

Audited Financial Statements

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

December 31, 2019 and 2018

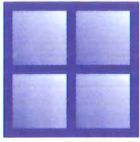
Audited Financial Statements

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

December 31, 2019 and 2018

Table of Contents

	Page Number
Independent Auditor’s Report	1
 Audited Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	7
Statements of Cash Flows.....	9
Notes to Financial Statements	11



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, 2019 and 2018, 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.

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, 2019 and 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Bucktail Council of Boy Scouts of America, Inc.'s 2018 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated August 14, 2019. In our opinion, the summarized comparative information presented in the statement of functional expenses for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Certified Public Accountants

November 12, 2020
Pittsburgh, Pennsylvania

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Statements of Financial Position

December 31, 2019 and 2018

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	Total All Funds
	2019	2018	2019	2018	2019	2018	2019	2018
Current assets:								
Cash	\$ 34,600	\$ 35,957	\$ 28,146	\$ 2,827	\$ -	\$ -	\$ 62,746	\$ 38,784
Short-term investments	-	-	-	-	16,982	19,653	16,982	19,653
Contributions receivable, net	590	85,476	-	(510)	1,000	1,000	1,590	85,966
Accounts receivable	6,480	13,394	-	-	-	-	6,480	13,394
Prepaid expenses	13,345	3,609	-	-	-	-	13,345	3,609
Deferred activity expense	9,292	174	-	-	-	-	9,292	174
Deferred camp expense	100	100	-	-	-	-	100	100
Inventory	16,981	17,218	-	-	-	-	16,981	17,218
Interfund loans	(7,755)	19,877	(20,317)	(19,877)	28,072	-	-	-
Total current assets	73,633	175,805	7,829	(17,560)	46,054	20,653	127,516	178,898
Land, buildings and equipment:								
Land and land improvements	-	-	439,203	439,203	-	-	439,203	439,203
Buildings	-	-	2,496,268	2,496,268	-	-	2,496,268	2,496,268
Construction in progress	-	-	-	-	-	-	-	-
Furnishings and equipment	-	-	637,759	637,759	-	-	637,759	637,759
	-	-	3,573,230	3,573,230	-	-	3,573,230	3,573,230
Less: accumulated depreciation	-	-	(2,592,749)	(2,522,127)	-	-	(2,592,749)	(2,522,127)
Net land, buildings and equipment	-	-	980,481	1,051,103	-	-	980,481	1,051,103
Other assets:								
Contributions receivable	4,500	-	-	-	6,766	5,036	11,266	5,036
Long term investments	-	-	-	-	880,362	678,994	880,362	678,994
Cash surrender value – life insurance	-	-	-	-	13,985	13,415	13,985	13,415
Total other assets	4,500	-	-	-	901,113	697,445	905,613	697,445
Total assets	\$ 78,133	\$ 175,805	\$ 988,310	\$ 1,033,543	\$ 947,167	\$ 718,098	\$ 2,013,610	\$ 1,927,446

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, 2019 and 2018

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds 2019	Total All Funds 2018
	2019	2018	2019	2018	2019	2018		
Current liabilities:								
Accounts payable	\$ 251,812	\$ 185,502	\$ -	\$ 1,712	\$ -	\$ -	\$ 251,812	\$ 187,214
Accrued expenses	3,560	3,563	-	-	-	-	3,560	3,563
Payroll taxes and other withholdings	344	256	-	-	-	-	344	256
Deferred activity revenue	156	396	-	-	-	-	156	396
Deferred camp revenue	7,206	10,348	-	-	-	-	7,206	10,348
Agency funds	57,405	44,361	2,576	2,276	-	-	59,981	46,637
Other current liabilities	590	590	-	-	-	-	590	590
Short-term notes payable	24,714	53,929	-	-	-	-	24,714	53,929
Current portion of long-term debt	-	7,994	-	-	-	-	-	7,994
Total current liabilities	345,787	306,939	2,576	3,988	-	-	348,363	310,927
Long-term debt, net of current portion	-	-	-	-	-	-	-	-
Total liabilities	345,787	306,939	2,576	3,988	-	-	348,363	310,927
Net assets:								
Without donor restrictions	(272,554)	(134,509)	933,367	991,660	-	-	660,813	857,151
With donor restrictions	4,900	3,375	52,367	37,895	947,167	718,098	1,004,434	759,368
Total net assets	(267,654)	(131,134)	985,734	1,029,555	947,167	718,098	1,665,247	1,616,519
Total liabilities and net assets	\$ 78,133	\$ 175,805	\$ 988,310	\$ 1,033,543	\$ 947,167	\$ 718,098	\$ 2,013,610	\$ 1,927,446

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, 2019 and 2018

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2019	2018	2019	2018	2019	2018	Funds 2019	Funds 2018
Changes in net assets without donor restrictions:								
Direct support:								
Friends of scouting	\$ 91,730	\$ 102,634	\$ -	\$ -	\$ -	\$ -	\$ 91,730	\$ 102,634
Project sales	23,666	12,932	250	3,882	-	-	23,916	16,814
Capital campaign	-	-	8,015	21,657	-	-	8,015	21,657
Special events – gross	12,028	14,370	-	-	-	-	12,028	14,370
Less: costs of direct benefit	(6,667)	(8,550)	-	-	-	-	(6,667)	(8,550)
Net special events	5,361	5,820	-	-	-	-	5,361	5,820
Foundations and trusts	36,750	53,329	-	-	-	-	36,750	53,329
Other direct support	-	84,876	-	-	-	-	-	84,876
Total direct support	157,507	259,591	8,265	25,539	-	-	165,772	285,130
Indirect support:								
Unassociated organizations	91	33	-	-	-	-	91	33
United Way	36,413	40,459	-	-	-	-	36,413	40,459
Government fees and grants	-	-	5,813	13,661	-	-	5,813	13,661
Total indirect support	36,504	40,492	5,813	13,661	-	-	42,317	54,153
Revenue:								
Sale of supplies – gross	32,557	32,964	-	-	-	-	32,557	32,964
Less: cost of goods sold	(20,173)	(19,389)	-	-	-	-	(20,173)	(19,389)
Net sales of supplies	12,384	13,575	-	-	-	-	12,384	13,575
Product sales – gross	115,582	111,653	-	-	-	-	115,582	111,653
Less: cost of goods sold	(39,200)	(36,967)	-	-	-	-	(39,200)	(36,967)
Less: commissions paid to units	(44,405)	(38,319)	-	-	-	-	(44,405)	(38,319)
Net product sales	31,977	36,367	-	-	-	-	31,977	36,367
Investment return – net	30,718	27,443	-	-	-	555	30,718	27,998
Camping revenue	190,330	153,876	-	-	-	-	190,330	153,876
Activity revenue	12,195	21,651	-	-	-	-	12,195	21,651
Other revenue	31,887	26,591	-	7,612	-	-	31,887	34,203
Total revenue	309,491	279,503	-	7,612	-	555	309,491	287,670
Net assets released from restrictions:								
Satisfaction of program restrictions	1,375	50	2,408	-	-	-	3,783	50
Expiration of time restrictions	2,000	3,625	12,396	-	-	-	14,396	3,625
Total net assets released from restrictions	3,375	3,675	14,804	-	-	-	18,179	3,675
Total support and revenue	506,877	583,261	28,882	46,812	-	555	535,759	630,628

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, 2019 and 2018

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2019	2018	2019	2018	2019	2018	Funds 2019	Funds 2018
Changes in net assets without donor restrictions (continued):								
Expenses and losses:								
Program services	507,305	463,822	80,315	137,276	-	-	587,620	601,098
Support services								
Management and general	23,539	17,921	114	165	-	6,499	23,653	24,585
Fundraising	20,564	59,782	170	1,527	-	-	20,734	61,309
Total support services	44,103	77,703	284	1,692	-	6,499	44,387	85,894
Total functional expenses	551,408	541,525	80,599	138,968	-	6,499	632,007	686,992
Charter and national service fee	6,628	6,455	-	-	-	-	6,628	6,455
Loss on disposal of fixed assets	-	-	-	11,758	-	-	-	11,758
Total expenses and losses	558,036	547,980	80,599	150,726	-	6,499	638,635	705,205
Increase (decrease) in net assets without donor restrictions	(51,159)	35,281	(51,717)	(103,914)	-	(5,944)	(102,876)	(74,577)
Changes in net assets with donor restrictions:								
Direct support:								
Friends of scouting	100	2,000	-	-	-	-	100	2,000
Project sales	300	-	-	-	-	-	300	-
Capital campaign	-	-	690	27,136	-	-	690	27,136
Foundations and trusts	-	-	20,000	-	-	-	20,000	-
Legacies and bequests	-	-	-	-	1,730	(997)	1,730	(997)
Other direct support	-	-	-	-	18,196	-	18,196	-
Total direct support	400	2,000	20,690	27,136	19,926	(997)	41,016	28,139
Indirect support:								
United Way	4,500	277	-	-	-	-	4,500	277
Total indirect support	4,500	277	-	-	-	-	4,500	277

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, 2019 and 2018

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2019	2018	2019	2018	2019	2018	Funds 2019	Funds 2018
Changes in net assets with donor restrictions (continued):								
Investment revenue - net	-	-	-	-	124,267	(72,010)	124,267	(72,010)
Net assets released from restrictions	(3,375)	(3,675)	(14,804)	-	-	-	(18,179)	(3,675)
Total support and revenue	1,525	(1,398)	5,886	27,136	144,193	(73,007)	151,604	(47,269)
Increase (decrease) in net assets with donor restrictions	1,525	(1,398)	5,886	27,136	144,193	(73,007)	151,604	(47,269)
Increase (decrease) in total net assets	(49,634)	33,883	(45,831)	(76,778)	144,193	(78,951)	48,728	(121,846)
Net assets, beginning of year:								
Without donor restrictions	(134,509)	(175,920)	991,660	1,101,704	-	(176,985)	857,151	748,799
With donor restrictions	3,375	4,773	37,895	10,759	718,098	974,034	759,368	989,566
Total net assets, beginning of year	(131,134)	(171,147)	1,029,555	1,112,463	718,098	797,049	1,616,519	1,738,365
Board authorized transfers	(2,010)	6,130	2,010	(6,130)	-	-	-	-
Adjustments to net assets:								
Without donor restrictions	(84,876)	-	(8,586)	-	-	182,929	(93,462)	182,929
With donor restrictions	-	-	8,586	-	84,876	(182,929)	93,462	(182,929)
Total adjustments to net assets	(84,876)	-	-	-	84,876	-	-	-
Net assets, end of year:								
Without donor restrictions	(272,554)	(134,509)	933,367	991,660	-	-	660,813	857,151
With donor restrictions	4,900	3,375	52,367	37,895	947,167	718,098	1,004,434	759,368
Total net assets, end of year	\$ (267,654)	\$ (131,134)	\$ 985,734	\$ 1,029,555	\$ 947,167	\$ 718,098	\$ 1,665,247	\$ 1,616,519

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, 2019
(With Comparative Totals for 2018)

	Program Services	Management And General	Fund- Raising	Product Sales Cost of Sales	Cost of Direct Benefit to Donors	Total Expenses 2019	2018
Expenses:							
Employee compensation:							
Salaries	\$ 229,045	\$ 6,401	\$ 9,610	\$ -	\$ -	\$ 245,056	\$ 239,809
Employee benefits	42,157	1,692	2,540	-	-	46,389	42,824
Payroll taxes	20,141	463	695	-	-	21,299	21,185
Employee-related expenses	239	2	3	-	-	244	881
Total employee compensation	291,582	8,558	12,848	-	-	312,988	304,699
Other expenses:							
Professional fees	6,290	10,330	400	-	-	17,020	23,340
Program and other supplies	53,243	273	408	-	-	53,924	56,818
Telephone and communications	7,446	146	218	-	-	7,810	7,465
Postage and shipping	1,604	540	342	-	-	2,486	2,002
Occupancy	68,312	258	387	-	-	68,957	95,290
Rental and maintenance of equipment	11,207	67	101	-	-	11,375	49,234
Publications and media	2,311	98	147	-	-	2,556	395
Travel	15,409	606	910	-	-	16,925	15,287
Conferences and meetings	6,229	184	277	-	-	6,690	3,901
Specific assistance to individuals	6,965	295	443	-	-	7,703	2,089
Recognition awards	9,925	115	2,509	-	-	12,549	14,331
Cost of products sold & unit commissions	-	-	-	83,605	-	83,605	75,286
Cost of goods sold	29,621	-	-	-	-	29,621	29,036
Cost of direct benefit to donors	-	-	-	-	6,667	6,667	8,550
Interest	3,721	158	237	-	-	4,116	4,472
Insurance	24,419	441	662	-	-	25,522	21,685

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, 2019
(With Comparative Totals for 2018)

	Program Services	Management And General	Fund- Raising	Product Sales Cost of Sales	Cost of Direct Benefit to Donors	Total Expenses 2019	2018
Other expenses (continued)							
Depreciation and amortization	70,482	56	84	-	-	70,622	72,885
Other	8,475	1,528	761	-	-	10,764	13,099
Total other expenses	325,659	15,095	7,886	83,605	6,667	438,912	495,165
Total functional expenses	617,241	23,653	20,734	83,605	6,667	751,900	799,864
Expenses included with revenue on the statement of activities:							
Cost of products sold and unit commissions	-	-	-	(83,605)	-	(83,605)	(75,286)
Cost of goods sold	(29,621)	-	-	-	-	(29,621)	(29,036)
Cost of direct benefit to donors	-	-	-	-	(6,667)	(6,667)	(8,550)
Total expenses included in the expense section on the statement of activities	\$ 587,620	\$ 23,653	\$ 20,734	\$ -	\$ -	\$ 632,007	\$ 686,992

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, 2019 and 2018

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2019	2018	2019	2018	2019	2018	Funds 2019	Funds 2018
Cash flows from operating activities:								
Change in total net assets	\$ (49,634)	\$ 33,883	\$ (45,831)	\$ (76,778)	\$ 144,193	\$ (78,951)	\$ 48,728	\$ (121,846)
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:								
Depreciation	-	-	70,622	72,885	-	-	70,622	72,885
Realized/unrealized (gains)/losses on sale of investments	-	-	-	-	(136,606)	65,415	(136,606)	65,415
Cash surrender value - life insurance	-	-	-	-	(570)	(555)	(570)	(555)
Loss on disposal of fixed assets	-	-	-	11,758	-	-	-	11,758
Adjustment for changes in assets and liabilities:								
Accounts receivable	6,914	(10,776)	-	-	-	-	6,914	(10,776)
Contributions receivable	80,386	(84,526)	(510)	510	(1,730)	996	78,146	(83,020)
Inventor	237	3,563	-	-	-	-	237	3,563
Prepaid expenses	(9,736)	(739)	-	-	-	-	(9,736)	(739)
Deferred activity expenses	(9,118)	576	-	-	-	-	(9,118)	576
Accounts payable	66,310	61,064	(1,712)	1,213	-	-	64,598	62,277
Payroll taxes	88	(1,108)	-	-	-	-	88	(1,108)
Custodial accounts	13,044	(7,354)	300	100	-	-	13,344	(7,254)
Accrued expenses	(3)	365	-	-	-	-	(3)	365
Other current liabilities	-	-	-	-	-	-	-	-
Deferred income	(3,382)	5,769	-	-	-	-	(3,382)	5,769
Net cash flow provided by/(used for) operating activities	95,106	717	22,869	9,688	5,287	(13,095)	123,262	(2,690)

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, 2019 and 2018

	Operating Fund		Capital Fund		Endowment Fund		Total All	Total All
	2019	2018	2019	2018	2019	2018	Funds 2019	Funds 2018
Cash flows from investing activities:								
Purchase of property and equipment	-	-	-	(3,095)	-	-	-	(3,095)
Proceeds from sale of investments	-	-	-	-	(64,762)	3,073	(64,762)	3,073
Net cash flows provided/(used) by investing activities	-	-	-	(3,095)	(64,762)	3,073	(64,762)	(22)
Cash flows from financing activities:								
Curtailments of borrowing	(37,209)	(29,660)	-	-	-	-	(37,209)	(29,660)
Net asset adjustments	(84,876)	-	-	-	84,876	-	-	-
Transfers IN	(2,010)	6,130	2,010	(6,130)	-	-	-	-
Proceeds from interfund loans	27,632	-	440	-	(28,072)	-	-	-
Net cash flows provided/(used) by financing activities	(96,463)	(23,530)	2,450	(6,130)	56,804	-	(37,209)	(29,660)
Net increase(decrease) in cash and cash equivalents	(1,357)	(22,813)	25,319	463	(2,671)	(10,022)	21,291	(32,372)
Cash and temporary investments, beginning of year	35,957	58,770	2,827	2,364	19,653	29,675	58,437	90,809
Cash and temporary investments, end of year	\$ 34,600	\$ 35,957	\$ 28,146	\$ 2,827	\$ 16,982	\$ 19,653	\$ 79,728	\$ 58,437

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, 2019 and 2018

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 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 youths 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:

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 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.

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.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

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

B. Prior-Period Information

The financial statements and 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, 2018, 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, 2019 and 2018

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. Reclassifications

Certain reclassifications have been made to the 2018 summarized financial information to conform to current year presentation. These reclassifications had no effect on the decrease in net assets in 2019.

H. Cash and Cash Equivalents

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

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

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. 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, 2019, and 2018.

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, 2019, and 2018, contributions receivable were net of an allowance for uncollectible pledges of \$350 and \$1,000, respectively.

K. Inventory

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

L. Investments

Investments with readily determinable fair values are measured fair value in the statement of financial position. 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, 2019 and 2018

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

M. 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.

N. 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.

O. 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, 2019 and 2018

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 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.

Q. Functional Allocation of 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 that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits and travel costs, which are allocated on the basis of estimates of time and effort. 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. 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, 2019 and 2018

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

R. Advertising

Advertising costs are expensed when incurred. Advertising cost for December 31, 2019 and 2018 amounted to \$3,219 and \$1,558, 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, 2019 and 2018.

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, 2019 and 2018, respectively, the Council incurred no penalties and interest. The Council's Federal Return of Organizations Exempt from Income Tax (Forms 990) for 2016, 2017, and 2018 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 2019 return had not yet 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, 2019 and 2018:

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

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, 2019 and 2018.

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, 2019. As of December 31, 2019 and 2018, 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, 2019 and 2018

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, 2019 and 2018

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, 2019 and 2018

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

As of January 1, 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, 2019 and 2018 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 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. Results for reporting the year ending December 31, 2019 are presented under FASB ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. 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, 2019 and 2018

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 2018 and 2019 financial statements.

X. Recently Issued Accounting Standards

The following accounting pronouncements were recently issued by the FASB:

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. The ASU is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Council is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

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

X. Recently Issued Accounting Standards (Continued)

Adopted

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which changes the current guidance for assets classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profits to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated. In addition to the current required disclosure of the aggregate amount by which endowment funds are underwater, ASU 2016-14 requires not-for-profit entities to disclose the aggregate fair value of such funds as well as the aggregate original gift amounts to be maintained. ASU 2016-14 also requires an NFP to disclose its interpretation of the ability to spend from underwater endowment funds including its policy, and any actions taken during the period, concerning appropriation from underwater endowment funds. All underwater endowment funds will be classified as part of net assets with donor restrictions rather than as a charge to unrestricted net assets as per the previous rules. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions must be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. For statements of cash flows, ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method. ASU 2016-14 was effective for annual reporting periods beginning after December 15, 2017. The Council adopted the provisions of ASU 2016-14 in 2018 and has retrospectively applied this standard to the financial statements as of and for the year ending December 31, 2017. Accordingly, adoption of this accounting pronouncement had no effect on 2018 net 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, 2019 and 2018

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:

	2019	2018
Cash – operating fund	\$ 34,600	\$ 35,957
Contributions receivable – operating fund	590	85,476
Accounts receivable – operating fund	<u>6,480</u>	<u>13,394</u>
 Total financial assets as of year end	 <u>41,670</u>	 <u>134,827</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 41,670</u>	 <u>\$ 134,827</u>

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, 2019 and 2018, the Council has \$30,213 and \$448, 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:

	Camps	Activities	Total
Balance at December 31, 2017	\$ 4,685	\$ 290	\$ 4,975
Revenue recognized	(524,727)	(290)	(525,017)
Payments received for future performance obligations	<u>530,390</u>	<u>396</u>	<u>530,786</u>
 Balance at December 31, 2018	 <u>\$ 10,348</u>	 <u>\$ 396</u>	 <u>\$ 10,744</u>

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Note 4. Deferred Revenue (Continued)

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

Note 5. Contributions Receivable

Contributions receivable at December 31, 2019 and 2018 consist of the following:

	2019	2018
Friends of scouting	\$ 940	\$ 700
United Way	4,500	-
Special events	-	900
Other – without donor restrictions	-	84,876
Restricted to capital campaign	-	(510)
Restricted to endowment funds	7,766	6,036
Less allowance for doubtful accounts	<u>(350)</u>	<u>(1,000)</u>
Total	<u>\$ 12,856</u>	<u>\$ 91,002</u>
Receivable in less than one year	<u>\$ 1,590</u>	<u>\$ 85,966</u>

Note 6. Land, Buildings and Equipment

Land, buildings and equipment in the Capital Fund, consisted of the following at December 31, 2019 and 2018:

	2019	2018
Land and land improvement	\$ 439,203	\$ 439,203
Buildings and improvements	2,496,268	2,496,268
Furniture, fixtures and equipment	<u>637,759</u>	<u>637,759</u>
	3,573,230	3,573,230
Less accumulated depreciation	<u>(2,592,749)</u>	<u>(2,522,127)</u>
Net book value – land, buildings and equipment	<u>\$ 980,481</u>	<u>\$ 1,051,103</u>

Depreciation expense for the years ended December 31, 2019 and 2018 were \$70,622 and \$72,885, respectively.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Note 7. Investments

Investments at December 31, 2019 and 2018 are composed of the following:

	2019	2018
Money market accounts	\$ 16,982	\$ 19,653
Equity securities	559,194	428,661
Fixed income securities	<u>321,168</u>	<u>250,333</u>
Total investments	<u>\$ 897,344</u>	<u>\$ 698,647</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, 2019 and 2018:

	2019	2018
Interest	\$ 827	\$ 436
Dividends	17,552	20,967
Net realized gains (losses)	10,388	58,173
Net unrealized gains (losses)	<u>126,218</u>	<u>(123,588)</u>
Total investment return, net	<u>\$ 154,985</u>	<u>\$ (44,012)</u>

The above investment return is classified in the 2019 and 2018 Statement of Activities and Changes in Net Asset as follows:

	2019	2018
Investment return recorded:		
Within net assets with donor restrictions	\$ 124,267	\$ (72,010)
Within net assets without donor restrictions	<u>30,718</u>	<u>27,998</u>
Total investment return, net	<u>\$ 154,985</u>	<u>\$ (44,012)</u>

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

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, 2019 and 2018:

	2019	
	Level 1	Total
Money market accounts	\$ 16,982	\$ 16,982
Equity securities	559,194	559,194
Fixed income securities	<u>321,168</u>	<u>321,168</u>
Total investments	<u>\$ 897,344</u>	<u>\$ 897,344</u>
	2018	
	Level 1	Total
Money market accounts	\$ 19,653	\$ 19,653
Equity securities	428,661	428,661
Fixed income securities	<u>250,333</u>	<u>250,333</u>
Total investments	<u>\$ 698,647</u>	<u>\$ 698,647</u>

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Note 9. Net Assets with Donor Restrictions

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

	2019			
	Operating Fund	Capital Fund	Endowment Fund	Total
<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>	-	52,367	-	52,367
<i>Subject to passage of time:</i>				
Foundations and trusts	4,900	-	-	4,900
<i>Total passage of time</i>	4,900	-	-	4,900
<i>Endowment</i>				
<i>Subject to endowment spending</i>				
<i>Policy and appropriation:</i>				
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>	-	-	947,167	947,167
Total net assets with donor restrictions	\$ 4,900	\$ 52,367	\$ 947,167	\$ 1,004,434

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Note 9. Net Assets with Donor Restrictions (Continued)

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

	2018			
	Operating Fund	Capital Fund	Endowment Fund	Total
<i>Subject to expenditure for a specific purpose:</i>				
Tent platform project	\$ -	\$ 12,395	\$ -	\$ 12,395
Dam project	-	25,000	-	25,000
Camp maintenance	-	500	-	500
<i>Total purpose restrictions</i>	<u>-</u>	<u>37,895</u>	<u>-</u>	<u>37,895</u>
<i>Subject to passage of time:</i>				
Foundations and trusts	3,375	-	-	3,375
<i>Total passage of time</i>	<u>3,375</u>	<u>-</u>	<u>-</u>	<u>3,375</u>
<i>Endowment</i>				
Subject to endowment spending				
Policy and appropriation:				
General use	-	-	606,577	606,577
Program activities	-	-	111,521	111,521
Total subject to endowment spending policy and appropriation	<u>-</u>	<u>-</u>	<u>718,098</u>	<u>718,098</u>
Total net assets with donor restrictions	<u>\$ 3,375</u>	<u>\$ 37,895</u>	<u>\$ 718,098</u>	<u>\$ 759,368</u>

Note 10. Net Assets Released from Restrictions

Net assets were released from donor restrictions during 2019 and 2018 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	2019	2018
<i>Satisfaction of program restrictions:</i>		
Dam project	\$ 1,728	\$ -
Beck family charitable trust	1,375	-
Camp maintenance	500	-
Memorial Wall	180	-
Friends of scouting	-	50
<i>Total satisfaction of program restrictions</i>	<u>3,783</u>	<u>50</u>
<i>Expiration of time restrictions</i>	<u>14,396</u>	<u>3,625</u>
Total net assets released from restrictions	<u>\$ 18,179</u>	<u>\$ 3,675</u>

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

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, 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
Total endowment net assets	\$ -	\$ 947,167	\$ 947,167

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Note 11. Endowment Fund (Continued)

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
Total endowment net assets, end of year	\$ -	\$ 947,167	\$ 947,167

Endowment net assets consisted of the following at December 31, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ -	\$ 698,647	\$ 698,647
Pledges	-	1,000	1,000
Bequests	-	5,036	5,036
Cash surrender value – life insurance	-	13,415	13,415
Total endowment net assets	\$ -	\$ 718,098	\$ 718,098

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 13,860	\$ 783,189	\$ 797,049
Investment return:			
Investment income, net of fees	-	(13,095)	(13,095)
Net realized and unrealized gains (losses)	-	(65,414)	(65,414)
Total investment returns	-	(78,509)	(78,509)
Bequests	-	(997)	(997)
Cash surrender value – life insurance	-	555	555
Reclassifications of net assets	(13,860)	13,860	-
Total endowment net assets, end of year	\$ -	\$ 718,098	\$ 718,098

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

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, 2019 and 2018.

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, 2019 and 2018

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, 2019 and 2018 the balance on this term loan was \$0 and \$7,994, 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 5.75% and 5.50% at December 31, 2019 and 2018, respectively. At December 31, 2019 and 2018 the line of credit balance was \$19,787 and \$49,552, 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, 2019 and 2018, the balance on the card was \$4,927 and \$4,377, respectively.

Interest payments are due monthly with principal and interest due upon maturity. Total interest expense was \$4,116 and \$4,472 for the years ended December 31, 2019 and 2018, 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. The Council contributed 7.75% of eligible employees' compensation to the BSA retirement program. Pension expense (excluding contributions made by the employees) was approximately \$9,038 and \$13,044 in 2019 and 2018, respectively, and covered current service cost. The actuarial information for the Plan as of February 1, 2019, indicates that it is in compliance with ERISA regulations regarding funding.

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, 2019 and 2018, the Council remitted \$26,316 and \$24,076, 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, 2019 and 2018

Note 15. Assets Held for Resale

The Mountain Run Bridge has been reclassified from construction in process to assets held for resale as of December 31, 2017 as the project has been cancelled. During 2018, it was determined that the estimated value of the of asset was impaired. At December 31, 2019 and 2018 the balance of assets held for resale was \$-0- and \$-0-, respectively.

Note 16. 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 \$13,985 and \$13,415 at December 31, 2019 and 2018, respectively, and is included with other assets in the accompanying statement of financial position.

Note 17. 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 \$170,767 and \$50,252 for the years ended December 31, 2019 and 2018, respectively. The accounts payable balance includes payables to the National Council of \$28,774 and \$127,406 as of December 31, 2019 and 2018, respectively.

Note 18. Donated Materials and Services

The Council is dependent upon donated materials from diverse groups to fulfill its mission. For the years ended December 31, 2019 and 2018, donated materials recorded in the financial statements as in-kind contributions totaled \$41,620 and \$52,893, respectively.

Note 19. 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 \$1,950 and \$10,800 as of December 31, 2019 and 2018, respectively.

Note 20. Litigation and Contingencies

The National Council has been named as a defendant in lawsuits alleging sexual abuse, including claims for compensatory and punitive damages. The Council is a separate not-for-profit organization. The National Council has disclosed that in the event that its general liability insurance program or its reserves are insufficient to resolve such claims, it is their opinion that the total amount of payments to resolve current and future claims could have a significant impact on the financial position or results of operations of the National Council.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Note 20. Litigation and Contingencies (Continued)

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

Note 21. Subsequent Events

COVID-19

After year-end it has become apparent that the Coronavirus, also known as COVID-19, has put a strain on the economy. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Those effects cannot yet be measured on the Council but should be considered when reading these financial statements. Changes in the Council's work force, purchases, and sales may be affected if the pandemic continues.

Paycheck Protection Program (the "PPP")

On April 24, 2020, the Council, was granted a loan from CNB Bank, in the aggregate amount of \$46,112 pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The loan, which was in the form of a note dated April 24, 2020, matures on April 24, 2022 and bears interest at a rate of 1.0% per annum, payable monthly commencing on November 24, 2020. The note may be prepaid by the Council at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Council intends to use the loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

BUCKTAIL COUNCIL OF BOY SCOUTS OF AMERICA, INC.

Notes to Financial Statements (Continued)

December 31, 2019 and 2018

Note 21. Subsequent Events (Continued)

Economic Injury Disaster Relief (EIDL)

In addition, 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.

These financial statements considered subsequent events through November 12, 2020, the date the financial statements were available to be issued.