depreciation, office expenses, insurance, salaries and wages of support personnel, including the Scout executive's, accounting, personnel, and payroll taxes. The basis of allocation of these expenses is the result of a time study of staff performed every three years. The percentage of time allocated to each of the programs and the supporting functions is based on the average of the results of three separate studies and is applied to the expenses that are allocated. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payment of the charter fee to the National Council is not allocated as a functional expense. The financial statements report expenses by function in the statement of functional expenses.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

#### **Q. Reclassifications**

Certain reclassifications have been made to the 2019 summarized financial information to conform to current year presentation. These reclassifications had no effect on the decrease in net assets in 2020.

#### **R. Advertising**

Advertising costs are expensed when incurred. Advertising cost for December 31, 2020 and 2019 amounted to \$697 and \$3,219, respectively.

#### **S. Custodial Accounts**

Custodial accounts represent amounts held by the Council as custodian for registration fees for member units, amounts on deposit for affiliated Scouting associations for their future use, and amounts on deposit by member units for purchases of uniforms and supplies.

#### **T. Income Taxes**

The Council is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The Council is subject to federal income tax on any unrelated business taxable income. The Council evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. No uncertain tax positions were identified by the Council as of December 31, 2020 and 2019.

The Council's policy is to classify income tax penalties and interest as interest expense in its financial statements. During the years ended December 31, 2020 and 2019, respectively, the Council incurred no penalties and interest. The Council's Federal Return of Organizations Exempt from Income Tax (Forms 990) for 2018, 2019, and 2020 are subject to examination by the IRS, generally for the three years after they were filed. As of the date of this report, the Council's 2020 return has been filed.

#### **U. Revenue Recognition**

*Revenue from Exchange Transactions:* The Council recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Council records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending December 31, 2020 and 2019:

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

#### U. Revenue Recognition (Continued)

*Scout Shop and Trading Post sales*—The Council operates a Scout Shop in its Service Center and various Trading Posts at its summer camp, which sell Scouting-related merchandise on a retail basis to customers. The performance obligation is the delivery of the good to the customer. The transaction price is established by the Council based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Council recognizes revenue as the customer pays and takes possession of the merchandise. Some merchandise is sold with a right of return. If probable customer returns exist at the end of an accounting period, the Council estimates and records in its financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of December 31, 2020 and 2019.

*Product sales*—To help Scout packs and troops raise the money they need to fund programs and activities throughout the year, the Council participates in the Trail's End Popcorn program. Scout packs and troops purchase popcorn from the Council, which they then resell to customers. The Scout packs and troops earn a commission of 40% on each sale they make, which may be used to offset the price of the popcorn they purchase from the Council. The popcorn sale also helps the Council raise money in support of its programs. Popcorn sales to Scout units start in the fall of each year, with the units placing their orders online through the Trail's End website. The price the Scout unit pays for the popcorn is established by the Council, and each item is individually priced, so no allocation of the transaction price is required. Many BSA units are allowed to purchase popcorn "on account" with payment due at a later date. Per FASB ASU 2014-09, the Council is required to assess the probability of collecting these accounts receivable in order to determine whether there is a substantive transaction between the council and the unit. In making this collectability assessment, the Council exercises judgment and considers all facts and circumstances, including its knowledge of the customer. The Council uses the Trail's End website to track and manage unit accounts receivable. With popcorn sales, the performance obligation is delivery of the product, which is fulfilled by the Council at predetermined times and locations. Revenue recognition occurs when the product has been delivered. The Council presents separately in its statements of activities and changes in net assets gross revenues from popcorn sales, cost of goods sold, and unit commissions (retained by or paid to the unit). Scout units have the right to return to the Council any unsold product, subject to a return-by date of October 17, 2020. As of December 31, 2020 and 2019, no probable popcorn returns existed. Accordingly, no liability for probable customer returns was considered necessary.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

#### U. Revenue Recognition (Continued)

*Camping and Activity revenue*— The Council conducts program-related experiences such as Day Camps, Weekend Overnights, Camporees, and Summer Camps where the performance obligation is delivery of the program. Fees for camps and activities are set by the Council. For resident camps, fees include program supplies, meals, lodging, recognition items, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation. Activities such as the National Scout Jamboree may include a transportation component in the transaction price. Some special camp programs do incur additional fees (shooting sports, for example), which are separately priced. BSA activities such as Wood Badge may involve program supplies, recognition items, and meals, and are also considered to be one performance obligation. Fees collected in advance of delivery of the camp or activity are initially recognized as liabilities (deferred revenue) and are only recognized in the statements of activities after delivery of the program has occurred.

*Special fundraising event revenue*: The Council conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event— the exchange component, and a portion represents a contribution to the Council. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Council. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Council, are recorded as costs of direct donor benefits in the statement of activities and changes in net assets. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Council. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Council separately presents in its statements of activities and changes in net assets the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Council in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Council follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

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

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

#### V. Fair Value Measurement

The FASB established a framework for measuring fair value and disclosing fair value measurements to financial statement users. Fair value is the price that would be received to sell an asset or paid to transfer a liability (referred to as the “exit price”) in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for specific assets or liabilities at the measurement dates. The fair value should be based on assumptions that market participants would use, including consideration of nonperformance risk.

In determining fair value, the Council uses various valuation approaches. The FASB established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Council. Unobservable inputs are inputs that reflect the Council’s assumptions about assumptions market participants would use in pricing the assets or liabilities developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets to which the Council has access.

*Level 2* – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors, including, for example, the type of asset or liability, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Council in determining fair value is greatest for instruments categorized in Level 3.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

#### **V. Fair Value Measurement (Continued)**

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an organization-specific measure. Therefore, even when market assumptions are not readily available, the Council's own assumptions are set to reflect those that the Council believes market participants would use in pricing the asset or liability at the measurement date.

#### **W. Accounting Pronouncements Adopted**

In 2019, the Council adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the years ending December 31, 2020 and 2019 are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

During the year, the Council adopted the provisions of FASB ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. Adoption of this pronouncement had no effect on the Council's current or previously issued financial statements.

In 2019 the Council also adopted the provisions of FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.



# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

#### W. Accounting Pronouncements Adopted (Continued)

In 2019, the Council adopted the provisions of FASB ASU 2016-18, Statement of Cash Flows (Topic 230). This ASU requires that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in the ASU do not provide a definition of restricted cash or restricted cash equivalents. The Council has applied the provisions of ASU 2016-18 to retrospectively to all periods presented with no effect on net assets or previously issued financial statements.

Effective for the Council in 2019, FASB ASU 2016-01, Financial Instruments – Overall Recognition and Measurement of Financial Assets and Financial Liabilities (Topic 825-10) allows an NFP to choose, on an investment-by-investment basis, to report an equity investment without a readily determinable fair value, that does not qualify for the practical expedient fair value in accordance with FASB ASC 820-10-35-59, at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issue. The FASB ASU requires additional disclosures about those investments. Adoption of this accounting pronouncement had no effect on the Council's financial statements.

#### X. Recently Issued Accounting Standards

The following accounting pronouncements were recently issued by the FASB:

In order to give immediate relief to certain entities as a result of the widespread, adverse economic effects caused by the COVID-19 pandemic, on June 3, 2020, the FASB issued ASU No. 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities. This Accounting Standards Update defers the effective dates of FASB ASC Topics 606 and 842 to fiscal years beginning after December 15, 2019 and December 15, 2021, respectively, for certain entities that had not issued their financial statements (or made them available for issuance) as of June 3, 2020.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

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

### **X. Recently Issued Accounting Standards (Continued)**

#### *Pending*

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. The Council is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

#### *Pending*

Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU 2020-07)— Effective for local councils in 2022, the amendments in this Update apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets.

## **Note 2. Fund Balance Transfers**

Certain cash transfers between funds were made during the year to properly report all funds on a basis consistent with executive board designations and the Council's accounting policies.

**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

**Note 3. Liquidity and Availability of Funds**

The Council's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	<b>2020</b>	2019
Cash – operating fund	<b>\$ 50,863</b>	\$ 34,600
Contributions receivable – operating fund	-	590
Accounts receivable – operating fund	<b>23</b>	6,480
	<hr/>	<hr/>
Total financial assets as of year end	<b>50,886</b>	41,670
	<hr/>	<hr/>
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	<b>\$ 50,886</b>	\$ 41,670
	<hr/>	<hr/>

The Council's endowment funds consist of donor restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure.

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Council invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Council has a line of credit in the amount of \$50,000, which it could draw upon. At December 31, 2020 and 2019, the Council has \$161 and \$30,213, respectively, available to draw on from the line of credit.

**Note 4. Deferred Revenue**

The activity balances for deposits and deferred revenues from contracts with customers are shown in the following table:

	<b>Camps</b>	<b>Activities</b>	<b>Total</b>
Balance at December 31, 2018	\$ 10,348	\$ 396	\$ 10,744
Revenue recognized	(635,250)	(552)	(635,802)
Payments received for future performance obligations	632,108	312	632,420
	<hr/>	<hr/>	<hr/>
<b>Balance at December 31, 2019</b>	<b>\$ 7,206</b>	<b>\$ 156</b>	<b>\$ 7,362</b>
	<hr/>	<hr/>	<hr/>

**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

**Note 4. Deferred Revenue (Continued)**

	<b>Camps</b>	<b>Activities</b>	<b>Total</b>
Balance at December 31, 2019	\$ 7,206	\$ 156	\$ 7,362
Revenue recognized	(107,026)	(156)	(107,182)
Payments received for future performance obligations	<u>106,831</u>	<u>-</u>	<u>106,831</u>
<b>Balance at December 31, 2020</b>	<b><u>\$ 7,011</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,011</u></b>

**Note 5. Contributions Receivable**

Contributions receivable at December 31, 2020 and 2019 consist of the following:

	<b>2020</b>	2019
Friends of scouting	\$ 988	\$ 940
United Way	-	4,500
Restricted to endowment funds	<b>10,677</b>	7,766
Less allowance for doubtful accounts	<u>(988)</u>	<u>(350)</u>
<b>Total</b>	<b><u>\$ 10,677</u></b>	<b><u>\$ 12,856</u></b>
Receivable in less than one year	<u>\$ 1,000</u>	<u>\$ 1,590</u>

**Note 6. Land, Buildings and Equipment**

Land, buildings and equipment in the Capital Fund, consisted of the following at December 31, 2020 and 2019:

	<b>2020</b>	2019
Land and land improvement	\$ 439,203	\$ 439,203
Buildings and improvements	<b>2,509,368</b>	2,496,268
Furniture, fixtures, and equipment	<u>637,759</u>	<u>637,759</u>
	<b>3,586,330</b>	3,573,230
Less accumulated depreciation	<u>(2,661,619)</u>	<u>(2,592,749)</u>
<b>Net book value – land, buildings and equipment</b>	<b><u>\$ 924,711</u></b>	<b><u>\$ 980,481</u></b>

Depreciation expense for the years ended December 31, 2020 and 2019 were \$70,598 and \$70,622, respectively.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

### Note 7. Investments

Investments at December 31, 2020 and 2019 are composed of the following:

	2020	2019
Money market accounts	\$ 28,755	\$ 16,982
Equity securities	613,970	559,194
Fixed income securities	<u>320,082</u>	<u>321,168</u>
<b>Total investments</b>	<b><u>\$ 962,807</u></b>	<b><u>\$ 897,344</u></b>

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, 2020 and 2019:

	2020	2019
Interest	\$ 696	\$ 827
Dividends	17,774	24,180
Net realized gains (losses)	73,165	10,388
Net unrealized gains (losses)	80,231	126,218
Trustee and other fees	<u>(6,441)</u>	<u>(6,628)</u>
<b>Total investment return, net</b>	<b><u>\$ 165,425</u></b>	<b><u>\$ 154,985</u></b>

The above investment return is classified in the 2020 and 2019 Statement of Activities and Changes in Net Asset as follows:

	2020	2019
Investment return recorded:		
Within net assets with donor restrictions	\$ 171,764	\$ 124,267
Within net assets without donor restrictions	<u>(6,339)</u>	<u>30,718</u>
<b>Total investment return, net</b>	<b><u>\$ 165,425</u></b>	<b><u>\$ 154,985</u></b>

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

### Note 7. Investments (Continued)

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 and net realized gains 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 11).

### Note 8. Fair Value Measurement

The following provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2020 and 2019:

	2020	
	Level 1	Total
Money market accounts	\$ 28,755	\$ 28,755
Equity securities	613,970	613,970
Fixed income securities	320,082	320,082
<b>Total investments</b>	<b>\$ 962,807</b>	<b>\$ 962,807</b>

  

	2019	
	Level 1	Total
Money market accounts	\$ 16,982	\$ 16,982
Equity securities	559,194	559,194
Fixed income securities	321,168	321,168
<b>Total investments</b>	<b>\$ 897,344</b>	<b>\$ 897,344</b>

**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

**Note 9. Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

	2020			
	Operating Fund	Capital Fund	Endowment Fund	Total
<i>Subject to expenditure for a specific purpose:</i>				
Roof replacement	\$ -	\$ 3,400	\$ -	\$ 3,100
Summer camp	11,382	154	-	11,536
CMR tribute fund	3,640	-	-	3,640
Council service center	-	980	-	980
Tree management fund	-	300	-	300
Dining hall tables	-	500	-	500
Dam project	-	23,272	-	23,272
Memorial wall	-	9,916	-	9,916
<i>Total purpose restrictions</i>	15,022	38,522	-	53,244
<i>Subject to passage of time:</i>				
Foundations and trusts	264	-	-	264
<i>Total passage of time</i>	264	-	-	264
<i>Endowment</i>				
Subject to endowment spending				
Policy and appropriation:				
General use	-	-	767,994	767,994
Program activities	-	-	137,041	137,041
Erickson	-	-	115,342	115,342
Total subject to endowment spending policy and appropriation	-	-	988,005	988,005
<b>Total net assets with donor restrictions</b>	<b>\$ 15,286</b>	<b>\$ 38,522</b>	<b>\$ 988,005</b>	<b>\$ 1,041,813</b>

**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

**Note 9. Net Assets with Donor Restrictions (Continued)**

Net assets with donor restrictions are restricted for the following purposes or periods:

	<b>2019</b>			
	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Endowment Fund</b>	<b>Total</b>
<i>Subject to expenditure for a specific purpose:</i>				
Roof replacement	\$ -	\$ 20,000	\$ -	\$ 20,000
Dam project	-	23,272	-	23,272
Memorial wall	-	9,095	-	9,095
<i>Total purpose restrictions</i>	<u>-</u>	<u>52,367</u>	<u>-</u>	<u>52,367</u>
<i>Subject to passage of time:</i>				
Foundations and trusts	4,900	-	-	4,900
<i>Total passage of time</i>	<u>4,900</u>	<u>-</u>	<u>-</u>	<u>4,900</u>
<i>Endowment</i>				
Subject to endowment spending				
Policy and appropriation:				
General use	-	-	703,315	703,315
Program activities	-	-	137,041	137,041
Erickson	-	-	106,811	106,811
<i>Total subject to endowment spending policy and appropriation</i>	<u>-</u>	<u>-</u>	<u>947,167</u>	<u>947,167</u>
<b>Total net assets with donor restrictions</b>	<u>\$ 4,900</u>	<u>\$ 52,367</u>	<u>\$ 947,167</u>	<u>\$ 1,004,434</u>

**Note 10. Net Assets Released from Restrictions**

Net assets were released from donor restrictions during 2020 and 2019 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	<b>2020</b>	2019
<i>Satisfaction of program restrictions:</i>		
Dam project	\$ -	\$ 1,728
Beck family charitable trust	-	1,375
Camp maintenance	-	500
Memorial Wall	-	180
Roof replacement	<u>16,600</u>	<u>-</u>
<i>Total satisfaction of program restrictions</i>	<u>16,600</u>	3,783
<i>Expiration of time restrictions</i>	<u>5,116</u>	<u>14,396</u>
<b>Total net assets released from restrictions</b>	<u>\$ 21,716</u>	<u>\$ 18,179</u>



# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

### Note 11. Endowment Fund

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.

#### Interpretation of Relevant Laws:

The Commonwealth of Pennsylvania has not adopted the *Uniform Management of Institutional Funds Act* (UMIFA) or the *Uniform Prudent management of Institutional Funds Act* (UPMIFA). Rather, the *Pennsylvania Uniform Principal and Income Act* ("Pennsylvania Act") governs the investment, use, and management of the Council's endowment funds. The Pennsylvania Act does not require the preservation of the fair value of a donor's original gift as of the gift date or a donor-restricted endowment fund, absent explicit donor stipulations to the contrary. However, based on its interpretation of the Pennsylvania Act and relevant accounting literature, the Council considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Pennsylvania Act allows a nonprofit to elect to appropriate for expenditure between 2 and 7 percent of the endowment's fair value, determined at least annually and averaged over a period of three or more preceding years. The Council considers the following factors in making a determination to appropriate 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

Endowment net assets consisted of the following at December 31, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 847,465	\$ 847,465
Erickson funds	-	115,342	115,342
Pledges	-	1,000	1,000
Bequests	-	9,677	9,677
Cash surrender value – life insurance	-	14,521	14,521
<b>Total endowment net assets</b>	<b>\$ -</b>	<b>\$ 988,005</b>	<b>\$ 988,005</b>

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

### Note 11. Endowment Fund (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 947,167	\$ 947,167
Investment return:			
Investment income, net of fees	(133,838)	17,833	(116,005)
Net realized and unrealized gains (losses)	-	153,395	153,395
Total investment returns	(133,838)	171,228	37,390
Bequests	-	2,912	2,912
Reclassifications of net assets	133,838	(133,838)	-
Cash surrender value – life insurance	-	536	536
<b>Total endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 988,005</b>	<b>\$ 988,005</b>

Endowment net assets consisted of the following at December 31, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 818,605	\$ 818,605
Erickson funds	-	106,811	106,811
Pledges	-	1,000	1,000
Bequests	-	6,766	6,766
Cash surrender value – life insurance	-	13,985	13,985
<b>Total endowment net assets</b>	<b>\$ -</b>	<b>\$ 947,167</b>	<b>\$ 947,167</b>

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 718,098	\$ 718,098
Investment return:			
Investment income, net of fees	-	(12,909)	(12,909)
Net realized and unrealized gains (losses)	-	136,606	136,606
Total investment returns	-	123,697	123,697
Bequests	-	1,730	1,730
Other direct contributions	-	18,196	18,196
Reclassifications of net assets	-	84,876	84,876
Cash surrender value – life insurance	-	570	570
<b>Total endowment net assets, end of year</b>	<b>\$ -</b>	<b>\$ 947,167</b>	<b>\$ 947,167</b>

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

### **Note 11. Endowment Fund (Continued)**

#### **Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law requires the Council to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2020 and 2019.

#### **Return Objectives and Risk Parameters**

The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that it will earn a base return of 4.0 percent of the original principal, expressed in dollars, above the trailing three-year average of the Consumer Price Index. Asset allocations should be targeted to produce expected returns consistent with this target using long term historical returns of assets classes as a guide. Actual returns in any given year may vary from this amount.

#### **Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, 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 equity-based investments to achieve its long-term return objectives within prudent risk constraints.

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

The Council has a total return spending policy approved by the Board of Directors that allows the operating fund to receive and recognize investment earnings originating from the endowment funds. The Board of Directors approved spending policy allows for 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. This is consistent with the Council's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

## BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

### Notes to Financial Statements (Continued)

December 31, 2020 and 2019

#### **Note 12. 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 \$137,290 and was due on March 30, 2019. At December 31, 2020 and 2019 the balance on this term loan was \$-0- and \$-0-, respectively. At the time of refinancing, a line of credit was opened with First Commonwealth at a rate of prime plus one percentage point, which amounted to 4.25% and 5.75% at December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019 the line of credit balance was \$49,839 and \$19,787, respectively. The line of credit, with a borrowing limit of \$50,000 is renewed annually in April.

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, 2020 and 2019, the balance on the card was \$-0- and \$4,927, respectively.

Interest payments are due monthly with principal and interest due upon maturity. Total interest expense was \$1,951 and \$4,116 for the years ended December 31, 2020 and 2019, respectively. The loan and the line of credit are secured by real estate owned by the Council.

#### **Note 13. BSA Retirement Plan for Employees**

The National Council has a qualified defined benefit pension plan (the "Plan") administered at the National Service Center 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*. Effective December 31, 2018, the Plan was frozen to all employees with less than 15 years of vesting service, and whose age plus vesting service equaled less than 60 as of December 31, 2018 (non-grandfathered employees). 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) contribute 4.25% 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% of eligible employees' compensation to the BSA retirement program. Pension expense (excluding contributions made by the employees) was approximately \$9,983 and \$9,038 in 2020 and 2019, respectively, and covered current service cost. The actuarial information for the Plan as of February 1, 2020, indicates that it is in compliance with ERISA regulations regarding funding.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

### **Note 14. 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, 2020 and 2019, the Council remitted \$27,309 and \$26,316, respectively, on behalf of its employees to the National Council related to the healthcare plan.

### **Note 15. 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 \$14,521 and \$13,985 at December 31, 2020 and 2019, respectively, and is included with other assets in the accompanying statement of financial position.

### **Note 16. Related Party Transactions**

The Council purchases supplies and program materials from the National Council. The Council also incurs expenses from the National Council related to certain administrative services. Total expenses paid to the National Council were \$27,428 and \$28,774 for the years ended December 31, 2020 and 2019, respectively. The accounts payable balance includes payables to the National Council of \$3,189 and \$170,767 as of December 31, 2020 and 2019, respectively.

### **Note 17. Donated Materials and Services**

The Council is dependent upon donated materials from diverse groups to fulfill its mission. For the years ended December 31, 2020 and 2019, donated materials recorded in the financial statements as in-kind contributions totaled \$9,392 and \$41,620, respectively.

### **Note 18. Leasing Activities**

The Council owns the building in which its offices are located. During 2016, the Council entered into a commercial lease agreement with a tenant to rent the basement of that building through June 30, 2017. After that date the lease is effective on a month-to-month basis without a contract. As a result of this arrangement, the Council earned rent of \$10,950 and \$10,950 as of December 31, 2020 and 2019, respectively.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

### **Note 19. Paycheck Protection Program**

On April 24, 2020, the Council received loan proceeds in the amount of \$46,112 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying organizations in amounts up to 2.5 times the organization’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after then end of the covered period. the Council intends to use PPP loan proceeds for purposes consistent with the PPP and apply for forgiveness within 10 months of the end of the covered period.

To the extent that the Council is not granted forgiveness, the Council will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of April 24, 2022. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

The Council has recorded a note payable and will record forgiveness upon being legally released from the loan obligation. No forgiveness income has been recorded for the year ended December 31, 2020. The Council received notice that the PPP loan was forgiven on January 15, 2021.

### **Note 20. Economic Injury Disaster Relief (EIDL)**

The Council received \$150,000 in relation to the Economic Injury Disaster Relief (EIDL) program. In response to the Coronavirus (COVID-19) pandemic, small business owners and non-profits in all U.S. states, Washington D.C., and territories were able to apply for an Economic Injury Disaster Loan of up to \$2,000,000. This loan is designed to provide economic relief to businesses that are currently experiencing a temporary loss of revenue due to the Coronavirus. The loan which was in the form of a note dated June 15, 2020, matures on June 15, 2050 and bears interest at a rate of 2.75% per annum, payable in monthly installments of \$641 commencing on June 15, 2021. The loan is collateralized by all assets of the Council. The funds can be used for financial obligations and operating expenses that could have been met had the disaster not occurred. The Council must obtain and itemize receipts and contracts for all Loan funds spent and retain these receipts for three years from the date of the final disbursement.

# BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

## Notes to Financial Statements (Continued)

December 31, 2020 and 2019

### Note 21. Contingencies

#### COVID-19 Pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Council is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Council's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Council's donors, customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Council's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

#### Litigation and Contingencies

The National Council has been named as a defendant in lawsuits alleging sexual abuse, including claims for compensatory and punitive damages. Some of these allegations arise out of conduct alleged to have occurred on Bucktail Council property and/or were alleged to have been committed by Council employees or volunteers, and in some cases the Council is named as a co-defendant with the National Council. The National Council has disclosed that in the event that its general liability insurance program ("GLIP") 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 Bucktail Council with a charter, program materials and support for administration as well as sponsoring certain benefit plans for Bucktail Council employees. Since 1978 the National Council has operated a GLIP in which the Bucktail Council participates. On February 18, 2020, the National Council filed for protection under chapter 11 of the United States Bankruptcy Code. The National Council continues to operate its business in the ordinary course and has received bankruptcy court approval to continue its relationship with the councils including the benefit and insurance programs noted above. To the best of our knowledge, information and belief, neither the Bucktail Council nor any other local council are currently parties to the bankruptcy proceeding. The National Council has sought to stay litigation against both the National Council and local councils and has proposed a plan of reorganization that would protect local councils from any further legal exposure for abuse claims arising prior to February 18, 2020. Such plan may require a yet to be determined contribution from local councils. As of the issuance date of this report the National Council has made an offer for a proposed settlement which would require the Bucktail Council to contribute approximately \$261,000 to a Settlement Trust Fund. This estimate has been recorded to accrued expense in the accompanying statement of financial position. Changes in state law could result in additional claims being asserted against the Bucktail Council.

**BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.**

Notes to Financial Statements (Continued)

December 31, 2020 and 2019

**Note 22. Subsequent Events**

These financial statements considered subsequent events through February 2, 2022, the date the financial statements were available to be issued.