

EISNERAMPER

**WASHINGTON CROSSING COUNCIL,
BOY SCOUTS OF AMERICA**

FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020



WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

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INDEPENDENT AUDITORS' REPORT

To the Council Executive Board of
Washington Crossing Council, Boy Scouts of America

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Washington Crossing Council, Boy Scouts of America (the "Council"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for each of the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Washington Crossing Council, Boy Scouts of America as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for each of the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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 the Council's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 the Council'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 the Council'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

EisnerAmper LLP

EISNERAMPER LLP
Philadelphia, Pennsylvania
May 16, 2022

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Statements of Financial Position

	December 31,							
	2021				2020			
	Operating Fund	Capital Fund	Endowment Fund	Total	Operating Fund	Capital Fund	Endowment Fund	Total
ASSETS								
Cash and cash equivalents	\$ 666,668	\$ 487,687	\$ 1,356,800	\$ 2,511,155	\$ 675,285	\$ 183,920	\$ 1,950	\$ 861,155
Short-term investments	3,994	-	158,695	162,689	4,630	11,590	146,278	162,498
Accounts receivable	2,420	-	-	2,420	9,944	-	-	9,944
Interfund loans	-	-	-	-	194,454	(194,454)	-	-
Inventories	154,101	-	-	154,101	134,088	-	-	134,088
Prepaid expenses	54,013	-	-	54,013	61,091	-	-	61,091
Pledges receivable, net	438	-	-	438	1,000	17,312	-	18,312
Land, buildings and equipment, net	-	2,067,369	-	2,067,369	-	2,019,998	-	2,019,998
Long-term investments	61,730	112,351	2,028,729	2,202,810	64,175	110,878	3,101,893	3,276,946
Beneficial interest in split interest agreement	-	-	108,824	108,824	1,249	-	113,690	114,939
Total assets	<u>\$ 943,364</u>	<u>\$ 2,667,407</u>	<u>\$ 3,653,048</u>	<u>\$ 7,263,819</u>	<u>\$ 1,145,916</u>	<u>\$ 2,149,244</u>	<u>\$ 3,363,811</u>	<u>\$ 6,658,971</u>
LIABILITIES								
Accounts payable and other current liabilities	\$ 84,288	\$ 275	\$ -	\$ 84,563	\$ 12,601	\$ -	\$ -	\$ 12,601
Payroll taxes withheld and accrued	439	-	-	439	-	-	-	-
Custodian accounts	479,635	-	-	479,635	459,078	-	-	459,078
Deferred activity income	-	-	-	-	340	-	-	340
Deferred camp income	17,153	-	-	17,153	50,856	-	-	50,856
Deferred other income	132,329	-	-	132,329	169,870	-	-	169,870
Paycheck Protection Program ("PPP") loan	-	-	-	-	263,300	-	-	263,300
Total liabilities	<u>713,844</u>	<u>275</u>	<u>-</u>	<u>714,119</u>	<u>956,045</u>	<u>-</u>	<u>-</u>	<u>956,045</u>
Commitments								
NET ASSETS								
Without donor restrictions	110,453	2,581,053	1,844,172	4,535,678	64,063	2,053,973	1,650,435	3,768,471
With donor restrictions	119,067	86,079	1,808,876	2,014,022	125,808	95,271	1,713,376	1,934,455
Total net assets	<u>229,520</u>	<u>2,667,132</u>	<u>3,653,048</u>	<u>6,549,700</u>	<u>189,871</u>	<u>2,149,244</u>	<u>3,363,811</u>	<u>5,702,926</u>
	<u>\$ 943,364</u>	<u>\$ 2,667,407</u>	<u>\$ 3,653,048</u>	<u>\$ 7,263,819</u>	<u>\$ 1,145,916</u>	<u>\$ 2,149,244</u>	<u>\$ 3,363,811</u>	<u>\$ 6,658,971</u>

See notes to financial statements

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Statements of Activities and Changes in Net Assets

	Year Ended December 31,							
	2021				2020			
	Operating Fund	Capital Fund	Endowment Fund	Total	Operating Fund	Capital Fund	Endowment Fund	Total
Change in net assets without donor restrictions:								
Support and revenue:								
Direct support:								
Sustaining membership, net	\$ 240,225	\$ -	\$ -	\$ 240,225	\$ 320,198	\$ -	\$ -	\$ 320,198
Special events	161,305	-	-	161,305	99,028	-	-	99,028
Cost of direct benefit	(53,049)	-	-	(53,049)	(31,103)	-	-	(31,103)
Foundations, trusts and grants	18,750	-	-	18,750	24,000	-	-	24,000
Legacies and bequests	164,081	-	-	164,081	1,000	-	-	1,000
Other direct	20,523	95,271	-	115,794	44,938	125,935	-	170,873
Total direct support	551,835	95,271	-	647,106	458,061	125,935	-	583,996
Indirect support:								
United Way	8,315	-	-	8,315	56,282	-	-	56,282
Other indirect	7,101	-	-	7,101	11,212	-	-	11,212
Total indirect support	15,416	-	-	15,416	67,494	-	-	67,494
Revenue:								
Supplies	248,178	-	-	248,178	127,421	-	-	127,421
Cost of supplies	(154,126)	-	-	(154,126)	(85,236)	-	-	(85,236)
Camping	1,219,582	-	-	1,219,582	29,016	-	-	29,016
Activities	55,929	-	-	55,929	52,954	-	-	52,954
Gain on forgiveness of PPP loan	413,300	-	-	413,300	-	-	-	-
Other revenue	301,322	2,594	-	303,916	54,711	-	-	54,711
Product sales	79,849	-	-	79,849	138,127	-	-	138,127
Cost of product	(37,178)	-	-	(37,178)	(48,698)	-	-	(48,698)
Sales commissions	-	-	-	-	(49,226)	-	-	(49,226)
Investment income, net	61,800	11,768	228,337	301,905	47,489	10,965	129,104	187,558
Total revenue	2,188,656	14,362	228,337	2,431,355	266,558	10,965	129,104	406,627
Net assets released from restrictions	36,418	23,171	46,900	106,489	6,314	7,600	31,649	45,563
Total support and revenue	2,792,325	132,804	275,237	3,200,366	798,427	144,500	160,753	1,103,680
Expenses:								
Functional expenses:								
Program services								
Scoutcraft	966,625	147,997	-	1,114,622	909,424	96,258	-	1,005,682
Camping	1,019,241	-	-	1,019,241	267,607	-	-	267,607
Support services:								
Management and general	78,659	322	-	78,981	75,878	268	-	76,146
Fundraising	185,886	598	-	186,484	176,290	496	-	176,786
Total functional expenses	2,250,411	148,917	-	2,399,328	1,429,199	97,022	-	1,526,221
Charter and National Service Fee	33,831	-	-	33,831	33,830	-	-	33,830
Total expenses	2,284,242	148,917	-	2,433,159	1,463,029	97,022	-	1,560,051
Increase (decrease) in net assets without donor restrictions	508,083	(16,113)	275,237	767,207	(664,602)	47,478	160,753	(456,371)

(continued)

See notes to financial statements

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Statements of Activities and Changes in Net Assets

(continued)

	Year Ended December 31,							
	2021		2020		2021		2020	
	Operating Fund	Capital Fund	Endowment Fund	Total	Operating Fund	Capital Fund	Endowment Fund	Total
Change in net assets with donor restrictions:								
Direct support:								
Sustaining membership	-	-	-	-	5,832	-	-	5,832
Special events	-	-	-	-	4,010	-	-	4,010
Contributions	-	-	22,000	22,000	-	-	3,450	3,450
Other direct	29,772	13,979	-	43,751	59,775	22,797	-	82,572
Total direct support	29,772	13,979	22,000	65,751	69,617	22,797	3,450	95,864
Investment income, net	(95)	-	120,400	120,305	388	-	114,072	114,460
Net assets released from restrictions	(36,418)	(23,171)	(46,900)	(106,489)	(6,314)	(7,600)	(31,649)	(45,563)
Increase (decrease) in net assets with donor restrictions	(6,741)	(9,192)	95,500	79,567	63,691	15,197	85,873	164,761
Increase (decrease) in total net assets	501,342	(25,305)	370,737	846,774	(600,911)	62,675	246,626	(291,610)
Net assets at beginning of year:								
Net assets without donor restrictions	64,063	2,053,973	1,650,435	3,768,471	669,826	1,990,332	1,564,684	4,224,842
Net assets with donor restrictions	125,808	95,271	1,713,376	1,934,455	62,117	80,074	1,627,503	1,769,694
Total net assets at beginning of year	189,871	2,149,244	3,363,811	5,702,926	731,943	2,070,406	3,192,187	5,994,536
Transfers from endowment fund:								
Net assets without donor restrictions	(461,693)	543,193	(81,500)	-	58,839	16,163	(75,002)	-
Net assets at end of year:								
Net assets without donor restrictions	110,453	2,581,053	1,844,172	4,535,678	64,063	2,053,973	1,650,435	3,768,471
Net assets with donor restrictions	119,067	86,079	1,808,876	2,014,022	125,808	95,271	1,713,376	1,934,455
Total net assets at end of year	\$ 229,520	\$ 2,667,132	\$ 3,653,048	\$ 6,549,700	\$ 189,871	\$ 2,149,244	\$ 3,363,811	\$ 5,702,926

See notes to financial statements

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Statements of Functional Expenses

	Year Ended December 31,											
	2021						2020					
	Program Services			Support Services			Program Services			Support Services		
	Scoutcraft	Camping	Total Program	Management and General	Fundraising	Total	Scoutcraft	Camping	Total Program	Management and General	Fundraising	Total
Operating Fund expenses:												
Employee compensation:												
Salaries	\$ 612,453	\$ 276,384	\$ 888,837	\$ 53,283	\$ 98,955	\$ 1,041,075	\$ 581,310	\$ 99,953	\$ 681,263	\$ 50,865	\$ 94,463	\$ 826,591
Employee benefits	124,066	29,114	153,180	10,856	20,161	184,197	118,849	23,581	142,430	10,399	19,313	172,142
Payroll taxes	44,284	28,095	72,379	3,875	7,196	83,450	64,369	10,131	74,500	5,632	10,460	90,592
Employee related expenses	252	4,918	5,170	18	33	5,221	3,727	747	4,474	326	606	5,406
Total employee compensation	781,055	338,511	1,119,566	68,032	126,345	1,313,943	768,255	134,412	902,667	67,222	124,842	1,094,731
Other expenses:												
Professional fees	28,656	5,026	33,682	2,257	11,709	47,648	26,559	6,420	32,979	2,280	13,312	48,571
Supplies	38,203	407,888	446,091	347	1,269	447,707	18,641	4,742	23,383	263	722	24,368
Other expenses	4,056	9,160	13,216	2,206	10,862	26,284	4,280	1,228	5,508	2,114	8,005	15,627
Telephone	7,797	6,833	14,630	404	1,481	16,515	8,835	5,556	14,391	480	1,672	16,543
Postage and shipping	6,677	1,283	7,960	73	3,468	11,501	2,235	72	2,307	29	2,409	4,745
Printing	8,902	2,697	11,599	312	9,007	20,918	6,544	1,633	8,177	145	6,802	15,124
Occupancy	42,354	119,866	162,220	2,952	8,152	173,324	18,334	39,450	57,784	1,073	1,992	60,849
Travel	8,169	7,921	16,090	354	2,005	18,449	7,075	3,891	10,966	184	2,161	13,311
Conference and meetings	5,090	8,783	13,873	155	537	14,565	7,971	1,704	9,675	120	1,633	11,428
Insurance	15,320	63,905	79,225	662	1,477	81,364	18,229	60,836	79,065	838	1,557	81,460
Repairs and maintenance	8,122	43,465	51,587	675	1,266	53,528	12,307	7,663	19,970	971	1,803	22,744
Recognition	11,279	3,903	15,182	230	8,308	23,720	10,159	-	10,159	159	9,380	19,698
Assistance to individual	945	-	945	-	-	945	-	-	-	-	-	-
Total other expenses	185,570	680,730	866,300	10,627	59,541	936,468	141,169	133,195	274,364	8,656	51,448	334,468
Total operating fund expenses	966,625	1,019,241	1,985,866	78,659	185,886	2,250,411	909,424	267,607	1,177,031	75,878	176,290	1,429,199
Capital Fund expenses:												
Depreciation	82,729	-	82,729	322	598	83,649	76,527	-	76,527	268	496	77,291
Supplies	639	-	639	-	-	639	163	-	163	-	-	163
Occupancy	57,925	-	57,925	-	-	57,925	15,853	-	15,853	-	-	15,853
Recognition	724	-	724	-	-	724	100	-	100	-	-	100
Repairs and maintenance	5,980	-	5,980	-	-	5,980	3,615	-	3,615	-	-	3,615
Total capital fund expenses	147,997	-	147,997	322	598	148,917	96,258	-	96,258	268	496	97,022
	1,114,622	1,019,241	2,133,863	78,981	186,484	2,399,328	1,005,682	267,607	1,273,289	76,146	176,786	1,526,221
Cost of direct benefit to donors:												
Food and beverage	-	-	-	-	14,647	14,647	-	-	-	-	8,460	8,460
Facilities rental	-	-	-	-	27,149	27,149	-	-	-	-	19,406	19,406
Other direct benefit to donors	-	-	-	-	11,253	11,253	-	-	-	-	3,237	3,237
Cost of supplies	154,126	-	154,126	-	-	154,126	85,236	-	85,236	-	-	85,236
Cost of product	37,178	-	37,178	-	-	37,178	48,698	-	48,698	-	-	48,698
Charter and National Service fee	-	-	-	33,831	-	33,831	-	-	-	-	-	-
Sales commissions	-	-	-	-	-	-	49,226	-	49,226	-	-	49,226
Total functional expenses	\$ 1,305,926	\$ 1,019,241	\$ 2,325,167	\$ 112,812	\$ 239,533	\$ 2,677,512	\$ 1,188,842	\$ 267,607	\$ 1,456,449	\$ 76,146	\$ 207,889	\$ 1,740,484

See notes to financial statements

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Statements of Cash Flows

	Year Ended December 31,				2020
	2021				
	Operating Fund	Capital Fund	Endowment Fund	Total	Total
Cash flows from operating activities:					
Increase (decrease) in total net assets	\$ 501,342	\$ (25,305)	\$ 370,737	\$ 846,774	\$ (291,610)
Adjustments to reconcile increase (decrease) in total net assets to net cash provided by (used in) operating activities:					
Depreciation	-	83,649	-	83,649	77,291
Bad debt expense	-	-	-	-	2,857
Forgiveness of PPP loan	(413,300)	-	-	(413,300)	-
Net realized and unrealized (gain) loss on investments	197	(831)	(388,150)	(388,784)	(293,112)
Change in value of split interest agreement	1,249	-	4,866	6,115	16,153
Transfers	(461,693)	543,193	(81,500)	-	-
Contribution restricted for endowment	-	-	(22,000)	(22,000)	(3,450)
(Increase) decrease in assets:					
Accounts receivable	7,524	-	-	7,524	293
Inventories	(20,013)	-	-	(20,013)	41,440
Prepaid expenses	7,078	-	-	7,078	13,839
Pledges receivable	562	17,312	-	17,874	(3,812)
Increase (decrease) in liabilities:					
Accounts payable and other current liabilities	71,687	275	-	71,962	(9,093)
Payroll taxes withheld and accrued	439	-	-	439	(7,561)
Custodian accounts	20,557	-	-	20,557	(32,482)
Deferred activity income	(340)	-	-	(340)	(4,633)
Deferred camp income	(33,703)	-	-	(33,703)	28,347
Deferred other income	(37,541)	-	-	(37,541)	139,337
Net cash provided by (used in) operating activities	<u>(355,955)</u>	<u>618,293</u>	<u>(116,047)</u>	<u>146,291</u>	<u>(326,196)</u>
Cash flows from investing activities:					
Purchases of land, buildings and equipment	-	(131,020)	-	(131,020)	(164,282)
Proceeds from investments	765	31,373	2,023,458	2,055,596	494,177
Purchases of investments	2,119	(20,425)	(574,561)	(592,867)	(167,112)
Net cash provided by (used in) investing activities	<u>2,884</u>	<u>(120,072)</u>	<u>1,448,897</u>	<u>1,331,709</u>	<u>162,783</u>
Cash flows from financing activities:					
Pledges receivable - endowment	-	-	22,000	22,000	3,450
Proceeds from PPP loan	150,000	-	-	150,000	263,300
Repayment of interfund loans	194,454	(194,454)	-	-	-
Net cash provided by (used in) financing activities	<u>344,454</u>	<u>(194,454)</u>	<u>22,000</u>	<u>172,000</u>	<u>266,750</u>
Net increase (decrease) in cash and cash equivalents	(8,617)	303,767	1,354,850	1,650,000	103,337
Cash and cash equivalents at beginning of year	675,285	183,920	1,950	861,155	757,818
Cash and cash equivalents at end of year	\$ 666,668	\$ 487,687	\$ 1,356,800	\$ 2,511,155	\$ 861,155
Supplemental disclosure of cash flow information:					
Write-off of fully depreciated assets	\$ -	\$ 119,195	\$ -	\$ 119,195	\$ 9,500

See notes to financial statements

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE A - NATURE OF THE ORGANIZATION

Washington Crossing Council, Boy Scouts of America ("Council") is located in Doylestown, Pennsylvania and provides services to young men and women ages 5 to 20 in Bucks County, Pennsylvania, and in Hunterdon County and the Greater Mercer Area in New Jersey. Council has camping facilities at Ockanickon Scout Reservation located in Bucks County, Pennsylvania. Washington Crossing Council, Boy Scouts of America is an independent not-for-profit organization devoted to promoting, within the territory covered by the charter granted by the National Council of the Boy Scouts of America ("National Council, BSA"), the ability of boys, girls, young men and women to do things for themselves and others, training them in Scoutcraft and teaching them patriotism, courage and self-reliance. Council also prepares its youth members to make ethical choices over their lifetimes and achieve their full potential 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, BSA provides components of the Council's employee benefit plans (see note M) and liability insurance programs, as well as components of the Council's technology, software and other items.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[1] Basis of presentation and classification of net assets:

The financial statements of Council have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as applicable to not-for-profit organizations.

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of 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 specific activities or objectives.

Council also prepares financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Presentation of Financial Statements*. Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. See Note K for classification of balances.

Resources in the financial statements are classified for accounting and reporting purposes into classes of net assets according to the existence or absence of donor-imposed restrictions.

The accompanying financial statements include the following classes of net assets:

Net Assets Without Donor Restrictions - Net assets without donor restrictions represent net assets available for use in general operations and not subject to donor restrictions, and over which the Board of Directors ("Board") has discretionary control.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Restricted contributions whose restrictions are met in the same reporting period as when the contributions are received are reported as net assets without donor restrictions in the statements of activities and changes in net assets.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[2] Contributions:

Funding for the Council's activities is partially achieved through contributions made through annual appeal, foundations, trusts and grants, and legacy and bequests, including unconditional promises to give. These donations provide funding to be used to support the mission of the Council. As the donors are not receiving a benefit as a result of these transactions, the donations are considered to be contributions to the Council. Some contributions require that funds be expended for a specific purpose, and are considered to be net assets with donor restrictions.

The Council recognizes contributions as revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

[3] Donated materials and services:

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their approximate fair values at the date of donation. Council reports donations as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used.

Donated services are recognized as contributions in accordance with U.S. GAAP 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 Council. A substantial number of volunteers have donated significant amounts of their time to Council's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Donated materials and services recorded as revenue and expense for the years ended December 31, 2021 and 2020 were \$7,101 and \$11,212, respectively.

[4] Paycheck Protection Program loan:

On March 27, 2020, Congress enacted the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). The Paycheck Protection Program ("PPP") established by the CARES Act, implemented by the U.S. Small Business Administration ("SBA"), provides businesses, including certain not-for-profit organizations, with funds to pay payroll and other costs during the coronavirus ("COVID-19") outbreak. During fiscal years 2021 and 2020, the Council applied for and received PPP funds. The Council has elected to record the PPP funds as a loan under FASB ASC 470, *Debt*. Loan forgiveness will be recognized when the conditions for loan forgiveness are met and the forgiveness amount is formally approved by the bank and the SBA. The PPP loan is more fully described in Note J.

[5] Revenue recognition:

Revenue from exchange transactions

The Council recognizes revenue in accordance with 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 ended December 31, 2021 and 2020.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Revenue recognition: (continued)

Supplies

The Council operates a Scout Shop in its Service Center and a Trading Post 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 at a point in time 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, 2021 or 2020.

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 Camp Masters' 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 between 30% - 40% on each sale they make, which may be used to offset the price of the popcorn they purchase from the Council. No commissions were paid to Scout packs and troops in fiscal year 2021. 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 Camp Masters' 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 Camp Masters' 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 at a point in time 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. Scout units have the right to return to the Council any unsold product, subject to a return-by date of November 1, 2021. As of December 31, 2021 and 2020, no probable popcorn returns existed. Accordingly, no liability for probable customer returns was considered necessary.

Camping and activity revenue

The Council conducts program-related experiences such as Day Camps, Day Hikes, 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. Some special camp programs do incur additional fees (shooting sports and training, for example), which are separately priced. Camp and program activity fees are set by the Council and payment is due prior to attending camp or the program. Fees collected in advance of delivery of the camp or activity are initially recognized as deferred camp or activity income and are only recognized as revenue in the statements of activities and changes in net assets at a point in time after delivery of the program has occurred.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[5] Revenue recognition: (continued)

Special fundraising event revenues

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 statements 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 obligations. 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 are determined by the Council and payment is due prior to attending the event. Special event fees collected by the Council in advance of its delivery are initially recognized as deferred revenue, and recognized as special event revenue at a point in time after delivery of the event. As of December 31, 2021 and 2020, there were conditional contributions associated with special events of \$-0- and \$4,010, respectively, which are included in deferred other income on the statements of financial position.

[6] Council service fee:

On June 24, 2020, the Council's board of directors approved the charging of a council service fee of \$60 to each scout, that will be adjusted annually. Council service fees provide benefits to scouts a rolling 12 month period. The benefits received by the scouts include allowing to participate in the scoutcraft program. The value of these benefits is commensurate with the council service fees paid. The scout simultaneously receives and consumes the benefit of the membership over the course of the year and, therefore, revenue is recorded ratably over the 12-month period. Council service fees recognized as revenue during the years ended December 31, 2021 and 2020 was \$280,063 and \$-0-, respectively, and is included in other revenue on the statements of activities and changes in net assets. Council service fees received in advance of the year that they relate to are recorded as a liability under deferred other income on the statements of financial position. As of December 31, 2021 and 2020 the Council collected council service fees in advance of \$123,228 and \$157,380, respectively.

[7] Cash and cash equivalents:

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

[8] Accounts receivable:

Accounts receivable are recorded primarily for product sales and are reported at net realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance for doubtful accounts was considered necessary as of December 31, 2021 or 2020.

[9] Inventories:

Inventories consist of scouting and other items available for resale and are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[10] Land, buildings and equipment:

Land, buildings and equipment are stated at cost, unless acquired by gift, in which case they are recorded at the approximate fair value at the time of donation, less accumulated depreciation in the Capital Fund. Specific real estate items are stated based on a 1974 real estate appraisal. Maintenance and repairs are charged to operations when incurred. Purchases of buildings, improvements, or equipment costing \$3,000 or more are capitalized. Depreciation is provided for on the straight-line method over the estimated useful lives of the assets (3 to 40 years).

Management evaluates the recoverability of long-lived assets on an ongoing basis and recognizes any impairment in the year of determination. Long-lived assets were tested for impairment as of December 31, 2021 and 2020, and in the opinion of management, there was no impairment. It is reasonably possible that relevant conditions could change in the near term and necessitate a change in management's estimate of the recoverability of these assets.

[11] Investments:

Investments consist primarily of assets invested in mutual funds, bonds, corporate stock and exchange-traded funds. All investments are stated at fair value. Unrealized and realized gains and losses are reflected in the accompanying statements of activities and changes in net assets. Investments are classified based on their original maturities. Investments with original maturities of less than 12 months are classified as short-term investments.

Council's investment securities are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

[12] Beneficial interest in split interest agreement:

Beneficial interest in split interest agreement consists of charitable gift annuities between a donor and the National Council, BSA. The donor named Council the beneficiary of the annuities. The National Council, BSA administers these types of annuities, which include paying a life annuity to the donor or to a designated beneficiary and paying the residuum to Council when the donor dies. The National Council, BSA advises Council annually of the amount of the expected residuum of the gift. The amount of Council's beneficial interest in the split interest agreement was \$108,824 and \$114,939 as of December 31, 2021 and 2020, respectively, and is recorded in the statements of financial position.

[13] Interfund loans:

The Council records interfund loans on a single line in the asset section of the statements of financial position.

[14] Custodian accounts:

Custodian accounts represent funds received on behalf of various groups. The majority of the funds represents membership and charter fees paid by individual units to be remitted to National Council, BSA. These funds are disbursed for the purpose designated by the various groups.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[15] Investment policy:

Council's investment policy intends for Council to invest in assets that would produce results exceeding the investment's purchase price and incur a reasonable yield of return, while assuming a moderate level of investment risk. To satisfy the long-term rate-of-return objective, 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). Council targets a diversified asset allocation that places an emphasis on marketable equity and debt securities and money market accounts to achieve its long-term return objectives within prudent risk constraints.

[16] Board-designated endowment funds:

Board-designated endowment funds include proceeds from the sale of conservation easements for developed rights at Ockanickon Scout Reservation and other funds specifically designated by the Board. It is Council's intention to use income from these funds as necessary to meet the specific purpose of Council. Board-designated endowment funds were \$1,844,172 and \$1,650,435 as of December 31, 2021 and 2020, respectively.

[17] Donor-restricted endowment fund:

Investment income and investment gains earned on net assets with donor restrictions are recorded as net assets with donor restrictions until they are appropriated for expenditure by the Board and then transferred to net assets without donor restrictions for use in operations. The use of net assets with donor restrictions and related income and gains is limited by Commonwealth of Pennsylvania Act 141.

[18] Concentrations of credit risk:

Council maintains cash balances in several financial institutions. Accounts at each of the institutions are insured by the Federal Deposit Insurance Corporation. At times during the year, individual accounts may exceed the federally insured limit. Management does not believe there is any credit risk at these institutions.

[19] Estimates:

The presentation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

[20] Functional allocation of expenses:

The costs of providing the various programs and supporting services have been summarized on the statements of activities and changes in net assets on a functional basis. Most expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed 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, supplies, insurance, employee compensation, including salaries, employee benefits, payroll taxes, employee related expenses. 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 four separate studies and is applied to the expenses that are allocated. In accordance with the policy of the National Council, BSA, the payment of the charter fee to the National Council, BSA is not allocated as a functional expense.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[21] Federal tax status:

The Internal Revenue Service has classified Council as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code"); as an organization, contributions to which are deductible under Section 170(c) of the Code; and as an organization that is not a private foundation as defined in Section 509(a) of the Code.

U.S. GAAP requires management to evaluate tax positions taken and recognize a tax liability, if Council has taken an uncertain tax position that more likely than not would not be sustained upon examination by a government authority. Management has analyzed the tax positions taken by Council and has concluded that as of December 31, 2021 and 2020, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements.

Council recognizes accrued interest and penalties associated with uncertain tax positions, if any. There were no income tax related interest and penalties recorded for either of the years ended December 31, 2021 or 2020.

[22] Reclassification:

Certain amounts in the 2020 financial statements have been reclassified to conform to the current year presentation.

NOTE C - LIQUIDITY AND AVAILABILITY

The Council's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are as follows as of December 31, 2021 and 2020:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial assets deemed available:		
Operating fund:		
Cash and cash equivalents	\$ 666,668	\$ 675,285
Short-term investments	1,507,689	4,630
Accounts receivable	2,420	9,944
Pledges receivable, net	438	1,000
	<u>2,177,215</u>	690,859
Financial assets deemed available as of year-end	2,177,215	690,859
Appropriation of endowment assets for general expenditure in subsequent year	<u>147,729</u>	<u>146,636</u>
Total financial assets available to meet general expenditures within the next 12 months	<u>\$ 2,324,944</u>	<u>\$ 837,495</u>

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE C - LIQUIDITY AND AVAILABILITY (CONTINUED)

The Council's endowment funds consist of donor-restricted endowments and a Board-designated endowment. Income from endowments is available for general expenditure. As of December 31, 2021 and 2020, \$147,729 and \$146,636, respectively, of appropriations will be available within the next 12 months.

The Council's capital fund consists of financial assets to be expended for property, buildings, and equipment and related debt payments. These financial assets are not available for general expenditure.

As part of the Council's liquidity management plan, 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 two committed lines-of-credit in the amounts of \$100,000 and \$275,000, which could be drawn upon (see Note I). Additionally, the Council has Board-designated endowments of \$1,844,172 and \$1,650,435 as of December 31, 2021 and 2020, respectively. Although the Council does not intend to spend from its Board-designated endowments, other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its Board-designated endowment could be made available, if necessary.

NOTE D - INVENTORIES

The following is a summary of inventories as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Council scout shop	\$ 132,346	\$ 102,891
Camp trading post	21,755	31,197
	<u>\$ 154,101</u>	<u>\$ 134,088</u>

NOTE E - PLEDGES RECEIVABLE

Pledges receivable as of December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Unconditional promises expected to be collected:		
Less than one year	\$ 438	\$ 21,169
Allowance for uncollectible amounts	<u>-</u>	<u>2,857</u>
Total pledges, net	<u>\$ 438</u>	<u>\$ 18,312</u>

Unconditional promises expected to be collected after one year have not been discounted by management. Impact is immaterial to financial statements.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE F - LAND, BUILDINGS AND EQUIPMENT

The following is a summary of land, buildings and equipment as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 587,298	\$ 587,298
Buildings	3,035,010	2,903,549
Furniture, fixtures and equipment	<u>1,300,305</u>	<u>1,419,941</u>
	4,922,613	4,910,788
Less accumulated depreciation	<u>2,855,244</u>	<u>2,890,790</u>
	<u>\$ 2,067,369</u>	<u>\$ 2,019,998</u>

Depreciation for the years ended December 31, 2021 and 2020 was \$83,649 and \$77,291, respectively.

NOTE G - INVESTMENTS

Investments as of December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Bonds	\$ 243,995	\$ 205,756
Corporate stock	1,551,895	2,679,947
Exchange-traded funds	410,914	407,463
Funds held in trust by others	<u>108,824</u>	<u>114,939</u>
	2,315,628	3,408,105
Invested cash	<u>158,695</u>	<u>146,278</u>
	<u>\$ 2,474,323</u>	<u>\$ 3,554,383</u>
Short-term investments	\$ 162,689	\$ 162,498
Long-term investments	2,202,810	3,276,946
Beneficial interest in split interest agreement	<u>108,824</u>	<u>114,939</u>
	<u>\$ 2,474,323</u>	<u>\$ 3,554,383</u>

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE G - INVESTMENTS (CONTINUED)

Income from investments and other interest-bearing accounts for the years ended December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 73,262	\$ 57,695
Realized gain (loss)	662,234	(54,042)
Unrealized gain (loss)	(273,450)	347,154
Change in value of split interest agreement	(6,115)	(16,153)
Investment fees	<u>(33,721)</u>	<u>(32,636)</u>
	<u>\$ 422,210</u>	<u>\$ 302,018</u>
Investment income, net - without donor restrictions	\$ 301,905	\$ 187,558
Investment income, net - with donor restrictions	<u>120,305</u>	<u>114,460</u>
	<u>\$ 422,210</u>	<u>\$ 302,018</u>

NOTE H - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, and defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Assets utilizing Level 3 inputs are funds held in trust by others.

The financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying assets.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE H - FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2021 or 2020.

Corporate stock - Valued at the closing market price on the stock exchange where it is traded.

Bonds and U.S. government obligations - Valued at the present value of future cash flows.

Exchange-traded funds - Valued at the net asset value of the shares held by Council at year-end.

Funds held in trust by others - Valued at management's estimated fair value based on amounts provided by third parties who hold the funds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level, Council's assets at fair value, within the aforementioned fair value hierarchy, as of December 31, 2021 and 2020:

	2021			Total
	Level 1	Level 2	Level 3	
U.S. government obligations	\$ -	\$ 32,081	\$ -	\$ 32,081
Corporate bonds	-	211,914	-	211,914
Corporate stock	1,551,895	-	-	1,551,895
Exchange-traded funds:				
Equities	410,914	-	-	410,914
Funds held in trust by others	-	-	108,824	108,824
Total assets at fair value	\$ 1,962,809	\$ 243,995	\$ 108,824	\$ 2,315,628
	2020			Total
	Level 1	Level 2	Level 3	
U.S. government obligations	\$ -	\$ 59,920	\$ -	\$ 59,920
Corporate bonds	-	145,836	-	145,836
Corporate stock	2,679,947	-	-	2,679,947
Exchange-traded funds:				
Equities	407,463	-	-	407,463
Funds held in trust by others	-	-	114,939	114,939
Total assets at fair value	\$ 3,087,410	\$ 205,756	\$ 114,939	\$ 3,408,105

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE H - FAIR VALUE MEASUREMENTS (CONTINUED)

Changes in fair value levels:

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2021 and 2020, there were no transfers into or out of Levels 1, 2 or 3.

The following summarizes Level 3 reconciliations:

	Funds Held in Trust by Others for the Year Ended December 31	
	2021	2020
Beginning balance	\$ 114,939	\$ 131,092
Change in value of split interest agreement	(6,115)	(16,153)
Ending balance	<u>\$ 108,824</u>	<u>\$ 114,939</u>

NOTE I - LINES-OF-CREDIT

Council has a \$100,000 bank line-of-credit ("LOC") with Truist. The LOC is collateralized by Council's building in Doylestown, Pennsylvania and is payable on demand. The LOC bears interest at prime less .25% (prime was 3.25% as of December 31, 2021 and 2020). As of December 31, 2021 and 2020, there were no outstanding borrowings on the LOC.

In June 2019, the Council entered into a new LOC agreement with The Haverford Trust Company ("HTC"). This LOC has a limit of \$275,000. The LOC is collateralized by a portion of the Council's holdings at HTC and is payable on demand. The LOC bears interest at prime less 1.25% ((prime was 3.25% as of December 31, 2021 and 2020). As of December 31, 2021 and 2020, there were no outstanding borrowings on the LOC.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE J - PAYCHECK PROTECTION PROGRAM

On February 26, 2021 and April 22, 2020, the Council received loan proceeds in the amount of \$150,000 and \$263,300, respectively, under the PPP. Established as part of the 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" (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 ten months after the end of the covered period. The Council believes that all the PPP loan proceeds were used for purposes consistent with the PPP and intends to apply for forgiveness within ten 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 ten months of the end of the covered period, payments of principal and interest will be required through the maturity date of June 26, 2022 and August 22, 2021, respectively. 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 initially recorded a note payable and subsequently recorded forgiveness when the loans obligation was legally released on May 26, 2021 and August 9, 2021. The Council recognized a gain on the forgiveness of the PPP loan of \$413,300 for the year ended December 31, 2021.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

**Notes to Financial Statements
December 31, 2021 and 2020**

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods as of December 31, 2021 and 2020:

	2021			
	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditures for specified purpose:				
Camperships	\$ 82,080	\$ -	\$ -	\$ 82,080
Scoutreach	7,588	-	-	7,588
FlagPlaza/Brick Walkway	-	42,917	-	42,917
Various projects	3,817	43,162	-	46,979
	<u>93,485</u>	<u>86,079</u>	<u>-</u>	<u>179,564</u>
Subject to the passage of time:				
Friends of Scouting	25,582	-	-	25,582
	<u>25,582</u>	<u>-</u>	<u>-</u>	<u>25,582</u>
Endowments:				
Subject to appropriation and expenditure when a specified event occurs:				
General use	-	-	5,539	5,539
Restricted by Pennsylvania Statute	-	-	431,272	431,272
	<u>-</u>	<u>-</u>	<u>436,811</u>	<u>436,811</u>
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:				
General use	-	-	293,752	293,752
Restricted by Pennsylvania Statute	-	-	1,078,313	1,078,313
	<u>-</u>	<u>-</u>	<u>1,372,065</u>	<u>1,372,065</u>
Total endowments	<u>-</u>	<u>-</u>	<u>1,808,876</u>	<u>1,808,876</u>
	<u>\$ 119,067</u>	<u>\$ 86,079</u>	<u>\$ 1,808,876</u>	<u>\$ 2,014,022</u>

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

**Notes to Financial Statements
December 31, 2021 and 2020**

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

	2020			
	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditures for specified purpose:				
Camperships	\$ 78,311	\$ -	\$ -	\$ 78,311
Scoutreach	7,588	-	-	7,588
FlagPlaza/Brick Walkway	-	42,789	-	42,789
Various projects	34,077	52,482	-	86,559
	<u>119,976</u>	<u>95,271</u>	<u>-</u>	<u>215,247</u>
Subject to the passage of time:				
Friends of Scouting	5,832	-	-	5,832
	<u>5,832</u>	<u>-</u>	<u>-</u>	<u>5,832</u>
Endowments:				
Subject to appropriation and expenditure when a specified event occurs:				
General use	-	-	5,538	5,538
Restricted by Pennsylvania Statute	-	-	346,512	346,512
	<u>-</u>	<u>-</u>	<u>352,050</u>	<u>352,050</u>
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:				
General use	-	-	293,752	293,752
Restricted by Pennsylvania Statute	-	-	1,067,574	1,067,574
	<u>-</u>	<u>-</u>	<u>1,361,326</u>	<u>1,361,326</u>
Total endowments	<u>-</u>	<u>-</u>	<u>1,713,376</u>	<u>1,713,376</u>
	<u>\$ 125,808</u>	<u>\$ 95,271</u>	<u>\$ 1,713,376</u>	<u>\$ 1,934,455</u>

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE K - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions:		
Camperships	\$ 25,797	\$ 1,105
FlagPlaza/Brick Walkway	-	100
Various projects	9,860	209
Promises to give, the proceeds from which have been restricted by donors for:		
Capital Campaign	<u>100</u>	<u>7,500</u>
	<u>35,757</u>	<u>8,914</u>
 Expiration of time restrictions - Friends of Scouting	 23,832	 5,000
 Appropriation from donor endowment in satisfaction of donor and legal restrictions:		
In accordance with Pennsylvania Statute	<u>46,900</u>	<u>31,649</u>
	<u>70,732</u>	<u>36,649</u>
	<u>\$ 106,489</u>	<u>\$ 45,563</u>

NOTE L - ENDOWMENT AND BOARD-DESIGNATED FUNDS

Council's endowment funds include both donor-restricted endowment funds (net assets with donor restrictions) and funds designated by the Board of Directors to function as endowments (net assets without donor restrictions). The income from these funds can be used for general purposes, or in accordance with Pennsylvania Statute. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of Council has interpreted the Commonwealth of Pennsylvania state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Council classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated by the Board for expenditure in a manner consistent with state law.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE L - ENDOWMENT AND BOARD-DESIGNATED FUNDS (CONTINUED)

Council's endowment and Board-designated net assets had the following activity for the years ended December 31, 2021 and 2020:

	2021				Total
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			
	Board- Designated	Subject to Appropriation	Perpetual in Nature	Subtotal	
Endowment and Board-designated funds at beginning of year	\$ 1,650,435	\$ 352,050	\$ 1,361,326	\$ 1,713,376	\$ 3,363,811
Investment return	228,337	126,515	-	126,515	354,852
Change in value of split interest agreements	-	-	(6,115)	(6,115)	(6,115)
Contributions	-	5,146	16,854	22,000	22,000
Appropriation of endowment assets pursuant to spending rate policy	-	(46,900)	-	(46,900)	(46,900)
Distribution from Board-designated endowment pursuant to distribution policy	(34,600)	-	-	-	(34,600)
Change in net assets	193,737	84,761	10,739	95,500	289,237
Endowment and Board-designated funds at end of year	<u>\$ 1,844,172</u>	<u>\$ 436,811</u>	<u>\$ 1,372,065</u>	<u>\$ 1,808,876</u>	<u>\$ 3,653,048</u>
	2020				
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions			Total
	Board- Designated	Subject to Appropriation	Perpetual in Nature	Subtotal	
	Board- Designated	Subject to Appropriation	Perpetual in Nature	Subtotal	
Endowment and Board-designated funds at beginning of year	\$ 1,564,684	\$ 253,474	\$ 1,374,029	\$ 1,627,503	\$ 3,192,187
Investment return	129,104	130,225	-	130,225	259,329
Change in value of split interest agreements	-	-	(16,153)	(16,153)	(16,153)
Contributions	-	-	3,450	3,450	3,450
Appropriation of endowment assets pursuant to spending rate policy	-	(31,649)	-	(31,649)	(31,649)
Distribution from Board-designated endowment pursuant to distribution policy	(43,353)	-	-	-	(43,353)
Change in net assets	85,751	98,576	(12,703)	85,873	171,624
Endowment and Board-designated funds at end of year	<u>\$ 1,650,435</u>	<u>\$ 352,050</u>	<u>\$ 1,361,326</u>	<u>\$ 1,713,376</u>	<u>\$ 3,363,811</u>

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE L - ENDOWMENT AND BOARD-DESIGNATED FUNDS (CONTINUED)

Endowment and Board-designated funds had the following net asset compositions as of December 31, 2021 and 2020:

	2021		
	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,844,172	\$ -	\$ 1,844,172
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	-	1,372,065	1,372,065
Accumulated investment gains	-	436,811	436,811
Total endowment funds	<u>\$ 1,844,172</u>	<u>\$ 1,808,876</u>	<u>\$ 3,653,048</u>
	2020		
	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Board-designated endowment funds	\$ 1,650,435	\$ -	\$ 1,650,435
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amount required to be maintained in perpetuity by donor	-	1,361,326	1,361,326
Accumulated investment gains	-	352,050	352,050
Total endowment funds	<u>\$ 1,650,435</u>	<u>\$ 1,713,376</u>	<u>\$ 3,363,811</u>

[1] Return objectives and risk parameters:

The Board of Directors has adopted investment and spending policies for endowment and Board-designated assets that attempt to provide a relatively predictable and growing stream of annual distribution in support of Council while preserving the long-term, real purchasing power of assets. An additional purpose of the funds is to provide a source of funds for a time when Council may face a financial emergency, subject to any funds being utilized in such a manner which is consistent with the original donor restrictions.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE L - ENDOWMENT AND BOARD-DESIGNATED FUNDS (CONTINUED)

[2] Strategies employed for achieving objectives:

To satisfy its long-term rate-of-return objectives, 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 Board of Directors has approved an asset allocation policy consisting of 55%-75% equities, with the balance of the funds in fixed income and cash.

Total return is defined as capital gains, realized and unrealized, plus income derived from dividends and interest. It is recognized that economic and securities' market conditions are not constant, but ever changing and, as a result, periodic portfolio rebalancing will be required to maintain asset allocation.

[3] Spending policy and how the investment objectives relate to spending policy:

This policy is limited by Commonwealth of Pennsylvania Act 141. Each year, Council's Board of Directors determines the amount that can be spent, subject to donor restrictions. Annual withdrawals from the endowment trust cannot exceed 5% of Council's investable asset value. The 5% spending objective is determined based on a three-year rolling average calculated using the market value of the endowment trust as of September 30. Pursuant to this Commonwealth of Pennsylvania law and at the direction of the Board of Directors, \$81,500 and \$75,002 was distributed for unrestricted purposes and has been reported as transfers in the accompanying statements of activities and changes in net assets for the years ended December 31, 2021 and 2020, respectively.

NOTE M - RETIREMENT PLANS

BSA Retirement Plan for Employees

The National Council, BSA has a qualified defined-benefit pension plan (the "plan") administered at the National Service Center that covers employees of the National Council, BSA and local councils, including the Council. The plan name is the Boy Scouts of America Master Pension Trust - Boy Scouts of America Retirement Plan for Employees. Effective December 31, 2018, the plan was frozen to employees with less than 15 years of vesting service, and whose age plus vesting service equaled less than 60 as of December 31, 2018 (nongrandfathered employees). From January 1, 2020 through July 31, 2020, employees with at least 15 years of vesting service and whose age plus vesting service equaled 60 or more as of December 31, 2018 (grandfathered employees) contributed 4.25% 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 contributes 7.75% of eligible employees' compensation to the BSA retirement program. Pension expense was approximately \$72,000 and \$34,000 as of December 31, 2021 and 2020, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2021 indicates that it is in compliance with ERISA regulations regarding funding.

BSA Match Savings Plan

The Council participates in a 403(b) defined contribution plan established by the National Council, BSA. The plan name is the BSA Match Savings Plan, which covers all full-time employees of the Council. Participants in the BSA Match Savings Plan may elect to make voluntary before-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Internal Revenue Code of 1986, as amended. The Council makes a matching contribution on employee eligible compensation. The Council contributed approximately \$21,000 and \$32,000 to the BSA Match Savings Plan for the years ended December 31, 2021 and 2020, respectively.

WASHINGTON CROSSING COUNCIL, BOY SCOUTS OF AMERICA

Notes to Financial Statements December 31, 2021 and 2020

NOTE N - CONTINGENCIES AND OTHER UNCERTAINTIES

The COVID-19 pandemic, whose effects first became known in January 2020, is continuing to have a broad and negative impact on commerce and financial markets around the world and COVID-19 variants have produced a sequence of infection spikes that require changes to how our economy operates. The United States and global markets experienced significant disruption resulting from uncertainty caused by the pandemic. The Council is closely monitoring its investment portfolio and its liquidity and is actively working to manage the continuing impact of the pandemic. The extent of the impact of COVID-19 on the Council's operational and financial performance will depend on certain developments, including the duration of the pandemic 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.

The Council has been named as a defendant or has been made aware of personal injury claims against it. The Council has and will continue to vigorously defend these actions. These claims are covered by the National Council, Boy Scouts of America's general liability insurance program ("GLIP"). At the present time, management is unable to estimate a probable outcome of these matters and accordingly, no provision for liabilities, if any, has been made in the accompanying financial statements. Changes in state law could result in additional claims being asserted against the Council.

The National Council has been named as a defendant in lawsuits alleging sexual abuse, including claims for compensatory and punitive damages. Some of these claims arise out of conduct occurring on Council property and/or were 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 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 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 GLIP 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 currently parties to the bankruptcy proceeding. The court has granted a stay on litigation against both the National Council and local councils and the National Council has proposed a plan of reorganization that would protect local councils from any further legal exposure for abuse claims arising prior to February 18, 2020. Such plan will require a contribution from local councils. As of this date, the Council's contribution is expected to be approximately \$1,390,000; however, that may increase. The ability of the National Council to confirm such a plan 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 O - SUBSEQUENT EVENTS

Council has evaluated subsequent events through May 16, 2022, which is the date the financial statements were available to be issued.