CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA

CONTENTS

&CO.
Guiding Successful People

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John A. Accavallo CPA
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of Connecticut Yankee Council, Inc. Boy Scouts of America (a nonprofit organization) as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Yankee Council, Inc. Boy Scouts of America as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

AO & Company, LLC

Shelton, Connecticut
May 14, 2020

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2019	2018	2019	2018	2019	2018	2019	2018
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	$ 586,514	$ 647,020	$ 162,219	$ -	$ 2,649	$ 48,040	$ 751,382	$ 695,060
Accounts receivable,net	27,042	48,214	-	-	-	-	27,042	48,214
Pledges receivable,net	23,804	42,890	-	-	-	7,811	23,804	50,701
Inventories	27,629	27,223	-	-	-	-	27,629	27,223
Prepaid expenses	11,674	27,202	3,475	3,475	-	-	15,149	30,677
TOTAL CURRENT ASSETS	676,663	792,549	165,694	3,475	2,649	55,851	845,006	851,875
Noncurrent Assets								
Investments	-	-	-	-	5,294,056	4,611,208	5,294,056	4,611,208
Split interest agreements:								
Charitable remained trusts	57,928	52,008	-	-	844,482	663,776	902,410	715,784
Charitable gift annuity	-	-	-	-	1,256	1,256	1,256	1,256
Beneficial interest in perpetual trusts	-	-	-	-	288,126	248,330	288,126	248,330
	57,928	52,008	-	-	6,427,920	5,524,570	6,485,848	5,576,578
Land, buildings and equipment, net	-	-	5,055,934	5,166,778	-	-	5,055,934	5,166,778
Interfund loans	807,225	217,055	(819,313)	(444,544)	12,088	227,489	-	-
Total noncurrent assets	865,153	269,063	4,236,621	4,722,234	6,440,008	5,752,059	11,541,782	10,743,356
TOTAL ASSETS	$ 1,541,816	$ 1,061,612	$ 4,402,315	$ 4,725,709	$ 6,442,657	$ 5,807,910	$ 12,386,788	$ 11,595,231
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payables and accrued expenses	$ 71,966	$ 147,394	$ -	$ 14,581	$ -	$ -	$ 71,966	$ 161,975
Deferred income	89,879	195,499	-	-	-	-	89,879	195,499
Custodial funds	551,990	376,558	-	-	-	-	551,990	376,558
Current portion of long-term debt	-	-	93,905	77,862	-	-	93,905	77,862
Current portion of capital lease	-	-	3,371	14,415	-	-	3,371	14,415
TOTAL CURRENT LIABILITIES	713,835	719,451	97,276	106,858	-	-	811,111	826,309
LONG-TERM LIABILITIES								
Long-term debt, less current portion	-	-	1,407,328	1,662,578	-	-	1,407,328	1,662,578
Capital lease obligation, less current portion	-	-	-	3,364	-	-	-	3,364
Total long-term liabilities	-	-	1,407,328	1,665,942	-	-	1,407,328	1,665,942
Total Liabilites	713,835	719,451	1,504,604	1,772,800	-	-	2,218,439	2,492,251
NET ASSETS								
Without donor restrictions	634,860	141,955	2,885,211	2,947,604	(129,103)	283,340	3,390,968	3,372,899
Without donor restrictions-Board Designed Endowment	-	-	-	-	2,853,473	2,494,512	2,853,473	2,494,512
With donor restrictions	193,121	200,206	12,500	5,305	3,718,287	3,030,058	3,923,908	3,235,569
TOTAL NET ASSETS	827,981	342,161	2,897,711	2,952,909	6,442,657	5,807,910	10,168,349	9,102,980
TOTAL LIABILITIES AND NET ASSETS	$ 1,541,816	$ 1,061,612	$ 4,402,315	$ 4,725,709	$ 6,442,657	$ 5,807,910	$ 12,386,788	$ 11,595,231

See notes to financial statements

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2019	2018	2019	2018	2019	2018	2019	2018
Changes in Net Assets Without Donor Restriction								
Public support and other revenue:								
Friends of scouting, net	$ 275,909	$ 318,439	$ -	$ -	$ -	$ -	$ 275,909	$ 318,439
Project sales	95,097	97,361	289,701	151,806	-	-	384,798	249,167
Special events	408,422	422,910	-	-	-	-	408,422	422,910
Less cost of direct benefits to donors	(56,048)	(55,722)	-	-	-	-	(56,048)	(55,722)
Net special events	352,374	367,188	-	-	-	-	352,374	367,188
Legacies and bequests	2,281	2,765	-	-	-	-	2,281	2,765
Foundations and trusts	143,914	210,524	-	-	-	-	143,914	210,524
Other direct support	140,629	112,959	-	-	1,031	-	141,660	112,959
	1,010,204	1,109,236	289,701	151,806	1,031	-	1,300,936	1,261,042
Indirect public support:								
United Way agencies	8,307	9,074	-	-	-	-	8,307	9,074
Other indirect support	-	-	-	-	-	-	-	-
	8,307	9,074	-	-	-	-	8,307	9,074
REVENUES							-	
Product sales, net	467,717	537,816	-	-	-	-	467,717	537,816
Less: Cost of goods sold	(135,174)	(160,333)	-	-	-	-	(135,174)	(160,333)
Less: Unit commissions	(147,593)	(168,902)	-	-	-	-	(147,593)	(168,902)
Net product and supplies sales	184,950	208,581	-	-	-	-	184,950	208,581
Investment income (loss), net	200,298	164,389	-	-	570,055	(343,862)	770,353	(179,473)
Camping revenue	1,331,676	1,265,497	-	-	-	-	1,331,676	1,265,497
Activity revenue	181,238	232,913	-	-	-	-	181,238	232,913
Activity revenue-major events	-	64,791	-	-	-	-	-	64,791
Other revenue	337,576	331,839	-	-	(7,813)	7,813	329,763	339,652
	2,235,738	2,268,010	-	-	562,242	(336,049)	2,797,980	1,931,961
NET ASSETS RELEASED FROM RESTRICTIONS								
Friends of Scouting	19,020	1,771	-	-	-	-	19,020	1,771
Project sales	2,216	21,552	-	-	-	-	2,216	21,552
Other Contributions	-	-	305	92,415	-	-	305	92,415
	21,236	23,323	305	92,415	-	-	21,541	115,738
Total public support and other revenue	$ 3,275,485	$ 3,409,643	$ 290,006	$ 244,221	$ 563,273	$ (336,049)	$ 4,128,764	$ 3,317,815

See notes to financial statements

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Expenses:								
Program services	$ 2,648,023	$ 2,771,682	$ 319,288	$ 348,440	$ -	$ -	$ 2,967,311	$ 3,120,122
Management and general	227,712	231,293	23,248	27,724	-	-	250,960	259,017
Fundraising	160,130	148,636	9,863	12,420	-	-	169,993	161,056
Total expenses	3,035,865	3,151,611	352,399	388,584	-	-	3,388,264	3,540,195
Increase (decrease) in net assets without donor restrictions	239,620	258,032	(62,393)	(144,363)	563,273	(336,049)	740,500	(222,380)
Changes in Net Assets With Donor Restrictions								
Friends of Scouting	-	21,499	-	-	-	-	-	21,499
Project sales	13,566	5,410	7,500	5,305	-	-	21,066	10,715
Foundation and trusts	-	3,436	-	-	69,902	-	69,902	3,436
Changes in value of charitable remainder trusts	-	-	-	-	110,804	(39,840)	110,804	(39,840)
Change in value or perpetual trusts	-	-	-	-	39,796	(28,086)	39,796	(28,086)
Investment income	9,785	-	-	-	84,098	(14,886)	93,883	(14,886)
Other direct contributions	-	-	-	-	16,874	53,162	16,874	53,162
Net assets released from restrictions	(27,151)	(23,323)	(305)	(92,415)	-	-	(27,456)	(115,738)
Increase (decrease) in net assets with donor restrictions	(3,800)	7,022	7,195	(87,110)	321,474	(29,650)	324,869	(109,738)
Change in Net Assets	235,820	265,054	(55,198)	(231,473)	884,747	(365,699)	1,065,369	(332,118)
Net Assets- Beginning of Year	342,161	40,042	2,952,909	3,184,382	5,807,910	6,210,674	9,102,980	9,435,098
Board authorized transfers	250,000	37,065	-	-	(250,000)	(37,065)	-	-
Net Assets- End of Year	$ 827,981	$ 342,161	$ 2,897,711	$ 2,952,909	$ 6,442,657	$ 5,807,910	$ 10,168,349	$ 9,102,980

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See notes to financial statements

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Program Services		Supporting Services: Management and General		Supporting Services: Fund Raising		Supporting Services: Total Supporting Services		Total Expenses	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Employee Compensation										
Salaries	$ 1,175,487	$ 1,233,442	$ 87,829	$ 95,955	$ 50,658	$ 57,208	$ 138,487	$ 153,163	$ 1,313,974	$ 1,386,605
Employee benefits	201,184	177,031	19,172	17,505	10,949	10,437	30,121	27,942	231,305	204,973
Payroll taxes	102,890	108,527	8,405	9,347	4,800	5,572	13,205	14,919	116,095	123,446
Employee related expenses	-	803	-	55	-	33	-	88	-	891
	1,479,561	1,519,803	115,406	122,862	66,407	73,250	181,813	196,112	1,661,374	1,715,915
Other Expenses										
Professional fees	79,789	117,790	8,683	13,077	36,023	10,915	44,706	23,992	124,495	141,782
Supplies	456,515	450,894	1,388	3,316	10,168	7,667	11,556	10,983	468,071	461,877
Supplies-Major Events	-	32,200	-	-	-	-	-	-	-	32,200
Telephone	25,960	22,568	1,971	1,809	1,125	1,078	3,096	2,887	29,056	25,455
Postage and shipping	4,961	5,610	567	595	357	459	924	1,054	5,885	6,664
Occupancy	233,119	236,815	8,848	7,867	5,053	4,690	13,901	12,557	247,020	249,372
Rent and maintenance of equipment	7,965	11,997	315	447	481	366	796	813	8,761	12,810
Printing and publications	10,332	10,598	868	905	2,018	1,654	2,886	2,559	13,218	13,157
Travel	75,992	77,501	5,235	3,392	3,135	2,023	8,370	5,415	84,362	82,916
Conferences and meetings	14,534	16,123	2,721	687	669	410	3,390	1,097	17,924	17,220
Specific assistance to individuals	76,742	59,870	-	-	-	-	-	-	76,742	59,870
Recognition awards	36,621	37,191	315	247	15,627	16,006	15,942	16,253	52,563	53,444
Interest expense	63,987	94,188	7,778	6,100	4,442	3,637	12,220	9,737	76,207	103,925
Insurance	79,198	81,606	8,574	8,916	4,897	5,316	13,471	14,232	92,669	95,838
Other expenses and bank fees	52,969	73,762	6,024	8,714	13,215	26,803	19,239	35,517	72,208	109,279
	1,218,684	1,328,713	53,287	56,072	97,210	81,024	150,497	137,096	1,369,181	1,465,809
Expenses Before Depreciation and Fees	2,698,245	2,848,516	168,693	178,934	163,617	154,274	332,310	333,208	3,030,555	3,181,724
Charter Fees	-	-	65,125	61,815	-	-	65,125	61,815	65,125	61,815
Depreciation of Building and Equipment	269,066	271,606	17,142	18,268	6,376	6,782	23,518	25,050	292,584	296,656
Total Expenses	$ 2,967,311	$ 3,120,122	$ 250,960	$ 259,017	$ 169,993	$ 161,056	$ 420,953	$ 420,073	$ 3,388,264	$ 3,540,195

See notes to financial statements

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2019	2018	2019	2018	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in net assets	$ 235,820	$ 265,054	$ (55,198)	$ (231,473)	$ 884,747	$ (365,699)	$ 1,065,369	$ (332,118)
Adjustments to reconcile increase in net assets to net cash from operating activities:								
Depreciation	-	-	292,575	296,659	-	-	292,575	296,659
Net realized and unrealized (gain)/loss on investments	-	-	-	-	(825,094)	241,408	(825,094)	241,408
Non-cash donations of fixed assets	-	-	-	-	-	-	-	-
Change in value of perpetual trusts	-	-	-	-	(39,796)	40,174	(39,796)	40,174
(Increase) decrease in operating assets:								
Accounts receivable, net	21,172	(40,046)	-	-	-	-	21,172	(40,046)
Pledges receivable, net	19,086	187,798	-	-	7,811	(7,811)	26,897	179,987
Inventories	(406)	10,227	-	-	-	-	(406)	10,227
Charitable remainder trust	(5,920)	(52,008)	-	-	(180,706)	39,840	(186,626)	(12,168)
Prepaid expenses	15,528	9,314	-	(3,475)	-	-	15,528	5,839
Increase (decrease) in operating liabilities:								
Accounts payable and accrued expenses	(75,428)	(49,592)	(14,582)	(20,409)	-	-	(90,010)	(70,001)
Deferred Income	(105,620)	91,707	-	-	-	-	(105,620)	91,707
Custodial funds	175,432	(85,868)	-	-	-	-	175,432	(85,868)
NET CASH FROM OPERATING ACTIVITIES	279,664	336,586	222,795	41,302	(153,038)	(52,088)	349,421	325,800
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of land, buildings and equipment	-	-	(181,731)	(109,928)	-	-	(181,731)	(109,928)
Net proceeds from sale of investments	-	-	-	-	193,863	386,011	193,863	386,011
Net purchases of investments	-	-	-	-	(68,492)	(229,984)	(68,492)	(229,984)
NET CASH FROM INVESTING ACTIVITIES	-	-	(181,731)	(109,928)	125,371	156,027	(56,360)	46,099
CASH FLOWS FROM FINANCING ACTIVITIES								
Repayments on mortgage	-	-	(255,250)	(137,368)	-	-	(255,250)	(137,368)
Proceeds from mortgage			16,043	3,201			16,043	3,201
Capital lease repayments	-	-	(14,408)	(20,118)	-	-	(14,408)	(20,118)
Repayments on line of credit	-	(125,000)	-	-	-	-	-	(125,000)
Contributions restricted for long-term investment	-	-	-	-	16,874	25,440	16,874	25,440
Transfers in (out)	250,000	37,065	-	-	(250,000)	(37,065)	-	-
Interfund loans	(590,170)	(54,037)	374,770	120,911	215,402	(66,874)	2	-
NET CASH FROM FINANCING ACTIVITIES	(340,170)	(141,972)	121,155	(33,374)	(17,724)	(78,499)	(236,739)	(253,845)
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(60,506)	194,614	162,219	(102,000)	(45,391)	25,440	56,322	118,054
Cash and cash equivalents at beginning of year	647,020	452,406	-	102,000	48,040	22,600	695,060	577,006
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 586,514	$ 647,020	$ 162,219	$ -	$ 2,649	$ 48,040	$ 751,382	$ 695,060
Cash paid during the year for interest	$ 26,256	$ 45,051	$ 49,469	$ 58,872	$ -	$ -	$ 75,725	$ 103,923

See notes to financial statements

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 9,500 youth and 2,700 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:

Lion Program

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

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.

Cub Scouts (ages 7-10)

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.

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 (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 recognition program and Youth Protection training.

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.

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 300 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.

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 consolidated 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.

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, 2019 and 2018.

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.

The interfund loans at December 31, 2019 and 2018, are the result of the Operating and Endowment Fund making advances of cash funds to the Capital Fund.

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 5% 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 Executive Board's approval) may amend this spending policy.

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, 2019 and 2018, pledges receivable net of an allowance for uncollectible pledges were $23,804 and $42,890, respectively.

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.

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 (consolidated) statements of activities and changes in net assets for the years ending December 31, 2019 and 2018:

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 good to the customer. The transaction price is established by the Council based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Council recognizes revenue as the customer pays and takes possession of the merchandise. Some merchandise is sold with a right of return. If probable customer returns exist at the end of an accounting period, the Council estimates and records in its financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of December 31, 2019 and 2018.

Product sales—To help Scout packs and troops raise the money they need to fund programs and activities throughout the year, the Council participates in the 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 34% on each sale they make, which may be used for Troop 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 (consolidated) 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 (November 4th). As of December 31, 2019 and 2018, 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 (consolidated) 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 consolidated 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 liabilities deferred revenue and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Council follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

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

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 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.

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.

Capital Leases

The Council is a lessee of equipment under a capital lease. The asset and liability under the capital lease is recorded at the lower of the present value of the minimum lease payments or the fair market value of the asset. The asset is amortized over the shorter of its related lease term or its estimated productive life. Amortization of the asset under capital lease is included in depreciation expense.

Recently Issued Accounting Standards Implemented

Accounting Pronouncements Adopted:
As of January 1, 2019, the Council adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the years ending December 31, 2019 and 2018 (if chosen) are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets or previously issued financial statements.

During the year, the Council also adopted the provisions of FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). This accounting standard is meant to help not-for-profit entities evaluate whether transactions should be accounted for as contributions or as exchange transactions and, if the transaction is identified as a contribution, whether it is conditional or unconditional. ASU 2018-08 clarifies how an organization determines whether a resource provider is receiving commensurate value in return for a grant. If the resource provider does receive commensurate value from the grant recipient, the transaction is an exchange transaction and would follow the guidance under ASU 2014-09 (FASB ASC Topic 606). If no commensurate value is received by the grant maker, the transfer is a contribution. ASU 2018-08 stresses that the value received by the general public as a result of the grant is not considered to be commensurate value received by the provider of the grant. Results for reporting the year ending December 31, 2019 are presented under FASB ASU 2018-08. The comparative information has not been restated and continues to be reported under the accounting standards in effect in those reporting periods. There was no material impact to the financial statements as a result of adoption. Accordingly, no adjustment to opening net assets was recorded.

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

Effective for the Council in 2019, FASB ASU 2016-01, Financial Instruments – Overall Recognition and Measurement of Financial Assets and Financial Liabilities (Topic 825-10) allows a not-for-profit to choose, on an investment-by-investment basis, to report an equity investment without a readily determinable fair value, that does not qualify for the practical expedient fair value in accordance with FASB ASC 820-10-35-59, at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issue. The FASB ASU requires additional disclosures about those investments. Adoption of this accounting pronouncement had no effect on the Council's 2019 and 2018 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 2019, the FASB delayed the effective date for nonpublic entities to fiscal years beginning after December 15, 2020. 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.

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

Reclassification

Certain amounts in the 2018 financial statements have been reclassified to conform to the current year's presentation.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through May 14, 2020, which represents the date the financial statements were available to be issued.

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:

	2019	2018
Cash—Operating Fund	$ 586,514	$ 647,020
Pledges receivable—Operating Fund	23,804	42,890
Accounts receivable—Operating Fund	27,042	48,214
Total financial assets as of year end	637,360	738,124
Appropriation from quasi-endowment for general expenditure in subsequent year	210,000	208,500
Total financial assets available to meet general expenditures within the next 12 months	$ 847,360	$ 946,624

NOTE 3 – INVESTMENTS

The Council invests in a limited partnership that had an original cost of $5,416,902 and $4,177,570 as of December 31, 2019 and 2018, respectively. The fair value of the limited partnership was $5,294,056 and $4,611,208 as of December 31, 2019 and 2018, respectively.

The following schedule summarizes the investment return in the statements of activities for the years ended December 31, 2019 and 2018:

	2019	2018
Interest and dividend income	$ 84,752	$ 75,940
Realized and unrealized gain (loss)	825,094	(241,408)
Management fees	(45,694)	(28,891)
	$ 864,152	$ (194,359)

The above investment return is classified in the statements of activities as follow for the years ended December 31, 2019 and 2018:

	2019	2018
Investment return recorded:		
Within net assets without donor restrictions	$ 341,640	$ (248,964)
Within net assets with donor restrictions	522,512	54,605
	$ 864,152	$ (194,359)

The following schedule summarizes the investment return by fund in the statements of activities for the years ended December 31, 2019 and 2018:

	2019	2018
Investment income (loss), net:		
Operating Fund	$ 200,298	$ 164,389
Endowment Fund-Master Trust(BSAAM)	570,055	(343,862)
Income held in custoduial accounts	9,701	-
Endowment Fund-Clark Trust	84,098	(14,886)
	$ 864,152	$ (194,359)

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, 2019 and 2018.

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. Limited partnership interests are offered to local Boy Scouts councils and Boy Scouts council trusts. The BSA Commingled Endowment Fund, LP, was created in 2008 with BSA Asset Management, LLC (BSA-AM) 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, 2019 and 2018:

	2019				
	Fair Value Measurments Using			Investments Measured at Net Asset Value (a)	December 31, 2019
	Level 1	Level 2	Level 3		
Limited partnership	$ -	$ -	$ -	5,294,056	$ 5,294,056
Split-interest agreements (Note 6)	-	845,738	-	-	845,738
Beneficial interest in trusts (Note 6)	-	-	288,126	-	288,126
Total	$ -	$ 845,738	$ 288,126	$ 5,294,056	$ 6,427,920

	2018				
	Fair Value Measurments Using			Investments Measured at Net Asset Value (a)	December 31, 2018
	Level 1	Level 2	Level 3		
Limited partnership	$ -	$ -	$ -	$ 4,611,208	$ 4,611,208
Split-interest agreements (Note 6)	-	665,032	-	-	665,032
Beneficial interest in trusts (Note 6)	-	-	248,330	-	248,330
Total	$ -	$ 665,032	$ 248,330	$ 4,611,208	$ 5,524,570

(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, 2019 and 2018.

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, 2019 and 2018, was $5,294,056 and $4,611,208, 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, 2019 and 2018:

Beneficial Interest in Trusts	2019	2018
Balance- beginning of years	$ 248,330	$ 288,504
Total gain (loss) (realized and unrealized) included in the change in net assets	39,796	(40,174)
Balance- End of Year	$ 288,126	$ 248,330

NOTE 5 - 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 $8,327 and $8,750 for the years ended December 31, 2019 and 2018, respectively. Unconditional pledges receivable as of December 31, 2019 are expected to be collected as follows:

	Operating Fund	Capital Fund	Endowment Fund	Total 2019
Receivable in less than one year:				
Friends of scouting	$ 12,375	$ -	$ -	$ 12,375
Trusts and foundations	-	-	-	-
Other	23,678	-	-	23,678
Total pledges receivable	36,053	-	-	36,053
Less allowance for uncollectible pledges	(12,249)	-	-	(12,249)
Net Pledges Receivable	$ 23,804	$ -	$ -	$ 23,804

Unconditional pledges receivable as of December 31, 2018 are expected to be collected as follows:

	Operating Fund	Capital Fund	Endowment Fund	Total 2018
Receivable in less than one year:				
Friends of scouting	$ 40,709	$ -	$ -	$ 40,709
Trusts and foundations	-	-	7,811	7,811
Other	10,250	-	-	10,250
Total pledges receivable	50,959	-	7,811	58,770
Less allowance for uncollectible pledges	(8,069)	-	-	(8,069)
Net Pledges Receivable	$ 42,890	$ -	$ 7,811	$ 50,701

NOTE 6 – LAND BUILDING AND EQUIPMENT

Land, building and equipment at December 31, 2019 and 2018 consist of the following:

	December 31, 2019	December 31, 2018
Land and improvements	$ 821,753	$ 772,997
Buildings and improvements	7,303,108	7,206,486
Furniture, fixtures and equipment	237,827	243,210
Automotive and aquatic equipment	300,787	280,979
Construction in progress	9,080	9,080
	8,672,555	8,512,752
Less: accumulated depreciation	(3,616,621)	(3,345,974)
Land, buildings and equipment, net	$ 5,055,934	$ 5,166,778

Depreciation expense for the years ended December 31, 2019 and 2018 was $292,584 and $296,656, respectively.

Construction in progress as of December 31, 2019 represents a new shower house ($9,080) which is expected to be capitalized in late 2020.

NOTE 7 – 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 2019 and 2018 was $1,095 and $7,091, 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, 2019 and 2018, was $288,126 and $248,330, 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, 2019 and 2018, 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, 2019 and 2018.

NOTE 8 - LINE OF CREDIT

The Council has an available line of credit in the amount of $300,000 as of December 31, 2019 and 2018 with Newtown Savings Bank. Interest accrues at the bank's floating prime rate, which was 5.75% and 6.50% as of December 31, 2019 and 2018, respectively. The line of credit is collateralized by substantially all of the Council's assets. There was no outstanding balance as of December 31, 2019 and 2018, respectively.

NOTE 9 – LONG-TERM DEBT

Mortgages and notes payable at December 31, 2019 and 2018, consisted of the following:

	2019	2018
Mortgage loan payable to bank in monthly principal and interest payments of $5,800 through September 21, 2032. The effective rate of interest as of December 31, 2019 and 2018, was 5.00%. Interest will be adjusted in 2022 and each five years thereafter. The interest will be adjusted to 275 basis points above Index. The Index is the Five Year Federal Home Loan Bank of Boston "Classic Credit" Rate. Mortgage is secured by an interest in the Council's facility at 60 Wellington Road, Milford, Connecticut.	$ 652,638	$ 688,166
Mortgage loan payable to bank in monthly principal and interest payments of $8,139 through November 21, 2035. The effective rate of interest as of December 31 , 2019 and 2018, was 5.00%. Interest will be adjusted in 2022 and each five years thereafter. The interest will be adjusted to 275 basis points above Index. The Index is the Five Year Federal Home Loan Bank of Boston "Classic Credit" Rate. Mortgage is secured by an interest in the Council's Deer Lake Scout Camp.	848,595	1,052,274
	1,501,233	1,740,440
Less current portion	93,905	77,862
Noncurrent Portion	$ 1,407,328	$ 1,662,578

Maturities of long-term debt as December 31, 2019 is as follows:

Year Ending December 31	
2020	$ 93,905
2021	98,736
2022	103,816
2023	109,156
2024	114,772
Thereafter	980,848
	$ 1,501,233

NOTE 10 – 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, 2019 are restricted for the following purposes or periods:

	Net Assets with Donor Restrictions			Without Restrictions-Board Designated	
	Operating Fund	Capital Fund	Endowment Fund	Endowment Fund	2019 Total
Subject to expenditures for a specific purpose:					
Project Sales	$ 186,621	$ -	$ -	$ -	$ 186,621
Capital development	-	12,500	-	-	12,500
Subject to the passage of time:					
Friends of Scouting	6,500	-	-	-	6,500
Endowment:					
Subject to endowment spending policy and appropriation	-	-	-	2,853,473	2,853,473
Program activities	-	-	1,942,783	-	1,942,783
Subject to appropriation and expenditure when a specific event occurs:					
Program activities	-	-	641,640	-	641,640
Residual trusts	-	-	288,126	-	288,126
Charitable remainder trusts	-	-	845,738	-	845,738
Total net assets with donor restrictions	$ 193,121	$ 12,500	$ 3,718,287	$ 2,853,473	$ 6,777,381

Net assets with donor restrictions or without restrictions-board designated for the year ended December 31, 2018 are restricted for the following purposes or periods:

	Net Assets with Donor Restrictions			Without Restrictions-Board Designated	
	Operating Fund	Capital Fund	Endowment Fund	Endowment Fund	2018 Total
Subject to expenditures for a specific purpose:					
Project Sales	$ 175,271	$ -	$ -	$ -	$ 175,271
Capital development	-	5,305	-	-	5,305
Subject to the passage of time:					
Friends of Scouting	24,935	-	-	-	24,935
Endowment:					
Subject to endowment spending policy and appropriation	-	-	-	2,494,512	2,494,512
Program activities	-	-	1,698,766	-	1,698,766
Subject to appropriation and expenditure when a specific event occurs:					
Program activities	-	-	417,930	-	
Residual trusts	-	-	248,330	-	248,330
Charitable remainder trusts	-	-	665,032	-	665,032
	$ 200,206	$ 5,305	$ 3,030,058	$ 2,494,512	$ 5,730,081

NOTE 11 – NET ASSETS RELEASED FROM RESTRICTIONS

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

2019

	Operating Fund	Capital Fund	Endowment Fund	Total
Friends of Scouting	$ 24,935	$ 305	$ -	$ 25,240
Project sales	2,216	-	-	2,216
	$ 27,151	$ 305	$ -	$ 27,456

2018

	Operating Fund	Capital Fund	Endowment Fund	Total
Friends of Scouting	$ 21,552	$ 92,415	$ -	$ 113,967
Project sales	1,771	-	-	1,771
	$ 23,323	$ 92,415	$ -	$ 115,738

NOTE 12 – 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 10)

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

Endowment

Changes in the endowment by type of fund for the years ended December 31, 2019 and 2018, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment - January 1,2018	**$ 2,783,792**	**$ 2,250,291**	**$ 5,034,083**
Investment return:			
Investment income	-	47,049	47,049
Net appreciation(realized and unrealized)	(248,964)	7,556	(241,408)
Total investment return(loss)	(248,964)	54,605	(194,359)
Net loans from endowment	(40,316)	-	(40,316)
Contributions	-	20,300	20,300
Spending policy and other transfers	-	(208,500)	(208,500)
Endowment- December 31, 2018	**2,494,512**	**2,116,696**	**4,611,208**
Investment return:			
Investment income	-	39,058	39,058
Net appreciation(realized and unrealized)	341,640	483,454	825,094
Total investment return	**341,640**	**522,512**	**864,152**
Net loans from Endowment	-	-	-
Contributions	17,321	11,375	28,696
Spending policy and other transfers	-	(210,000)	(210,000)
Endowment- December 31, 2019	**$ 2,853,473**	**$ 2,440,583**	**$ 5,294,056**

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 year ended December 31, 2019 there were no deficiencies in net asset with or without donor restrictions.

For the year ended December 31, 2018 there was a deficiency in net assets with donor restrictions of $4,626. This deficiency resulted from unfavorable market fluctuations and authorized withdrawals that occurred shortly after the investment of the donor restricted funds and the continued appropriation for certain programs deemed prudent by the Executive Board.

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.

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 5% 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. There was one loan from the endowment of $250,000 during the year ended December 31, 2018. During 2019, the Council reclassified an endowment loan of $250,000 as a transfer from the Endowment Fund to the Operating Fund.

NOTE 13 – EMPLOYEE BENEFIT PLANS

Retirement Plan

The National Council has a qualified defined benefit multiemployer contributory retirement plan (the Plan) administered at the national office that covers employees of the National Council and local councils, including the Connecticut Yankee Council. The Plan covers all employees who have completed one year of service and who have agreed to make contributions. Eligible employees contribute 2% of compensation, and the Council contributes an additional 7% to the Plan. Pension expense (excluding the contributions made by employees) was $56,048 during the year ended December 31, 2018 and covered current service costs.

The BSA Retirement Plan for Employees (Retirement Plan) was frozen and employee contributions ceased December 31, 2018. Employees will keep all vested benefits they accrued through December 31, 2018. The vested benefits accrued through December 31, 2018 and are available when participants become eligible to retire.

Beginning in 2019, the Council implemented a new BSA Match Savings Plan. The BSA will contribute 1.75% of the employees' pay to their account and will also match 100% of employees' contributions up to 6% of their pay. The Council contributed $40,904 to the BSA Match Savings Plan in the year ended December 31, 2019.

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, 2019 and 2018, the Council remitted $136,360 and $136,153, respectively, on behalf of its employees to the National Council related to the health care plan.

NOTE 14 – 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 15 – 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 $105,836 and $103,253 for the years ended December 31, 2019 and 2018, 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 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, 2019 and 2018, 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 expires on June 30, 2021. 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 $8,400 for the year ended December 31, 2019 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 $3,375 for the year ended December 31, 2019 and is included in other revenue on the statements of activities.

Future annual lease income in subsequent years is as follows:

Year Ending December 31	
2020	$ 138,843
2021	137,289
2022	132,299
2023	104,961
Total	$ 513,392

NOTE 16 - LEASE EXPENSE

Operating Leases

The Council accounts for the leases of various equipment as operating leases. Total rental expense amounted to approximately $4,189 and $5,974 for the years ended December 31, 2019 and 2018, respectively. These leases will expire on various dates through April 2020.

Capital Lease

During 2015, the Council entered into a capital lease agreement for office equipment, expiring in March 2020. The equipment's net book value was $3,036 and $7,871 as of December 31, 2019 and 2018, respectively. Interest expense for this lease was $481 and $1,294 for the years ended December 31, 2019 and 2018 respectively.

Expected future minimum annual lease payments for the above leases are as follows:

Year Ending December 31	
2020	$ 3,396
Total minimum lease payments	3,396
Less amount representing interest	(25)
Capital Lease Obligation	$ 3,371

NOTE 17 - 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 $40,656 and $40,708 for the years ended December 31, 2019 and 2018, respectively. Scout shop revenue is recognized in other revenue on the statements of activities.

NOTE 18 – DONATED MATERIAL AND SERVICES

The Council is dependent upon donated materials from diverse groups to fulfill its mission. For the years ended December 31, 2019 and 2018, donated materials recorded in the consolidated financial statements as in-kind contributions totaled $110,639 and $79,912, respectively.

NOTE 19 – SUBSEQUENT EVENTS

The Council's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Council's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Council's program revenues with delays in various camping and scouting activities and special events, absenteeism in the Council's labor workforce, and a decline in value of assets held by the Council, including, property and equipment, marketable securities and other investments. As of May 2020 the market value of the investments have decreased by approximately 7.8% or $502,000. The Council has and will continue to pursue opportunities under Federal and State economic relief and incentive programs for which it qualifies.

On February 18, 2020 (the "Petition Date"), the national organization of the Boy Scouts of America (the "BSA") and Delaware BSA, LLC (collectively, the "Debtors") filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware to achieve two key objectives: equitably compensate victims who were harmed during their time in Scouting and continue to carry out Scouting's mission for years to come. No local councils or other entities are included as Debtors in these cases.

The Connecticut Yankee Council, Inc. Boy Scouts of America is legally independent, separate and distinct from the national organization. No local council assets are directly affected by the Chapter 11 filing because the local councils are not filing entities. For more information please refer to https://www.bsarestructuring.org/.