

**CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA**

**AUDITED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**

**CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA**

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**Accavallo & Company LLC**  
**Certified Public Accountants**  
1000 Bridgeport Avenue, Suite 210  
Shelton, Connecticut 06484  
P: 203-925-9600  
F: 203-925-9610

**Principals**  
John A. Accavallo CPA  
Marilyn L Ferris MBA CPA

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Connecticut Yankee Council, Inc. Boy Scouts of America  
Milford, Connecticut 06460

### **Opinion**

We have audited the accompanying financial statements of Connecticut Yankee Council, Inc. Boy Scouts of America (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Yankee Council, Inc. Boy Scouts of America as of December 31, 2021 and 2020, 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.

### **Basis for Opinion**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Connecticut Yankee Council, Inc. Boy Scouts of America's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Connecticut Yankee Council, Inc. Boy Scouts of America'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 Connecticut Yankee Council, Inc. Boy Scouts of America's ability to continue as a going concern for a reasonable period of time.

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

*Accavallo & Company, LLC*

Shelton, Connecticut  
June 14, 2022

**CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<u>Operating Fund</u>		<u>Capital Fund</u>		<u>Endowment Fund</u>		<u>Total Funds</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>								
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$ 694,005	\$ 725,103	\$ 338,660	\$ 371,177	\$ 1,053,200	\$ 200	\$ 2,085,865	\$ 1,096,480
Accounts receivable, net (Note 5)	61,897	27,495	-	-	-	-	61,897	27,495
Grant receivable (Note 21)	380,056	-	-	-	-	-	380,056	-
Pledges receivable, net	91,517	5,265	30,000	40,000	-	-	121,517	45,265
Inventories	41,116	27,261	-	-	-	-	41,116	27,261
Prepaid expenses	37,426	28,307	-	-	-	-	37,426	28,307
TOTAL CURRENT ASSETS	<u>1,306,017</u>	<u>813,431</u>	<u>368,660</u>	<u>411,177</u>	<u>1,053,200</u>	<u>200</u>	<u>2,727,877</u>	<u>1,224,808</u>
<b>Noncurrent Assets</b>								
Investments	-	-	-	-	5,265,983	5,486,424	5,265,983	5,486,424
Split interest agreements:								
Charitable remainder trusts	50,460	93,771	-	-	1,062,649	911,568	1,113,109	1,005,339
Charitable gift annuity	-	-	-	-	1,256	1,256	1,256	1,256
Beneficial interest in perpetual trusts	-	-	-	-	343,344	316,858	343,344	316,858
	50,460	93,771	-	-	6,673,232	6,716,106	6,723,692	6,809,877
Land, buildings and equipment, net	-	-	4,964,886	4,801,769	-	-	4,964,886	4,801,769
Interfund loans	-	(300,000)	-	-	-	300,000	-	-
TOTAL NONCURRENT ASSETS	<u>50,460</u>	<u>(206,229)</u>	<u>4,964,886</u>	<u>4,801,769</u>	<u>6,673,232</u>	<u>7,016,106</u>	<u>11,688,578</u>	<u>11,611,646</u>
TOTAL ASSETS	<u>\$ 1,356,477</u>	<u>\$ 607,202</u>	<u>\$ 5,333,546</u>	<u>\$ 5,212,946</u>	<u>\$ 7,726,432</u>	<u>\$ 7,016,306</u>	<u>\$ 14,416,455</u>	<u>\$ 12,836,454</u>
<b>LIABILITIES AND NET ASSETS</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payables and accrued expenses	\$ 33,652	\$ 31,230	\$ 11,495	\$ -	\$ -	\$ -	\$ 45,147	\$ 31,230
Deferred income	99,266	140,814	-	-	-	-	99,266	140,814
Custodial funds	665,420	511,817	-	-	-	-	665,420	511,817
Current portion of long-term debt	-	10,000	84,621	81,264	-	-	84,621	91,264
TOTAL CURRENT LIABILITIES	<u>798,338</u>	<u>693,861</u>	<u>96,116</u>	<u>81,264</u>	<u>-</u>	<u>-</u>	<u>894,454</u>	<u>775,125</u>
<b>LONG-TERM LIABILITIES</b>								
Long-term debt, less current portion	-	-	1,248,787	1,333,403	-	-	1,248,787	1,333,403
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>1,248,787</u>	<u>1,333,403</u>	<u>-</u>	<u>-</u>	<u>1,248,787</u>	<u>1,333,403</u>
TOTAL LIABILITIES	<u>798,338</u>	<u>693,861</u>	<u>1,344,903</u>	<u>1,414,667</u>	<u>-</u>	<u>-</u>	<u>2,143,241</u>	<u>2,108,528</u>
<b>NET ASSETS</b>								
Without donor restrictions	420,476	(285,385)	3,925,730	3,650,151	-	300,000	4,346,206	3,664,766
Without donor restrictions-Board Designed Endowment	-	-	-	-	3,237,003	2,798,911	3,237,003	2,798,911
With donor restrictions	137,663	198,726	62,913	148,128	4,489,429	3,917,395	4,690,005	4,264,249
TOTAL NET ASSETS	<u>558,139</u>	<u>(86,659)</u>	<u>3,988,643</u>	<u>3,798,279</u>	<u>7,726,432</u>	<u>7,016,306</u>	<u>12,273,214</u>	<u>10,727,926</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,356,477</u>	<u>\$ 607,202</u>	<u>\$ 5,333,546</u>	<u>\$ 5,212,946</u>	<u>\$ 7,726,432</u>	<u>\$ 7,016,306</u>	<u>\$ 14,416,455</u>	<u>\$ 12,836,454</u>

See notes to financial statements.

**CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Changes in Net Assets Without Donor Restriction</b>								
Public support and other revenue:								
Friends of scouting, net	\$ 580,960	\$ 241,505	\$ -	\$ -	\$ -	\$ -	\$ 580,960	\$ 241,505
Project sales	38,283	144,589	13,000	7,246	-	-	51,283	151,835
Special events	296,304	181,435	-	-	-	-	296,304	181,435
Less cost of direct benefits to donors	(60,548)	(29,929)	-	-	-	-	(60,548)	(29,929)
Net special events	235,756	151,506	-	-	-	-	235,756	151,506
Legacies and bequests (Note 19)	12,004	17,093	76,300	-	-	-	88,304	17,093
Foundations and trusts	159,428	168,513	-	-	-	-	159,428	168,513
Other direct support	-	66,238	-	-	-	-	-	66,238
	1,026,431	789,444	89,300	7,246	-	-	1,115,731	796,690
Indirect public support:								
United Way agencies	2,422	4,500	-	-	-	-	2,422	4,500
Government grants and fees (Note 21)	380,056	-	-	-	-	-	380,056	-
	382,478	4,500	-	-	-	-	382,478	4,500
REVENUES								
Product sales, net	368,204	214,659	-	-	-	-	368,204	214,659
Less: Cost of goods sold	(115,544)	(70,004)	-	-	-	-	(115,544)	(70,004)
Less: Unit commissions	(113,968)	(65,666)	-	-	-	-	(113,968)	(65,666)
Net product sales	138,692	78,989	-	-	-	-	138,692	78,989
Investment income (loss), net	185,573	199,857	-	-	606,421	406,603	791,994	606,460
Camping revenue	1,399,699	655,384	-	-	-	-	1,399,699	655,384
Activity revenue	131,500	62,029	-	-	-	-	131,500	62,029
Activity revenue-major events	1,444	8,075	-	-	-	-	1,444	8,075
Income from PPP forgiveness (Note 20)	288,500	288,500	-	-	-	-	288,500	288,500
Other revenue	367,163	340,204	12,000	-	-	-	379,163	340,204
	2,512,571	1,633,038	12,000	-	606,421	406,603	3,130,992	2,039,641
NET ASSETS RELEASED FROM RESTRICTIONS								
Friends of Scouting	-	-	-	-	-	-	-	-
Project sales	17,480	4,395	103,500	-	-	-	120,980	4,395
Other Contributions	-	-	-	-	-	-	-	-
	17,480	4,395	103,500	-	-	-	120,980	4,395
Total public support and other revenue	\$ 3,938,960	\$ 2,431,377	\$ 204,800	\$ 7,246	\$ 606,421	\$ 406,603	\$ 4,750,181	\$ 2,845,226

See notes to financial statements.

**CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2021	2020	2021	2020	2021	2020	2021	2020
Expenses:								
Program services	\$ 2,981,206	\$ 1,903,874	\$ 307,100	\$ 295,929	\$ -	\$ -	\$ 3,288,306	\$ 2,199,803
Management and general	103,473	236,534	7,709	43,508	-	-	111,182	280,042
Fundraising	186,480	108,461	28,309	20,136	-	-	214,789	128,597
<b>Total functional expenses</b>	3,271,159	2,248,869	343,118	359,573	-	-	3,614,277	2,608,442
Increase (decrease) in net assets without donor restrictions	667,801	182,508	(138,318)	(352,327)	606,421	406,603	1,135,904	236,784
<b>Changes in Net Assets With Donor Restrictions</b>								
Project sales	-	-	18,285	135,628	-	-	18,285	135,628
Foundation and trusts	-	-	-	-	15,867	10,527	15,867	10,527
Changes in value of charitable remainder trusts	-	-	-	-	135,215	56,560	135,215	56,560
Change in value or perpetual trusts	-	-	-	-	26,486	28,732	26,486	28,732
Investment income	11,845	12,426	-	-	159,715	70,766	171,560	83,192
Other direct contributions	96,534	-	-	-	66,417	12,550	162,951	12,550
Net assets released from restrictions	(17,480)	(4,395)	(103,500)	-	-	-	(120,980)	(4,395)
Increase (decrease) in net assets with donor restrictions	90,899	8,031	(85,215)	135,628	403,700	179,135	409,384	322,794
<b>Change in Net Assets</b>	758,700	190,539	(223,533)	(216,699)	1,010,121	585,738	1,545,288	559,578
<b>Net Assets- Beginning of Year</b>	(86,659)	827,981	3,798,279	2,897,711	7,016,306	6,442,656	10,727,926	10,168,348
Board authorized transfers	(113,902)	(1,105,179)	413,897	1,117,267	(299,995)	(12,088)	-	-
<b>Net Assets- End of Year</b>	\$ 558,139	\$ (86,659)	\$ 3,988,643	\$ 3,798,279	\$ 7,726,432	\$ 7,016,306	\$ 12,273,214	\$ 10,727,926

See notes to financial statements.

**CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>Supporting Services</b>									
	<b>Program Services</b>		<b>Management and General</b>		<b>Fund Raising</b>		<b>Total Supporting Services</b>		<b>Total Expenses</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Employee Compensation</b>										
Salaries	\$ 1,401,590	\$ 1,062,684	\$ 24,172	\$ 103,781	\$ 88,762	\$ 48,031	\$ 112,934	\$ 151,812	\$ 1,514,524	\$ 1,214,496
Employee benefits	249,352	188,865	5,246	21,270	19,265	9,844	24,511	31,114	273,863	219,979
Payroll taxes	113,852	98,843	1,922	9,181	7,057	4,249	8,979	13,430	122,831	112,273
Employee related expenses	-	-	-	5,570	-	-	-	5,570	-	5,570
	<u>1,764,794</u>	<u>1,350,392</u>	<u>31,340</u>	<u>139,802</u>	<u>115,084</u>	<u>62,124</u>	<u>146,424</u>	<u>201,926</u>	<u>1,911,218</u>	<u>1,552,318</u>
<b>Other Expenses</b>										
Professional fees	54,275	97,485	1,354	14,013	5,160	6,918	6,514	20,931	60,789	118,416
Supplies	415,871	69,760	303	1,542	4,258	4,288	4,561	5,830	420,432	75,590
Telephone	26,214	22,258	357	1,576	1,309	729	1,666	2,305	27,880	24,563
Postage and shipping	2,953	5,416	42	345	1,775	1,470	1,817	1,815	4,770	7,231
Occupancy	215,065	138,644	1,593	7,202	5,851	3,333	7,444	10,535	222,509	149,179
Rent and maintenance of equipment	22,081	13,817	342	1,325	4,625	613	4,967	1,938	27,048	15,755
Printing and publications	5,536	1,816	64	118	2,514	1,187	2,578	1,305	8,114	3,121
Travel	92,064	46,085	1,310	3,138	5,698	1,452	7,008	4,590	99,072	50,675
Conferences and meetings	18,644	6,115	249	302	4,596	8,140	4,845	8,442	23,489	14,557
Specific assistance to individuals	83,712	35,226	-	-	-	-	-	-	83,712	35,226
Recognition awards	36,987	23,056	99	356	19,542	8,518	19,641	8,874	56,628	31,930
Interest expense	49,504	56,099	1,363	8,251	5,006	3,819	6,369	12,070	55,873	68,169
Insurance	67,914	62,613	262	2,117	961	1,234	1,223	3,351	69,137	65,964
Loss on disposal of assets	27,165	-	-	-	-	-	-	-	27,165	-
Advertising	116,554	-	371	-	9,186	-	9,557	-	126,111	-
Other expenses and bank fees	42,147	32,286	1,161	1,625	4,263	8,528	5,424	10,153	47,571	42,439
	<u>1,276,686</u>	<u>610,676</u>	<u>8,870</u>	<u>41,910</u>	<u>74,744</u>	<u>50,229</u>	<u>83,614</u>	<u>92,139</u>	<u>1,360,300</u>	<u>702,815</u>
<b>Expenses Before Depreciation and Fees</b>	3,041,480	1,961,068	40,210	181,712	189,828	112,353	230,038	294,065	3,271,518	2,255,133
<b>Charter Fees</b>	-	-	64,175	63,230	-	-	64,175	63,230	64,175	63,230
<b>Depreciation of Building and Equipment</b>	246,826	238,735	6,797	35,100	24,961	16,244	31,758	51,344	278,584	290,079
<b>Total Expenses</b>	<u>\$ 3,288,306</u>	<u>\$ 2,199,803</u>	<u>\$ 111,182</u>	<u>\$ 280,042</u>	<u>\$ 214,789</u>	<u>\$ 128,597</u>	<u>\$ 325,971</u>	<u>\$ 408,639</u>	<u>\$ 3,614,277</u>	<u>\$ 2,608,442</u>

See notes to financial statements.



**CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>Operating Fund</u>		<u>Capital Fund</u>		<u>Endowment Fund</u>		<u>Total Funds</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Change in net assets	\$ 758,700	\$ 190,539	\$ (223,533)	\$ (216,699)	\$ 1,010,121	\$ 585,738	\$ 1,545,288	\$ 559,578
Adjustments to reconcile increase in net assets to net cash from operating activities:								
Income from PPP forgiveness	(288,500)	(288,500)	-	-	-	-	(288,500)	(288,500)
Depreciation	-	-	278,584	290,079	-	-	278,584	290,079
Net realized and unrealized (gain)/loss on investments	-	-	-	-	(948,256)	(644,848)	(948,256)	(644,848)
Change in value of perpetual trusts	-	-	-	-	(26,486)	(28,732)	(26,486)	(28,732)
(Increase) decrease in operating assets:								
Accounts receivable, net	(34,402)	(453)	-	-	-	-	(34,402)	(453)
Grant receivable	(380,056)	-	-	-	-	-	(380,056)	-
Pledges receivable, net	(86,252)	18,539	10,000	(40,000)	-	-	(76,252)	(21,461)
Inventories	(13,855)	368	-	-	-	-	(13,855)	368
Charitable remainder trust	43,311	(35,843)	-	-	(151,081)	(67,086)	(107,770)	(102,929)
Prepaid expenses	(9,119)	(16,633)	-	3,475	-	-	(9,119)	(13,158)
Increase (decrease) in operating liabilities:								
Accounts payable and accrued expenses	2,422	(40,736)	11,495	-	-	-	13,917	(40,736)
Deferred Income	(41,548)	50,935	-	-	-	-	(41,548)	50,935
Custodial funds	153,603	(40,173)	-	-	-	-	153,603	(40,173)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>104,304</b>	<b>(161,957)</b>	<b>76,546</b>	<b>36,855</b>	<b>(115,702)</b>	<b>(154,928)</b>	<b>65,148</b>	<b>(280,030)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Purchases of land, buildings and equipment	-	-	(441,701)	(35,914)	-	-	(441,701)	(35,914)
Net proceeds from sale of investments	-	-	-	-	1,102,280	468,661	1,102,280	468,661
Net purchases of investments	-	-	-	-	-	(28,732)	-	(28,732)
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>	<b>(441,701)</b>	<b>(35,914)</b>	<b>1,102,280</b>	<b>439,929</b>	<b>660,579</b>	<b>404,015</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Proceeds from PPP funding	288,500	288,500	-	-	-	-	288,500	288,500
Repayments on Mortgage	-	-	-	(73,925)	-	-	-	(73,925)
Net proceeds (payments) from notes payable	(10,000)	10,000	(81,259)	(12,641)	-	-	(91,259)	(2,641)
Capital lease repayments	-	-	-	(3,371)	-	-	-	(3,371)
Contributions restricted for long-term investment	-	-	-	-	66,417	12,550	66,417	12,550
Transfers in (out)	(113,902)	(1,105,179)	413,897	1,117,267	(299,995)	(12,088)	-	-
Interfund loans	(300,000)	1,107,225	-	(819,313)	300,000	(287,912)	-	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>(135,402)</b>	<b>300,546</b>	<b>332,638</b>	<b>208,017</b>	<b>66,422</b>	<b>(287,450)</b>	<b>263,658</b>	<b>221,113</b>
<b>NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(31,098)</b>	<b>138,589</b>	<b>(32,517)</b>	<b>208,958</b>	<b>1,053,000</b>	<b>(2,449)</b>	<b>989,385</b>	<b>345,098</b>
Cash and cash equivalents at beginning of year	725,103	586,514	371,177	162,219	200	2,649	1,096,480	751,382
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 694,005</b>	<b>\$ 725,103</b>	<b>\$ 338,660</b>	<b>\$ 371,177</b>	<b>\$ 1,053,200</b>	<b>\$ 200</b>	<b>\$ 2,085,865</b>	<b>\$ 1,096,480</b>
Cash paid during the year for interest	\$ 24,144	\$ 29,663	\$ 31,730	\$ 38,506	\$ -	\$ -	\$ 55,874	\$ 68,169

See notes to financial statements.

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**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

The Connecticut Yankee Council, Inc. Boy Scouts of America (the Council) is a not-for-profit organization, incorporated in the State of Connecticut, and operating under the charter granted by the Boy Scouts of America, National Council.

The Council is headquartered in Milford, Connecticut, and serves Fairfield and New Haven counties through the delivery of a high-quality Scouting program to over 7,000 youth and 2,100 volunteer adults. As a local Council, it is the organization's mission to serve others by helping instill values in young people to prepare them to make ethical choices and achieve their full potential. The Council's Scouting programs are:

**Cub Scouts (ages 5-10)**

Family and community-centered approach to learning citizenship, compassion and courage through service projects, ceremonies, games and other activities promoting character development and physical fitness.

**Lion Program (age 5)**

The Lion program is a family-oriented program for Kindergarten-aged boys and girls and their families. Through the Lion program, the boy or girl and his/her parents are introduced to the fun and adventure of Scouting through hands-on activities. A group of six to eight boys and girls and their adult partners meet together in a group called a den.

**Tiger Cubs (age 6)**

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

**Scouts BSA (ages 11-18)**

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

**Venturing/Sea Scouts (co-ed ages 14-21)**

Provides experiences to help young men and women become mature, responsible, caring adults. Young teens learn leadership skills and participate in challenging outdoor activities, including having access to Boy Scouts camping properties, a year-round sailing program, a recognition program and Youth Protection training.

**Scout Reach/Hispanic Outreach (co-ed ages 5-21)**

Serving youth ages 5-21 in underserved and inner-city communities with traditional Scouting programs, STEM activities and Robotics.

**Exploring /Learning for Life**

Program that enables 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 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.

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The Council operates five camping facilities: Deer Lake Scout Camp, Camp Sequassen, Camp Wah Wah Taysee, John Sherman Hoyt Scout Camp and Camp Pomperaug.

The Council supports over 270 community-based organizations operating local Scouting units within the Council's geographical area. These organizations include religious, educational, civic, fraternal, labor groups, governments and professional associations. The financial statements do not reflect any items of revenue, expense, assets or liabilities of these individual local Scouting units that are independent and not supported financially by the Council. The Council's website address is [www.ctyankee.org](http://www.ctyankee.org).

**Basis of Accounting and 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.

**Fund Accounting**

To ensure observance of limitations and restrictions placed on the use of resources available to the Council, the accounts of the Council are maintained internally in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds that are established according to their nature and purpose and that are separately accounted for. The assets, liabilities and net assets of the Council are accounted for and reported in three self-balancing fund groups as follows:

**Operating**

Accounts for resources used in carrying on the operations of the Council. Unrestricted net assets may be designated for specific purposes by action of the Executive Board.

**Capital**

Includes the net book value of the Council's property and equipment, assets generated from the activity of the capital campaign and cash and investments restricted for investment in property and equipment.

**Endowment**

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 investment return 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.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

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**Cash and Cash Equivalents**

The Council considers all highly liquid investments with maturities of 90 days or less and cash in banks to be cash equivalents. The Council maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. The Council believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Accounts Receivable**

Accounts receivable are recorded primarily for product sales stated at estimated realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. There was no allowance for doubtful accounts balance as of December 31, 2021 and 2020.

**Inventories**

Inventories are carried at the lower of cost or market, with cost determined on a first-in, first-out basis.

**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 totals column of the statement of financial position.

During the year ended December 31, 2020, the Council adopted the following interfund policy to eliminate any and all interfund borrowings that are short-term in nature before the fiscal year end. The following interfund transfers, to the extent reflected in an approved budget are authorized and will not be treated as interfund borrowings:

- Payments of principal on mortgages will be treated as interfund transfers from the operating fund to the capital fund, and
- In accordance with the spending policy transfers from the endowment fund to the operating fund that exceed investment income recognized during that year are treated as interfund transfers.

The interfund loans at December 31, 2021 and 2020, are the result of the Operating and Endowment Fund making advances of cash funds to the Capital Fund. During the years ended December 31, 2021 and 2020, the Board authorized transfers of \$413,897 and \$933,205 from the operating fund to the capital fund to reflect past mortgage payments in accordance with the approved interfund policy, respectively.

**Investments**

The Council invests in various debt and equity securities. The Council reports investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Gains and losses are considered unrestricted unless restricted by donor stipulation or law. Nonmonetary investments received as gifts are immediately sold and recorded at the realized value. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized gains (losses) on investments include the Council's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses and investment income are classified as increases and decreases in net assets.

The Council has a board approved endowment spending policy. The policy defines the total funds available from the Endowment Fund in a given year (distributable income) as up to 4.5% in 2021 and 5% in 2020 of the Endowment Fund's average market value over the preceding 20 quarters. The objective of the Endowment Fund is to have returns greater than the proposed distribution plus management and trustee fees. The executive committee (subject to the

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Executive Board's approval) may amend this spending policy. The Council formally requests proposals for investment advisory services every four years, most recently in 2020.

**Property and Equipment**

The Council capitalizes all expenditures for building and equipment in excess of \$2,500 and having a useful life of greater than two years. Purchased building and equipment are recorded at cost. Donated building and equipment are recorded at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method over their estimated useful lives. Estimated lives for financial reporting purposes are as follows:

Land improvements	10 - 20 years
Buildings	10 - 50 years
Furniture and equipment	3 - 10 years
Vehicles and aquatic equipment	4 - 10 years

Expenditures for repairs and maintenance are charged to expense as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the statement of activities for the period.

**Split-Interest Agreements**

Split-interest agreements consist of assets placed in trust for the benefit of the Council and other beneficiaries. Revocable split-interest agreements are not recorded as contributions unless enforceable by law. Irrevocable split-interest agreements are recorded as contributions at fair value when the assets are received or when the Council is notified of the existence of the agreement. The accounting treatment varies depending upon the type of the agreement created and whether the Council or a third party is the trustee. See Note 6 for a further discussion of split-interest agreements.

**Paid Time Off**

Employees of the Council are entitled to paid vacation and paid time off, depending on job classification, length of service and other factors. The Council's policy is to recognize the costs of paid time off when taken by the employee.

**Pledges/Contributions and Grants**

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 is uncollectible. As of December 31, 2021 and 2020, pledges receivable net of an allowance for uncollectible pledges were \$91,516 and \$5,265, respectively.

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**Donated Materials and Services**

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

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

**Activity Revenues-Major Events, Deferred Revenues and Expenses**

Deferred revenues and expenses are council cash receipts and disbursements, respectively, that relate to activities, special events, and camping events that are scheduled to occur in a future year. When the event takes place, those receipts and disbursements are then recorded as revenues and expenses, respectively.

Activity Revenues – Major Events primarily consist of the National Jamboree and ConnJam. The National Jamboree takes place every four years. The last National Jamboree event took place in 2017. The ConnJam takes place every three years. The last ConnJam event took place in 2018. These revenues are derived from activities that do not occur on an annual basis.

Due to COVID-19 pandemic both scheduled major events have been delayed. The next National Jamboree and ConnJam events are now scheduled for 2023 and 2022, respectively.

**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, 2021 and 2020:

Trading Post sales-The Council operates various Trading Posts at its summer camp(s), which sell Scouting-related merchandise and snack items on a retail basis to customers. The performance obligation is the delivery of the goods 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, 2021 and 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 an average commission of

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34% on each sale they make, which may be used for Unit activities, such as summer camp. 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 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 29th. 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. 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 or notes to financial statements 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 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.

**Functional Allocation of Expenses**

The cost of providing the various programs and supporting services have been summarized on a functional basis in the statements of functional expenses. Certain categories of expenses are attributed to more than one functional category. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this

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category include occupancy, depreciation, office expenses, insurance, salaries and wages of support personnel, including the Scout executive's, accounting, information technology personnel, and payroll taxes. The basis of allocation of these expenses is the result of a time study of staff performed every 3 years. The percentage of time allocated to each of the programs and the supporting functions is based on the results of the study 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.

#### **Advertising Costs**

Advertising costs are expensed when incurred.

#### **Income Tax Status**

The Council is a not-for-profit organization and is exempt from federal income taxes on exempt function income as a public charity under Section 501(c)(3) of the Internal Revenue Code; however, the Council is subject to federal income tax on any unrelated business taxable income, and such taxes are included in management and general expenses within the Operating Fund on the statement of activities.

The Council assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Council records no assets or liability for uncertain tax positions or unrecognized benefits.

#### **Recently Issued Accounting Standards Implemented**

Accounting Pronouncements Adopted:

In 2020, the Council adopted the provisions of FASB ASU 2018-13, Fair Value Measurement (Topic 820) Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement. The amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement. Adoption of this pronouncement had no effect on the Council's current or previously issued financial statements.

#### **Recently Issued Accounting Standards Not Yet Implemented**

The following accounting pronouncements were recently issued by the FASB:

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 consolidated 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 consolidated statement of activities and changes in net assets and the consolidated statement of cash flows will be substantially unchanged from the existing lease accounting guidance. In 2020, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2021. Early adoption is permitted. The Council is currently evaluating the full effect that the adoption of this standard will have on the consolidated financial statements.



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*Leases (Topic 842) Discount Rate for Lessees That Are Not Public Business Entities (ASU-2021-09)*— Topic 842 currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this Update allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate (rather than a risk-free rate or an incremental borrowing rate), regardless of whether it has made the risk-free rate election. Entities, including local councils, that have not yet adopted Topic 842 as of November 11, 2021, are required to adopt the amendments January 1, 2022.

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

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

**Reclassifications**

Certain balances from the 2020 financial statements have been reclassified to conform to the 2021 financial statement presentation. Such reclassifications had no effect on the previously reported change in net assets for the year ended December 31, 2020.

**NOTE 2 – 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:

	<u>2021</u>	<u>2020</u>
Cash—Operating Fund	\$ 694,005	\$ 725,103
Pledges receivable—Operating Fund	91,517	5,265
Accounts receivable—Operating Fund	<u>61,897</u>	<u>27,495</u>
Total financial assets as of year end	847,419	757,863
Appropriation from quasi-endowment for general expenditure in subsequent year	<u>196,000</u>	<u>210,000</u>
 Total financial assets available to meet general expenditures within the next 12 months	 <u>\$ 1,043,419</u>	 <u>\$ 967,863</u>

The Council’s endowment funds consist of donor-restricted endowments and a quasi-endowment. Income from

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donor-restricted endowments are restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 12, the quasi-endowment has a spending rate of \$196,000 or 4.5% for 2021 and \$210,000 or 5.0% for 2020. The Board approved \$200,000 appropriations from the quasi-endowment for the next twelve months.

**NOTE 3 – INVESTMENTS**

The Council invests in a limited partnership that had an original cost of \$5,027,893 and \$5,388,533 as of December 31, 2021 and 2020, respectively. The fair value of the limited partnership was \$5,265,983 and \$5,486,424 as of December 31, 2021 and 2020, respectively.

The following schedule summarizes the investment return in the statements of activities for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 51,326	\$ 85,198
Realized and unrealized gain (loss)	948,256	644,848
Management fees	(37,384)	(42,677)
	<u>\$ 962,198</u>	<u>\$ 687,369</u>

The above investment return is classified in the statements of activities as follow for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Investment return recorded:		
Within net assets without donor restrictions	\$ 536,391	\$ 103,235
Within net assets with donor restrictions	425,807	584,134
	<u>\$ 962,198</u>	<u>\$ 687,369</u>

The following schedule summarizes the investment return by fund in the statements of activities for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Investment income (loss), net:		
Operating Fund	\$ 185,573	\$ 199,857
Endowment Fund-Master Trust(BSAAM)	606,421	406,603
Income held in custodial accounts	10,489	10,143
Endowment Fund-Clark Trust	159,715	70,766
	<u>\$ 962,198</u>	<u>\$ 687,369</u>

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**NOTE 4 - FAIR VALUE**

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1**

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access.

**Level 2**

Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**Level 3**

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Fair value inputs used for beneficial interests in perpetual trusts consist of the quoted market prices of the underlying assets in the trusts.

The following is a description of the valuation methodologies used for financial instruments measured at fair value:

**Limited Partnership**

Interests held by the limited partnership are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or ask price for over-the-counter securities not listed on a securities exchange, at cost or at a value obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market. The custodian of the investments in the limited partnership has the ability to determine the fair value of securities not listed or traded on any exchange or on the over-the-counter market based on available information. The limited partnership is valued at the number of units held by the Council and the Fund's unit value.

**Split-Interest Agreements**

Fair value inputs used for split-interest agreements are based on the estimated present value of the future payments to the Council, which is considered to be the fair value of the assets held in trust.

**Beneficial Interest in Perpetual Trusts**

Beneficial interests in perpetual trusts held by third parties are valued at the present value of the future distributions expected to be received over the term of the agreement, which is measured by the fair values of the underlying assets. The Council cannot access assets in the trust.

There have been no changes in the methodologies used at December 31, 2021 and 2020.

On January 31, 2013, the Connecticut Yankee Council, Inc. Boy Scouts of America invested a substantial portion of its local trust (Endowment Fund) into the BSA Commingled Endowment Fund, LP, in accordance with applicable law. During 2015, the remaining Endowment Fund investments were transferred into this fund, not including the Split - interest agreements and the Beneficial interest in trust funds. Limited partnership interests are offered to local Boy

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Scouts councils and Boy Scouts council trusts. The BSA Commingled Endowment Fund, LP, was created in 2008 with BSA Asset Management, LLC (BSAAM) as the General Partner. BSAAM is structured with Boy Scouts of America (BSA) as the sole member (owner).

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the 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, within the fair value hierarchy, the Council's assets at fair value as of December 31, 2021 and 2020:

	<b>2021</b>				
	<b>Fair Value Measurements Using</b>			<b>Investments Measured at</b>	<b>December 31,</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Net Asset Value (a)</b>	<b>2021</b>
BSA Comingled Endowment Fund, LP	\$ -	\$ -	\$ -	5,265,983	\$ 5,265,983
Split-interest agreements (Note 7)	-	1,114,365	-	-	1,114,365
Beneficial interest in trusts (Note 7)	-	-	343,344	-	343,344
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,114,365</b>	<b>\$ 343,344</b>	<b>\$ 5,265,983</b>	<b>\$ 6,723,692</b>
	<b>2020</b>				
	<b>Fair Value Measurements Using</b>			<b>Investments Measured at</b>	<b>December 31,</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Net Asset Value (a)</b>	<b>2020</b>
BSA Comingled Endowment Fund, LP	\$ -	\$ -	\$ -	\$ 5,486,424	\$ 5,486,424
Split-interest agreements (Note 7)	-	1,006,595	-	-	1,006,595
Beneficial interest in trusts (Note 7)	-	-	316,858	-	316,858
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,006,595</b>	<b>\$ 316,858</b>	<b>\$ 5,486,424</b>	<b>\$ 6,809,877</b>

(a) Certain investments are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

There were no transfers between levels of investments during the years ended December 31, 2021 and 2020.

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**Investments in Entities that Calculate Net Asset Value per Share**

The value of the limited partnership investment is calculated using net asset value per share as provided by the partnership. This investment class includes investments in US Equity, Non-US Equity, Real Estate, Fixed Investment Grade Bonds and High Yield Bonds that seek to provide long-term equity returns over time. The balance within this investment as of December 31, 2021 and 2020, was \$5,265,983 and \$5,486,424, respectively. There were no unfunded commitments as of these dates. The Council has the ability to redeem the investment on a monthly basis with ten days written notice.

**Assets Measured at Fair Value on a Recurring Basis Using Significant Unobservable Inputs (Level 3)**

The following is a summary of the changes in the balances of investments measured at fair value on a recurring basis using significant unobservable inputs for the years ended December 31, 2021 and 2020:

<u>Beneficial Interest in Trusts</u>	<u>2021</u>	<u>2020</u>
Balance- beginning of years	\$ 316,858	\$ 288,126
Total gain (loss) (realized and unrealized) included in the change in net assets	<u>26,486</u>	<u>28,732</u>
Balance- End of Year	<u>\$ 343,344</u>	<u>\$ 316,858</u>

**NOTE 5 – ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following for the years ended December 31, 2021 and 2020:

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2021</u>
Scout Units - popcorn sales	\$ 55,295	\$ -	\$ -	\$ 55,295
Rents receivable	2,602	-	-	2,602
Other	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>4,000</u>
Total accounts receivable	61,897	-	-	61,897
Less allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 61,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,897</u>

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2020</u>
Scout Units - popcorn sales	24,963	\$ -	\$ -	\$ 24,963
Rents receivable	2,482	-	-	2,482
Other	<u>50</u>	<u>-</u>	<u>-</u>	<u>50</u>
Total accounts receivable	27,495	-	-	27,495
Net Accounts Receivable	<u>\$ 27,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,495</u>

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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 was deemed necessary as of December 31, 2021 and 2020.

**NOTE 6 - PLEDGES RECEIVABLE**

The Council presents pledges receivable net of an allowance for doubtful pledges. The allowance is based on prior years' experience and management's analysis of specific pledges made. Pledges receivable are written off only when management believes amounts will not be collected. Bad debt expense related to pledges receivable was \$0 and \$2,450 for the years ended December 31, 2021 and 2020, respectively. Unconditional pledges receivable as of December 31, 2021 are expected to be collected as follows:

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2021</u>
Receivable in less than one year:				
Friends of scouting	\$ 87,367	\$ -	\$ -	\$ 87,367
Trusts and foundations	-	-	-	-
Other	<u>5,125</u>	<u>10,000</u>	<u>-</u>	<u>15,125</u>
Total pledges receivable	92,492	10,000	-	102,492
Less allowance for uncollectible pledges	<u>(975)</u>	<u>-</u>	<u>-</u>	<u>(975)</u>
Receivable in greater than one year:	<u>-</u>	<u>20,000</u> *	<u>-</u>	<u>20,000</u>
Net Pledges Receivable	<u>\$ 91,517</u>	<u>\$ 30,000</u>	<u>\$ -</u>	<u>\$ 121,517</u>

\*The pledge receivable was not discounted due to the discount amount being immaterial.

Unconditional pledges receivable as of December 31, 2020 are expected to be collected as follows:

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2020</u>
Receivable in less than one year:				
Friends of scouting	\$ 6,154	\$ -	\$ -	\$ 6,154
Trusts and foundations	-	-	-	-
Other	<u>3,400</u>	<u>10,000</u>	<u>-</u>	<u>13,400</u>
Total pledges receivable	9,554	10,000	-	19,554
Less allowance for uncollectible pledges	<u>(4,289)</u>	<u>30,000</u>	<u>-</u>	<u>25,711</u>
Net Pledges Receivable	<u>\$ 5,265</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 45,265</u>

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**NOTE 7 – LAND BUILDING AND EQUIPMENT**

Land, building and equipment at December 31, 2021 and 2020 consist of the following:

	December 31,	
	2021	2020
Land and improvements	\$ 797,673	\$ 821,753
Buildings and improvements	7,197,245	7,303,108
Furniture, fixtures and equipment	180,599	177,106
Automotive and aquatic equipment	298,395	300,787
Construction in progress	274,080	44,994
	8,747,992	8,647,748
Less: accumulated depreciation	(3,783,106)	(3,845,979)
Land, buildings and equipment, net	\$ 4,964,886	\$ 4,801,769

Depreciation expense for the years ended December 31, 2021 and 2020 was \$278,584 and \$290,079, respectively.

Construction in progress as of December 31, 2021 represents a new shower house (\$262,080) and various other camp improvement (\$12,000) which is expected to be capitalized in late 2022.

Construction in progress as of December 31, 2020 represents a new shower house (\$9,080) and other camp improvement (\$35,914). The new shower house construction is expected to be capitalized in 2022. Other camp improvements were capitalized in late 2021.

**NOTE 8 – SPLIT-INTEREST AGREEMENTS**

**Beneficial Interest in Perpetual Trusts**

The Council is the beneficiary under various perpetual care trusts administered by a third party. The income distributed from the trusts in 2021 and 2020 was \$11,845 and \$12,426, respectively. Income distributed from the trusts is recorded in the statements of activities as investment income in the Operating Fund. The Council's interest in these trusts is recorded in the statements of financial position (Endowment Fund) as other assets and donor restricted net assets. The value at December 31, 2021 and 2020, was \$343,344 and \$316,858, respectively. The perpetual care trusts provide contributions to the Council for general purposes.

**Charitable Gift Annuity**

The Council entered into a charitable gift annuity whereby assets are held in trust by the BSA national office. The assets are recorded as other noncurrent assets on the statements of financial position in the Endowment Fund. The portion of the assets transferred that is attributable to the present value of the future benefits to be received by the Council is recognized in the statements of activities as a contribution without donor restrictions in the period of the transfer. The value of the asset at December 31, 2021 and 2020, is \$1,256.

**Charitable Remainder Trusts**

The Council is a named beneficiary in two charitable remainder trusts. These trusts represent an arrangement in which a donor establishes and funds a trust that is held by a third party with the grantor as the named life beneficiary. The trusts provide for the payment of distributions to the grantor or other designated beneficiaries over the trust's term, usually the designated beneficiary's lifetime. At the end of the trust's term, the remaining assets are available for the Council's use. The portion of the trusts attributable to the present value of the future benefits to be received by the Council were recognized in the statements of activities as donor restricted contributions during the years ended December 31, 2021 and 2020.

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**NOTE 9 - LINE OF CREDIT**

The Council has an available line of credit in the amount of \$300,000 as of December 31, 2021 and 2020 with Newtown Savings Bank. Interest accrues at the bank's floating prime rate, which was 4.25% and 5.75% as of December 31, 2021 and 2020, respectively. The line of credit is collateralized by substantially all of the Council's assets. There was no outstanding balance as of December 31, 2021 and 2020, respectively.

**NOTE 10 – LONG-TERM DEBT**

Mortgages and notes payable at December 31, 2021 and 2020, consisted of the following:

	<b>2021</b>	<b>2020</b>
Small Business Express Connecticut Recovery Bridge Loan that must be paid in one balloon payment with a 0% interest rate within one year of receiving the funds.	\$ -	\$ 10,000
Mortgage payable to bank in monthly principal and interest payments of \$5,484 through September 21, 2032. The effective rate of interest as of December 31, 2020 and 2019, was 4.00% and 5.00% respectively. On July 21, 2020, the loan was modified to a 4.00% fixed interest rate with all other terms of the loan remaining the same. Mortgage is secured by an interest in the Council's facility at 60 Wellington Road, Milford, Connecticut.	\$ 572,612	614,281
Mortgage payable to bank in monthly principal and interest payments of \$5,943 through November 21, 2035. The effective rate of interest as of December 31, 2020 and 2019, was 4.00% and 5.00% respectively. On July 21, 2020, the loan was modified to a 4.00% fixed interest rate with all other terms of the loan remaining the same. Mortgage is secured by an interest in the Council's Deer Lake Scout Camp.	760,796	800,386
	1,333,408	1,424,667
Less current portion	84,621	91,264
Noncurrent Portion	\$ 1,248,787	\$ 1,333,403

Maturities of long-term debt as December 31, 2021 is as follows:

<u>Year Ending December 31</u>	
2022	\$ 84,934
2023	88,419
2024	92,047
2025	95,823
2026	99,755
Thereafter	872,430
	\$ 1,333,408



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**NOTE 11 – NET ASSETS WITH RESTRICTIONS AND WITHOUT RESTRICTIONS-BOARD DESIGNATIONS**

Net assets with donor restrictions or without restrictions-board designated for the year ended December 31, 2021 are restricted for the following purposes or periods:

	<u>Net Assets with Donor Restrictions</u>			<u>Without Restrictions- Board Designated Endowment</u>	<u>2021 Total</u>
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Fund</u>	
<u>Subject to expenditures for a specific purpose:</u>					
Project Sales	\$ 130,163	\$ -	\$ -	\$ -	\$ 130,163
Capital development	-	62,913	-	-	62,913
<u>Endowment:</u>					
<u>Subject to endowment spending policy and appropriation</u>					
Program activities	-	-	3,082,180	3,237,003	3,237,003
<u>Subject to appropriation and expenditure when a specific event occurs:</u>					
Program activities	7,500	-	-	-	7,500
Residual trusts	-	-	343,344	-	343,344
Charitable remainder trusts	-	-	1,063,905	-	1,063,905
Total net assets with donor restrictions	<u>\$ 137,663</u>	<u>\$ 62,913</u>	<u>\$ 4,489,429</u>	<u>\$ 3,237,003</u>	<u>\$ 7,927,008</u>

Net assets with donor restrictions or without restrictions-board designated for the year ended December 31, 2020 are restricted for the following purposes or periods:

	<u>Net Assets with Donor Restrictions</u>			<u>Without Restrictions- Board Designated Endowment</u>	<u>2020 Total</u>
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Fund</u>	
<u>Subject to expenditures for a specific purpose:</u>					
Project Sales	\$ 91,171	\$ -	\$ -	\$ -	\$ 91,171
Capital development	-	148,128	-	-	148,128
<u>Subject to the passage of time:</u>					
Friends of Scouting	6,500	-	-	-	6,500
<u>Endowment:</u>					
<u>Subject to endowment spending policy and appropriation</u>					
Program activities	-	-	2,119,148	2,798,911	2,798,911
<u>Subject to appropriation and expenditure when a specific event occurs:</u>					
Program activities	7,284	-	568,565	-	575,849
Residual trusts	-	-	316,858	-	316,858
Charitable remainder trusts	93,771	-	912,824	-	1,006,595
Total net assets with donor restrictions	<u>\$ 198,726</u>	<u>\$ 148,128</u>	<u>\$ 3,917,395</u>	<u>\$ 2,798,911</u>	<u>\$ 7,063,160</u>

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**NOTE 12 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from restrictions by incurring expenses satisfying the following purposes:

<b>2021</b>				
	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Endowment Fund</b>	<b>Total</b>
Project sales	<u>\$ 17,480</u>	<u>\$ 103,500</u>	<u>\$ -</u>	<u>\$ 120,980</u>
<b>2020</b>				
	<b>Operating Fund</b>	<b>Capital Fund</b>	<b>Endowment Fund</b>	<b>Total</b>
Project sales	<u>\$ 4,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,395</u>

**NOTE 13 – ENDOWMENT FUND**

The Council's endowment consists of approximately ten individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Executive Board to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Executive Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. (See Note 11)

**Interpretation of Relevant Law**

The Executive Board of the Council has determined that the Council is subject to the Connecticut Statute - Uniform Prudent Management of Institutional Funds Act (UPMIFA) and has interpreted it 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, the Council classifies as assets with donor restrictions as (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund that is not classified in assets with donor restrictions is classified as net assets without donor restrictions-Board Designated until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Council donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Council
- The investment policies of the Council

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**Endowment Net Assets**

Changes in the endowment net assets by type of fund for the years ended December 31, 2021 and 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - January 1,2020	\$ 2,724,370	\$ 3,718,287	\$ 6,442,657
Investment return:			
Investment income	22,839	19,682	42,521
Net appreciation (realized and unrealized)	80,396	564,452	644,848
Total investment return(loss)	103,235	584,134	687,369
Net loans from Endowment	300,000	(300,000)	-
Contributions, net of writeoffs	4,649	18,428	23,077
Change in Charitable remained trusts	-	56,560	56,560
Change in Beneficial interest in perpetual trusts	-	28,731	28,731
Spending policy	(21,255)	(188,745)	(210,000)
Other transfers	(12,088)	-	(12,088)
Endowment Net Assets - December 31, 2020	<b>3,098,911</b>	<b>3,917,395</b>	<b>7,016,306</b>
Investment return:			
Investment income	25,700	134,015	159,715
Net appreciation (realized and unrealized)	314,629	291,792	606,421
Total investment return	340,329	425,807	766,136
Contributions	13,360	53,057	66,417
Change in Charitable remained trusts	-	151,082	151,082
Change in Beneficial interest in perpetual trusts	-	26,486	26,486
Spending policy	(111,602)	(84,398)	(196,000)
Other transfers	(103,995)	-	(103,995)
Endowment Net Assets - December 31, 2021	<b>\$ 3,237,003</b>	<b>\$ 4,489,429</b>	<b>\$ 7,726,432</b>

**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 SPMIFA requires the Council to retain as a fund of perpetual duration. For the years ended December 31, 2021 and 2020 there were no deficiencies in net asset with or without donor restrictions.

**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(s) as well as board-designated funds. Under this policy, as approved by the Executive Board, the endowment assets shall be invested in a diversified portfolio of investments that will enhance the total return while avoiding undue risk concentration in any single asset class or investment style.

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**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 policy of appropriating for distribution each year up to 4.5% for 2021 and 5% for 2020 of its endowment fund's average market value over the preceding 20 quarters through September 30 of the preceding fiscal year in which the distribution is planned. In establishing this policy, the Council considered the long-term expected return on its endowment. Accordingly, over the long-term, the Council expects the current spending policy to allow its endowment to grow. 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. At various times, the Executive Board approved temporary loans from the endowment. No loans were approved for the year ended December 31, 2021. There was one loan from the endowment of \$300,000 during the year ended December 31, 2020.

**NOTE 14 – EMPLOYEE BENEFIT PLANS**

**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 Local Council, 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 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).

From January 1, 2020 through July 31, 2020, employees with at least 15 years of vesting service and whose age plus vesting service equaled 60 or more as of December 31, 2018 (grandfathered employees) contributed 4.25 percent of compensation to the plan. Effective August 1, 2020, the plan was frozen to grandfathered employees, thereby freezing the plan for all BSA employees. The Council contributes 7.75 percent of eligible employees’ compensation to the BSA retirement program. Pension expense (excluding the contributions made by employees) was approximately \$127,734 and \$50,738 in 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 defined contribution plan established by the National Council of the Boy Scouts of America. The plan name is the BSA Match Savings Plan, which covers substantially all of the 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 matches employee contributions to the BSA Match Savings Plan up to 50 percent of contributions from each participant, limited to 6 percent of each employee’s gross pay. The Council contributed approximately \$21,965 and \$34,775 to the BSA Match Savings Plan in 2021 and 2020, respectively.

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**Health Care Plan**

The Council's employees participate in a health care plan provided by the National Council. The Council pays a portion of the costs for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2021 and 2020, the Council remitted \$109,102 and \$121,740, respectively, on behalf of its employees to the National Council related to the health care plan.

**NOTE 15 – CONCENTRATION**

The Council purchases all of its popcorn for fundraisers from one supplier. Although this concentration exists, there are other suppliers available to the Council. The Council believes it can replace its popcorn supplier, if necessary, without experiencing any significant additional costs.

**NOTE 16 – LEASE INCOME**

The Council entered into an agreement as the lessor to lease space at its 60 Wellington Road, Milford, Connecticut, facility. The current lease expires on October 31, 2022 and contains options for two additional five-year renewals. The lease calls for annual rental income calculated at a specific dollar rate per square foot, which escalates at a rate of 2.5% per year. Income totaled \$111,233 and \$108,496 for the years ended December 31, 2021 and 2020, respectively, and is included in other revenue on the statements of activities.

The Council entered into an agreement as the lessor with a nonprofit organization in 2009 to lease Camp Pomperaug seasonally for a term of five years with extension options for two additional five-year terms. The lease calls for annual rent payments of base rate of \$20,000 for the first year and incremental increases of \$1,000 per year. As of January 1, 2013, this lease was amended for a term of nine years with extension options for two additional five-year terms. This agreement calls for annual rent payments of \$20,000. Income totaled \$20,000 for the years ended December 31, 2021 and 2020, respectively, and is included in camping revenue on the statements of activities.

The Council entered into an agreement as the lessor to lease space at its 60 Wellington Road, Milford, Connecticut, facility in 2018. The lease expired on June 30, 2021 and is currently on a month to month basis. The lease calls for base monthly rental payment of \$700 for the first twenty-four months and then increasing to \$721 per month for the next twelve months. Income totaled \$8,656 and \$8,509 for the years ended December 31, 2021 and 2020, respectively and is included in other revenue on the statements of activities.

The Council entered into an agreement as the lessor to lease space at its 60 Wellington Road, Milford, Connecticut, facility in 2019. The lease expires on March 31, 2022. The lease calls for base monthly rental payment of \$375 for the first twelve months and then increasing to \$390 per month for the next twelve months and increasing to \$406 for the final twelve months. Income totaled \$4,808 and \$4,620 for the years ended December 31, 2021 and 2020, respectively and is included in other revenue on the statements of activities. In April 2022, the Council entered into a new thirty-six-month lease with the existing tenant. The new lease calls for payments of \$420 for first twelve months, increasing to \$435 in the next twelve months and increase to \$450 in final twelve months.

The Council entered into an agreement as the lessor to lease space at its 60 Wellington Road, Milford, Connecticut, facility in 2020. The rent commencement date is January 1, 2021 and is a 36 month lease expires on December 31, 2023. The lease calls for base monthly rental payment of \$520 for the first twelve months, increasing to \$536 per month for the next twelve months and increasing to \$552 for the final twelve months. Income totaled \$6,240 for the year ended December 31, 2021. The aforementioned lease was replaced with a new lease signed in December 2021 for a thirty-six-month term calling for payments of \$1,500 for first twelve months, increasing to \$1,545 in the next twelve months and increase to \$1,591 in final twelve months.

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Future annual lease income in subsequent years is as follows:

**Year Ending December 31**

2022		\$ 137,636
2023		43,715
2024		44,447
2025		<u>1,350</u>
Total		<u>\$ 227,148</u>

**NOTE 17 - LEASE EXPENSE**

**Operating Leases**

The Council accounts for the leases of various equipment as operating leases. Total rental expense amounted to approximately \$12,652 and \$7,645 for the years ended December 31, 2021 and 2020, respectively. These leases will expire on various dates through October 2022.

**Capital Lease**

During 2015, the Council entered into a capital lease agreement for office equipment, which expired in March 2020. The equipment was fully depreciated during the year ended December 31, 2020. Interest expense for this lease was \$25 for the year ended December 31, 2020.

**NOTE 18 - SCOUTSHOP**

The Council outsources its Milford Scout shop operations to the National Council Boy Scouts of America. The Council receives 8% of gross sales as rent, which amounted to \$31,611 and \$20,940 for the years ended December 31, 2021 and 2020, respectively. Scout shop revenue is recognized in other revenue on the statements of activities.

**NOTE 19 – DONATED LAND, MATERIAL AND SERVICES**

During the year ended December 31, 2021, the Council received land donated from a foundation. The land donation was recorded at the estimated fair value of \$76,300 in the statement of activities.

The Council is dependent upon donated materials from diverse groups to fulfill its mission. For the years ended December 31, 2021 and 2020, donated materials recorded in the financial statements as in-kind contributions totaled \$15,225 and \$31,056, respectively.

**NOTE 20 – PAYCHECK PROTECTION PROGRAM**

During the year ended December 31, 2020, the Council received \$288,500 under the Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner. Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for forgivable loans to qualifying organizations as long as the organization maintains its payroll levels and uses the proceeds for eligible purposes, including payroll, benefits, rent, and utilities, over a “covered period” (8 or 24 weeks, not to extend beyond December 31, 2020). Up to 100% of a loan is forgivable. The forgiveness amount will be reduced if the organization terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable

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over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Council used PPP loan proceeds for purposes consistent with the PPP and received full forgiveness by the SBA on December 16, 2020, within 10 months of the end of the covered period. The forgiven loan proceeds of \$288,500 are accounted for as income in the statement of activities for the year ended December 31, 2020.

During the year ended December 31, 2021, the Council received \$288,500 under the second draw of Paycheck Protection Program “PPP” administered by a Small Business Administration (SBA) approved partner in February 2021. Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”) (as amended), the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (Economic Aid Act), and of the Paycheck Protection Program Interim Final Rules (“PPP Interim Final Rules”), the PPP provides for forgivable loans to qualifying organizations as long as the organization uses the proceeds for payroll costs and other eligible expenses, including payroll, benefits, rent, and utilities, over a “covered period” (8 or 24 weeks). Up to 100% of a loan is forgivable. The forgiveness amount will be reduced if the organization terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period.

The forgiven loan proceeds of \$288,500 are accounted for as income in the statement of activities for the year ended December 31, 2021.

**NOTE 21 – EMPLOYEE RETENTION CREDIT**

The Council was eligible for a refundable employee retention credit (ERC) against certain payroll taxes under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) signed into law on March 27, 2020 and the subsequent extension of the CARES Act and further amended by the *Consolidated Appropriations Act (CAA)* and the *American Rescue Plan (ARP)*.

The Council expects to meet the ERC’s eligibility requirements and considers these refundable credits as a conditional grant. Those conditions were substantially met during the year ended December 31, 2021. Accordingly, the Council has recorded \$380,056 as a grant receivable in the statement of financial position and as income in the statement of activities for the year ended December 31, 2021.

Subsequent to December 31, 2021, the Council received \$234,449 for refunds of the employee retention credits and fully expects to receive the remaining balance.

**NOTE 22 – CONTINGENCIES**

**COVID-19 Pandemic**

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

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**Litigation and Contingencies**

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 \$2,582,000, 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. The Council has a plan to fund the expected contribution amount with cash of \$1,102,000 and property appraised at \$1,480,000. The contribution of these assets is not expected in any way to affect the operations of the Council.

**NOTE 23 – SUBSEQUENT EVENTS**

**Rental of Deer Lake Scout Reservation**

The Council signed a rental agreement for the use of all the Deer Lake Facilities for the month of June July and August 2022. The Council will receive three monthly payments of \$29,167 starting in June 2022.

**Subsequent Events**

In preparing these financial statements, management has evaluated subsequent events through June 14, 2022, which represents the date the financial statements were available to be issued.