

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA

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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, 2022 and 2021, 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, 2022 and 2021, 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

May 22, 2023

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2022	2021	2022	2021	2022	2021	2022	2021
ASSETS				(Restated)				(Restated)
CURRENT ASSETS								
Cash and cash equivalents	\$ 547,904	\$ 694,005	\$ 4,320,583	\$ 338,660	\$ 98,364	\$ 1,053,200	\$ 4,966,851	\$ 2,085,865
Accounts receivable, net (Note 5)	44,433	61,897	-	-	-	-	44,433	61,897
Grant receivable (Note 24)	5,197	380,056	-	-	-	-	5,197	380,056
Pledges receivable, net	19,638	91,517	20,000	30,000	-	-	39,638	121,517
Inventories	45,454	41,116	-	-	-	-	45,454	41,116
Prepaid expenses	43,329	37,426	-	-	-	-	43,329	37,426
TOTAL CURRENT ASSETS	705,955	1,306,017	4,340,583	368,660	98,364	1,053,200	5,144,902	2,727,877
Noncurrent Assets								
Investments	-	-	-	-	4,197,805	5,265,983	4,197,805	5,265,983
Split interest agreements:								
Charitable remainder trusts	46,521	50,460	-	-	988,341	1,062,649	1,034,862	1,113,109
Charitable gift annuity	-	-	-	-	-	1,256	-	1,256
Beneficial interest in perpetual trusts	-	-	-	-	266,020	343,344	266,020	343,344
	46,521	50,460	-	-	5,452,166	6,673,232	5,498,687	6,723,692
Land, buildings and equipment, net	-	-	2,555,150	4,964,886	-	-	2,555,150	4,964,886
ROU assets-finance leases-net (Note 19)	-	-	28,131	6,978	-	-	28,131	6,978
Goodwill and intangibles, net	-	-	37,000	-	-	-	37,000	-
TOTAL NONCURRENT ASSETS	46,521	50,460	2,620,281	4,971,864	5,452,166	6,673,232	8,118,968	11,695,556
TOTAL ASSETS	\$ 752,476	\$ 1,356,477	\$ 6,960,864	\$ 5,340,524	\$ 5,550,530	\$ 7,726,432	\$ 13,263,870	\$ 14,423,433
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payables and accrued expenses	\$ 35,563	\$ 33,652	\$ -	\$ 11,495	\$ -	\$ -	\$ 35,563	\$ 45,147
Deferred income	106,284	99,266	-	-	-	-	106,284	99,266
Custodial funds	620,312	665,420	-	-	-	-	620,312	665,420
Current portion of finance lease liabilities	-	-	7,448	-	-	-	7,448	-
Current portion of long-term debt	-	-	45,185	84,621	-	-	45,185	84,621
TOTAL CURRENT LIABILITIES	762,159	798,338	52,633	96,116	-	-	814,792	894,454
LONG-TERM LIABILITIES								
Finance lease liabilities-less current portion	-	-	19,921	6,978	-	-	19,921	6,978
Long-term debt, less current portion	-	-	484,035	1,248,787	-	-	484,035	1,248,787
Total long-term liabilities	-	-	503,956	1,255,765	-	-	484,035	1,255,765
TOTAL LIABILITIES	762,159	798,338	556,589	1,351,881	-	-	1,318,748	2,150,219
NET ASSETS								
Without donor restrictions	(84,727)	420,476	2,841,263	3,925,730	-	300,000	2,756,536	4,646,206
Without donor restrictions-Board Designated	-	-	3,489,442	-	1,741,204	2,937,003	5,230,646	2,937,003
With donor restrictions	75,044	137,663	73,570	62,913	3,809,326	4,489,429	3,957,940	4,690,005
TOTAL NET ASSETS	(9,683)	558,139	6,404,275	3,988,643	5,550,530	7,726,432	11,945,122	12,273,214
TOTAL LIABILITIES AND NET ASSETS	\$ 752,476	\$ 1,356,477	\$ 6,960,864	\$ 5,340,524	\$ 5,550,530	\$ 7,726,432	\$ 13,263,870	\$ 14,423,433

See notes to financial statements.

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2022	2021	2022	2021	2022	2021	2022	2021
Changes in Net Assets Without Donor Restriction								
Public support and other revenue:								
Friends of scouting, net	\$ 697,739	\$ 580,960	\$ -	\$ -	\$ -	\$ -	\$ 697,739	\$ 580,960
Project sales	(70,752)	35,058	165,535	1,000	-	-	94,783	36,058
Special events	249,704	296,304	-	-	-	-	249,704	296,304
Less cost of direct benefits to donors	(75,604)	(60,548)	-	-	-	-	(75,604)	(60,548)
Net special events	174,100	235,756	-	-	-	-	174,100	235,756
Legacies and bequests	24,849	12,004	22,732	-	22,732	-	70,313	12,004
Foundations and trusts	187,616	159,428	-	-	-	-	187,616	159,428
Contribution of nonfinancial assets	60,649	3,225	153,666	88,300	-	-	214,315	91,525
	1,074,201	1,026,431	341,933	89,300	22,732	-	1,438,866	1,115,731
Indirect public support:								
United Way agencies	1,800	2,422	-	-	-	-	1,800	2,422
Government grants and fees (Note 24)	-	380,056	-	-	-	-	-	380,056
	1,800	382,478	-	-	-	-	1,800	382,478
REVENUES:								
Product sales, net	453,174	368,204	-	-	-	-	453,174	368,204
Less: Cost of goods sold	(144,134)	(115,544)	-	-	-	-	(144,134)	(115,544)
Less: Unit commissions	(141,326)	(113,968)	-	-	-	-	(141,326)	(113,968)
Net product sales	167,714	138,692	-	-	-	-	167,714	138,692
Investment income (loss), net	-	185,573	-	-	(785,978)	606,421	(785,978)	791,994
Camping revenue	1,105,723	1,399,699	-	-	-	-	1,105,723	1,399,699
Activity revenue	191,402	131,500	-	-	-	-	191,402	131,500
Activity revenue-major events	87,910	1,444	-	-	-	-	87,910	1,444
Income from PPP forgiveness (Note 23)	-	288,500	-	-	-	-	-	288,500
Other revenue	560,785	367,163	3,445,407	12,000	-	-	4,006,192	379,163
	2,113,534	2,512,571	3,445,407	12,000	(785,978)	606,421	4,772,963	3,130,992
NET ASSETS RELEASED FROM RESTRICTIONS								
Project sales	98,406	17,480	35,845	103,500	-	-	134,251	120,980
Total Public support and other revenue	\$ 3,287,941	\$ 3,938,960	\$ 3,823,185	\$ 204,800	\$ (763,246)	\$ 606,421	\$ 6,347,880	\$ 4,750,181

See notes to financial statements.

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2022	2021	2022	2021	2022	2021	2022	2021
EXPENSES:								
Program services	\$ 3,210,580	\$ 2,981,206	\$ 243,944	\$ 279,935	\$ -	\$ -	\$ 3,454,524	\$ 3,261,141
Management and general	42,197	39,298	7,325	7,709	-	-	49,522	47,007
Fundraising	294,443	186,480	31,819	28,309	-	-	326,262	214,789
Total functional expenses	<u>3,547,220</u>	<u>3,206,984</u>	<u>283,088</u>	<u>315,953</u>	<u>-</u>	<u>-</u>	<u>3,830,308</u>	<u>3,522,937</u>
Charter and national service fee	77,791	64,175	-	-	-	-	77,791	64,175
Loss on disposal of fixed assets	-	-	1,500	27,165	-	-	1,500	27,165
Contribution to settlement trust	2,581,836	-	-	-	-	-	2,581,836	-
Total Expenses	<u>6,206,847</u>	<u>3,271,159</u>	<u>284,588</u>	<u>343,118</u>	<u>-</u>	<u>-</u>	<u>6,491,435</u>	<u>3,614,277</u>
Increase (decrease) in net assets without donor restrictions	<u>(2,918,906)</u>	<u>667,801</u>	<u>3,538,597</u>	<u>(138,318)</u>	<u>(763,246)</u>	<u>606,421</u>	<u>(143,555)</u>	<u>1,135,904</u>
Changes in Net Assets With Donor Restrictions								
Project sales	-	-	24,900	18,285	-	-	24,900	18,285
Foundation and trusts	5,061	-	-	-	(50,147)	15,867	(45,086)	15,867
Changes in value of charitable remainder trusts	-	-	-	-	(24,161)	135,215	(24,161)	135,215
Change in value or perpetual trusts	-	-	-	-	(77,324)	26,486	(77,324)	26,486
Investment income	14,827	11,845	-	-	54,048	159,715	68,875	171,560
Other direct contributions	-	96,534	-	-	2,510	66,417	2,510	162,951
Net assets released from restrictions	<u>(98,406)</u>	<u>(17,480)</u>	<u>(35,845)</u>	<u>(103,500)</u>	<u>-</u>	<u>-</u>	<u>(134,251)</u>	<u>(120,980)</u>
Increase (decrease) in net assets with donor restrictions	<u>(78,518)</u>	<u>90,899</u>	<u>(10,945)</u>	<u>(85,215)</u>	<u>(95,074)</u>	<u>403,700</u>	<u>(184,537)</u>	<u>409,384</u>
Change in Net Assets	<u>(2,997,424)</u>	<u>758,700</u>	<u>3,527,652</u>	<u>(223,533)</u>	<u>(858,320)</u>	<u>1,010,121</u>	<u>(328,092)</u>	<u>1,545,288</u>
Net Assets- Beginning of Year	558,139	(86,659)	3,988,643	3,798,279	7,726,432	7,016,306	12,273,214	10,727,926
Board authorized transfers	<u>2,429,602</u>	<u>(113,902)</u>	<u>(1,112,020)</u>	<u>413,897</u>	<u>(1,317,582)</u>	<u>(299,995)</u>	<u>-</u>	<u>-</u>
Net Assets- End of Year	<u>\$ (9,683)</u>	<u>\$ 558,139</u>	<u>\$ 6,404,275</u>	<u>\$ 3,988,643</u>	<u>\$ 5,550,530</u>	<u>\$ 7,726,432</u>	<u>\$ 11,945,122</u>	<u>\$ 12,273,214</u>

See notes to financial statements.

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Supporting Services									
	Program Services		Management and General		Fund Raising		Total Supporting Services		Total Expenses	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Employee Compensation										
Salaries	\$ 1,375,028	\$ 1,401,590	\$ 28,274	\$ 24,172	\$ 122,818	\$ 88,762	\$ 151,092	\$ 112,934	\$ 1,526,120	\$ 1,514,524
Employee benefits	234,647	249,352	5,718	5,246	24,839	19,265	30,557	24,511	265,204	273,863
Payroll taxes	112,298	113,852	2,263	1,922	9,830	7,057	12,093	8,979	124,391	122,831
Employee related expenses	2,104	-	61	-	263	-	324	-	2,428	-
Total Employee Compensation	1,724,077	1,764,794	36,316	31,340	157,750	115,084	194,066	146,424	1,918,143	1,911,218
Other Expenses										
Professional fees	98,495	54,275	1,264	1,354	6,025	5,160	7,289	6,514	105,784	60,789
Supplies	511,337	415,871	277	303	8,280	4,258	8,557	4,561	519,894	420,432
Telephone	23,633	26,214	345	357	1,499	1,309	1,844	1,666	25,477	27,880
Postage and shipping	5,083	2,953	55	42	1,936	1,775	1,991	1,817	7,074	4,770
Occupancy	265,095	215,065	1,957	1,593	14,381	5,851	16,338	7,444	281,433	222,509
Rent and maintenance of equipment	32,211	22,081	114	342	497	4,625	611	4,967	32,822	27,048
Printing and publications	12,994	5,536	153	64	4,135	2,514	4,288	2,578	17,282	8,114
Travel	162,821	92,064	1,359	1,310	8,256	5,698	9,615	7,008	172,436	99,072
Conferences and meetings	25,673	18,644	175	249	26,180	4,596	26,355	4,845	52,028	23,489
Specific assistance to individuals	94,823	83,712	-	-	-	-	-	-	94,823	83,712
Recognition awards	68,517	36,987	293	99	27,258	19,542	27,551	19,641	96,068	56,628
Interest expense	42,460	49,504	578	1,363	2,509	5,006	3,087	6,369	45,547	55,873
Insurance	65,551	67,914	364	262	1,581	961	1,945	1,223	67,496	69,137
Advertising	67,758	116,554	250	371	23,065	9,186	23,315	9,557	91,073	126,111
Other expenses and bank fees	50,517	42,147	158	1,161	17,439	4,263	17,597	5,424	68,114	47,571
Total Other Expenses	1,526,968	1,249,521	7,342	8,870	143,041	74,744	150,383	83,614	1,677,351	1,333,135
Expenses Before Depreciation	3,251,045	3,014,315	43,658	40,210	300,791	189,828	344,449	230,038	3,595,494	3,244,353
Depreciation and Amortization	203,479	246,826	5,864	6,797	25,471	24,961	31,335	31,758	234,814	278,584
Total Functional Expenses	\$ 3,454,524	\$ 3,261,141	\$ 49,522	\$ 47,007	\$ 326,262	\$ 214,789	\$ 375,784	\$ 261,796	\$ 3,830,308	\$ 3,522,937

See notes to financial statements.

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>Operating Fund</u>		<u>Capital Fund</u>		<u>Endowment Fund</u>		<u>Total Funds</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in net assets	\$ (2,997,424)	\$ 758,700	\$ 3,527,652	\$ (223,533)	\$ (858,320)	\$ 1,010,121	\$ (328,092)	\$ 1,545,288
Adjustments to reconcile increase in net assets to net cash from operating activities:								
Income from PPP forgiveness	-	(288,500)	-	-	-	-	-	(288,500)
Depreciation	-	-	231,814	278,584	-	-	231,814	278,584
Amortization of Goodwill and Intangibles	-	-	3,000	-	-	-	3,000	-
Net realized (gains) losses on sale of fixed assets	-	-	(3,445,407)	-	-	-	(3,445,407)	-
Net realized and unrealized (gain)/loss on investments	-	-	-	-	755,755	(948,256)	755,755	(948,256)
Change in value of perpetual trusts	-	-	-	-	77,324	(26,486)	77,324	(26,486)
(Increase) decrease in operating assets:								
Accounts receivable, net	17,464	(34,402)	-	-	-	-	17,464	(34,402)
Grant receivable	374,859	(380,056)	-	-	-	-	374,859	(380,056)
Pledges receivable, net	71,879	(86,252)	10,000	10,000	-	-	81,879	(76,252)
Inventories	(4,338)	(13,855)	-	-	-	-	(4,338)	(13,855)
Charitable remainder trust	3,939	43,311	-	-	74,308	(151,081)	78,247	(107,770)
Charitable gift annuity	-	-	-	-	1,256	-	1,256	-
Prepaid expenses	(5,903)	(9,119)	-	-	-	-	(5,903)	(9,119)
Increase (decrease) in operating liabilities:								
Accounts payable and accrued expenses	1,911	2,422	(11,495)	11,495	-	-	(9,584)	13,917
Deferred Income	7,018	(41,548)	-	-	-	-	7,018	(41,548)
Custodial funds	(45,108)	153,603	-	-	-	-	(45,108)	153,603
NET CASH FROM OPERATING ACTIVITIES	(2,575,703)	104,304	315,564	76,546	50,323	(115,702)	(2,209,816)	65,148
CASH FLOWS FROM INVESTING ACTIVITIES								
Purchases of land, buildings and equipment	-	-	(362,561)	(441,701)	-	-	(362,561)	(441,701)
Purchase of Goodwill and Intangibles	-	-	(40,000)	-	-	-	(40,000)	-
Proceeds from sale of land, building and equipment	-	-	5,994,668	-	-	-	5,994,668	-
Net proceeds from sale of investments	-	-	-	-	1,567,769	1,102,280	1,567,769	1,102,280
Net purchases of investments	-	-	-	-	(1,257,856)	-	(1,257,856)	-
NET CASH FROM INVESTING ACTIVITIES	-	-	5,592,107	(441,701)	309,913	1,102,280	5,902,020	660,579
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from PPP funding	-	288,500	-	-	-	-	-	288,500
Net proceeds (payments) from notes payable	-	(10,000)	(804,188)	(81,259)	-	-	(804,188)	(91,259)
Finance lease repayments	-	-	(9,540)	-	-	-	(9,540)	-
Contributions restricted for long-term investment	-	-	-	-	2,510	66,417	2,510	66,417
Transfers in (out)	2,429,602	(113,902)	(1,112,020)	413,897	(1,317,582)	(299,995)	-	-
Interfund loans	-	(300,000)	-	-	-	300,000	-	-
NET CASH FROM FINANCING ACTIVITIES	2,429,602	(135,402)	(1,925,748)	332,638	(1,315,072)	66,422	(811,218)	263,658
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(146,101)	(31,098)	3,981,923	(32,517)	(954,836)	1,053,000	2,880,986	989,385
Cash and cash equivalents at beginning of year	694,005	725,103	338,660	371,177	1,053,200	200	2,085,865	1,096,480
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 547,904	\$ 694,005	\$ 4,320,583	\$ 338,660	\$ 98,364	\$ 1,053,200	\$ 4,966,851	\$ 2,085,865
Cash paid during the year for interest	\$ 22,422	\$ 24,144	\$ 23,125	\$ 31,730	\$ -	\$ -	\$ 45,547	\$ 55,874

See notes to financial statements.

CONNECTICUT YANKEE COUNCIL, INC. BOY SCOUTS OF AMERICA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 7,800 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 (grades K-5)

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. Families can enroll their sons and daughters who are in grades K – 5 for Cub Scouts. Responding to the needs of today's families, Cub Scouts are mostly mixed gender Dens.

Lion Program (Grade K)

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 (Grade 1)

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. 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.

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.

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Sailing School

Sailaway Sailing School enables the Council to better serve the youth and families of coastal Connecticut by providing experiential learning opportunities and access to the Long Island Sound. It's about learning new skills, having adventures, becoming competent in swimming and boating safety, working as a team, learning how to be a leader, and nurturing a respect for our great natural resources, all while making friends and having fun!

The Council operated five camping facilities: Deer Lake Scout Camp, Camp Sequassen, Camp Wah Wah Taysee, John Sherman Hoyt Scout Camp and Camp Pomperaug. During the year ended December 31, 2022, two camping facilities were sold (see Note 22).

The Council supports over 170 chartered community-based organizations operating over 280 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. The Council has 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.

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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, 2022 and 2021.

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, 2022 and 2021, are the result of the Operating, Endowment and Capital Funds making advances of cash funds to and from each other. During the years ended December 31, 2022 and 2021, the Board authorized transfers of \$2,429,602 from the Capital and Endowment Funds to the Operating Fund in 2022 and \$413,897 from the Operating and Endowment Funds to the Capital Fund in 2021 and 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. Generally, nonmonetary investments received as gifts are immediately sold and recorded at the realized value. See Note 4 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.

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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 2022 and 2021 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. 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 agreement created and whether the Council or a third party is the trustee. See Note 10 for 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

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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, 2022 and 2021, pledges receivable net of an allowance for uncollectible pledges were \$39,638 and \$121,517 respectively.

Contributed Nonfinancial Assets

Donated land, buildings, equipment, investments and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Council reports the donations in the net assets without donor restrictions category, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported in the net assets with donor restrictions category. Per FASB ASU 2016-14 and absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Council. Some members of the Council have donated significant amounts of time to the Council in furthering its programs and objectives. However, no amounts have been included in the financial statements for donated members or volunteer services since they did not meet the criteria for recognition.

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 the current year 2022. These revenues are derived from activities that do not occur on an annual basis.

Due to COVID-19 pandemic the National Jamboree was delayed. The next National Jamboree is now scheduled for 2023.

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, 2022 and 2021:

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, 2022 and 2021.

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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 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 28th. As of December 31, 2022 and 2021, 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. During the year ended December 31, 2022, other revenue also included gains from the sale of two camp facilities (see Note 22).

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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. Most expenses can be directly attributed to the program or supporting function. 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.

Advertising Costs

Advertising costs are expensed when incurred.

Custodial Accounts

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

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

Effective January 1, 2022, the Council adopted the provisions of FASB ASC Topic 842 (ASU 2016-02), Leases. ASC 842 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases, except for those with a lease term of twelve months or less. Leases are classified as either finance leases or operating leases. The Council has elected to record in its financial statements the effect of FASB ASC 842 as of the beginning of the year of adoption, which is January 1, 2022.

Accordingly, the Council has recognized the right-of-use assets and lease liabilities measured under FASB ASC 842 in its statement of financial position, and the related cumulative effect on earnings as an adjustment to net assets, as of the adoption date. Adoption of FASB ASC 842 resulted in no effect to beginning net assets without donor restrictions for the year ended December 31, 2022. The comparative period ending December 31, 2021 is presented under the provision of FASB ASC 840.

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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.

Effective January 1, 2022, the Council adopted the provisions of FASB ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this Update apply to nonprofit organizations that receive contributed nonfinancial assets (also referred to as gifts-in-kind) and address presentation and disclosure of those contributed nonfinancial assets. The term “nonfinancial assets” includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, cryptocurrency, services, and unconditional promises of those assets. Under ASU 2020-07, organizations must present gifts-in-kind as a separate line item in the statement of activities, apart from gifts of cash and other financial assets. In addition to this presentation requirement, the gifts-in-kind must be further broken down into categories (fixed assets, supplies, contributed services, etc.) in the notes to the financial statements. For each category of contributed nonfinancial assets recognized in the financial statements, further footnote disclosures are required under the ASU, including whether the gifts-in-kind were sold or used, among other disclosures. The provisions of ASU 2020-07 must be applied on a retrospective basis (meaning that all periods presented in comparative financial statements must reflect the requirements of the new standard). Adoption of this standard had no effect on its net assets for the years ending December 31, 2022, and 2021.

Reclassifications

Certain balances from the 2021 financial statements have been reclassified to conform to the 2022 financial statement presentation. Such reclassifications had no effect on the previously reported change in net assets for the year ended December 31, 2021.

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>2022</u>	<u>2021</u>
Cash—Operating Fund	\$ 547,904	\$ 694,005
Pledges receivable—Operating Fund	19,638	91,517
Accounts receivable—Operating Fund	<u>44,433</u>	<u>61,897</u>
Total financial assets as of year end	611,975	847,419
Appropriation from endowment for general expenditure in subsequent year	<u>197,000</u>	<u>196,000</u>
Total financial assets available to meet general expenditures within the next 12 months	<u>\$ 808,975</u>	<u>\$ 1,043,419</u>

The Council’s endowment funds consist of donor-restricted and board designated funds. Income from

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donor-restricted endowments are restricted for specific purposes and, therefore, are not available for general expenditure. As described in Note 15, the endowment has a spending rate of \$200,000 or 4.5% for 2022 and \$196,000 or 4.5% for 2021. The Board approved \$197,000 in appropriations from the endowment for the next twelve months.

NOTE 3 – INVESTMENTS

The Council invests in a limited partnership that had an original cost of \$4,841,270 and \$5,027,893 as of December 31, 2022 and 2021, respectively. The fair value of the limited partnership was \$4,197,805 and \$5,265,983 as of December 31, 2022 and 2021, respectively.

The following schedule summarizes the investment return in the statements of activities for the years ended December 31, 2022 and 2021:

	2022	2021
Interest and dividend income	\$ 60,988	\$ 51,326
Realized and unrealized gain (loss)	(755,755)	948,256
Management fees	(30,223)	(37,384)
	\$ (724,990)	\$ 962,198

The above investment return is classified in the statements of activities as follow for the years ended December 31, 2022 and 2021:

	2022	2021
Investment return recorded:		
Within net assets without donor restrictions	\$ (299,802)	\$ 536,391
Within net assets with donor restrictions	(425,188)	425,807
	\$ (724,990)	\$ 962,198

The following schedule summarizes the investment return by fund in the statements of activities for the years ended December 31, 2022 and 2021:

	2022	2021
Investment income (loss), net:		
Operating Fund	\$ -	\$ 185,573
Endowment Fund-Master Trust (BSAAM)	(785,978)	606,421
Income held in custodial accounts	6,940	10,489
Endowment Fund-Clark Trust	54,048	159,715
	\$ (724,990)	\$ 962,198

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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, 2022 and 2021.

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, 2022 and 2021:

	2022				
	Fair Value Measurements Using			Investments Measured at Net Asset Value (a)	December 31, 2022
	Level 1	Level 2	Level 3		
BSA Comingled Endowment Fund, LP	\$ -	\$ -	\$ -	\$ 4,197,805	\$ 4,197,805
Split-interest agreements (Note 7)	-	1,034,862	-	-	1,034,862
Beneficial interest in trusts (Note 7)	-	-	266,020	-	266,020
Total	\$ -	\$ 1,034,862	\$ 266,020	\$ 4,197,805	\$ 5,498,687
	2021				
	Fair Value Measurements Using			Investments Measured at Net Asset Value (a)	December 31, 2021
	Level 1	Level 2	Level 3		
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
Total	\$ -	\$ 1,114,365	\$ 343,344	\$ 5,265,983	\$ 6,723,692

- (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, 2022 and 2021.

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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, 2022 and 2021, was \$4,197,805 and \$5,265,983, 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. The funds are deposited on the last day of the month requested.

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, 2022 and 2021:

<u>Beneficial Interest in Trusts</u>	<u>2022</u>	<u>2021</u>
Balance- beginning of year	\$ 343,344	\$ 316,858
Total gain (loss) (realized and unrealized) included in the change in net assets	<u>(77,324)</u>	<u>26,486</u>
Balance- end of year	<u>\$ 266,020</u>	<u>\$ 343,344</u>

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following for the years ended December 31, 2022 and 2021:

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2022</u>
Scout Units - popcorn sales	\$ 41,534	\$ -	\$ -	\$ 41,534
Rents receivable	2,681	-	-	2,681
Other	<u>218</u>	<u>-</u>	<u>-</u>	<u>218</u>
Total accounts receivable	44,433	-	-	44,433
Less allowance for uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Accounts Receivable	<u>\$ 44,433</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,433</u>

	<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>

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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, 2022 and 2021.

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 for the years ended December 31, 2022 and 2021, respectively. Unconditional pledges receivable as of December 31, 2022 are expected to be collected as follows:

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total 2022</u>
Receivable in less than one year:				
Friends of scouting	\$ 22,238	\$ -	\$ -	\$ 22,238
Trusts and foundations	-	-	-	-
Other	<u>2,700</u>	<u>10,000</u>	<u>-</u>	<u>12,700</u>
Total pledges receivable	24,938	10,000	-	34,938
Less allowance for uncollectible pledges	<u>(5,300)</u>	<u>-</u>	<u>-</u>	<u>(5,300)</u>
Receivable in greater than one year:	<u>-</u>	<u>10,000</u> *	<u>-</u>	<u>10,000</u>
Net Pledges Receivable	<u>\$ 19,638</u>	<u>\$ 20,000</u>	<u>\$ -</u>	<u>\$ 39,638</u>

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

Unconditional pledges receivable as of December 31, 2021 were 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>

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NOTE 7 – LAND BUILDING AND EQUIPMENT

Land, building and equipment at December 31, 2022 and 2021 consist of the following:

	December 31,	
	2022	2021
Land and improvements	\$ 686,476	\$ 797,673
Buildings and improvements	3,206,866	7,197,245
Furniture, fixtures and equipment	217,410	180,599
Automotive and aquatic equipment	428,073	298,395
Construction in progress	1,000	274,080
	4,539,825	8,747,992
Less: accumulated depreciation	(1,984,675)	(3,783,106)
Land, buildings and equipment, net	\$ 2,555,150	\$ 4,964,886

Depreciation expense for the years ended December 31, 2022 and 2021 was \$234,814 and \$278,584, respectively.

Construction in progress as of December 31, 2022 represent the down payment on a new camp truck (\$1,000) which is expected to be capitalized in early 2023.

Construction in progress as of December 31, 2021 represents a new shower house (\$262,080) and various other camp improvements (\$12,000).

NOTE 8 – BUSINESS ACQUISITION

On March 30, 2022, the Council acquired all assets and business from Sailway Sailing School, LLC. The acquired business operates a Sailing School that specializes in teaching sailing to youth in the community. The acquired assets include all tangible personal property including the boats owned by the Sailing School, domain names and the goodwill and going concern value of the business. The acquisition of the business was completed pursuant to an Asset Purchase Agreement dated March 23, 2022. Under the Asset Purchase Agreement, the Council acquired all assets of the business for \$65,000 in cash. The assets acquired were:

Estimated fair value of assets acquired:

Tangible Property	\$ 25,000
Website, URLs and name Sailway Sailing School, LLC	30,000
Goodwill	10,000
Total assets acquired	\$ 65,000

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NOTE 9 – GOODWILL AND INTANGIBLES

The followings table summarizes the changes in carrying amount of goodwill and intangibles for the year ended December 31, 2022:

Goodwill	\$	10,000
Website, URLs and Business name		30,000
		<u>40,000</u>
Less: Accumulated amortization		(3,000)
Goodwill and intangibles, net	\$	<u><u>37,000</u></u>

Goodwill and intangibles are amortized on straight -line basis over 10 years. Amortization expense for the year ended December 31, 2022, was \$3,000.

NOTE 10 – 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 2022 and 2021 was \$14,827 and \$11,845, respectively. Income distributed from the trusts, if any, 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, 2022 and 2021, was \$266,020 and \$343,344, 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, 2022 and 2021, was \$0 and \$1,256, respectively.

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, 2022 and 2021.

NOTE 11 - LINE OF CREDIT

The Council has an available line of credit in the amount of \$300,000 as of December 31, 2022 and 2021 with Newtown Savings Bank. Interest accrues at the bank's floating prime rate, which was 8.50% and 4.25% as of December 31, 2022 and 2021, respectively. The line of credit is collateralized by substantially all of the Council's assets. There was no outstanding balance as of December 31, 2022 and 2021, respectively.

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NOTE 12 – LONG-TERM DEBT

Mortgages and notes payable at December 31, 2022 and 2021, consisted of the following:

	2022	2021
Mortgage payable to bank in monthly principal and interest payments of \$5,484 through September 21, 2032. 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.	\$ 529,220	\$ 572,612
Mortgage payable to bank in monthly principal and interest payments of \$5,943 through November 21, 2035. 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. On September 15, 2022, the mortgage was paid off from the proceeds of sale of the property.	-	760,796
Less current portion	(45,185)	(84,621)
Noncurrent Portion	<u>\$ 484,035</u>	<u>\$ 1,248,787</u>

Maturities of long-term debt as December 31, 2022 is as follows:

<u>Year Ending December 31</u>	
2023	\$ 45,185
2024	47,357
2025	49,286
2026	51,294
2027	53,384
Thereafter	282,714
	<u>\$ 529,220</u>

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NOTE 13 – 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, 2022 are restricted for the following purposes or periods:

	<u>Net Assets with Donor Restrictions</u>			<u>Without Restrictions- Board Designated Endowment</u>	<u>2022 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	\$ 62,483	\$ -	\$ -	\$ -	\$ 62,483
Capital development	-	73,570	-	3,489,442	3,563,012
<u>Endowment:</u>					
<u>Subject to endowment spending policy and appropriation</u>					
	-	-	-	1,741,204	1,741,204
Program activities	-	-	2,554,965	-	2,554,965
<u>Subject to appropriation and expenditure when a specific event occurs:</u>					
Program activities	7,500	-	-	-	7,500
Residual trusts	5,061	-	266,020	-	271,081
Charitable remainder trusts	-	-	988,341	-	988,341
Total net assets with donor restrictions	<u>\$ 75,044</u>	<u>\$ 73,570</u>	<u>\$ 3,809,326</u>	<u>\$ 5,230,646</u>	<u>\$ 9,188,586</u>

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>Subject to the passage of time:</u>					
Friends of Scouting	-	-	-	-	-
<u>Endowment:</u>					
<u>Subject to endowment spending policy and appropriation</u>					
	-	-	-	3,237,003	3,237,003
Program activities	-	-	3,082,180	-	3,082,180
<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>

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NOTE 14 – NET ASSETS RELEASED FROM RESTRICTIONS

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

2022				
	Operating Fund	Capital Fund	Endowment Fund	Total
Project sales	\$ 98,406	\$ 35,845	\$ -	\$ 134,251
2021				
	Operating Fund	Capital Fund	Endowment Fund	Total
Project sales	\$ 17,480	\$ 103,500	\$ -	\$ 120,980

NOTE 15 – 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 14)

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, 2022 and 2021, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - January 1, 2021	\$ 3,098,911	\$ 3,917,395	\$ 7,016,306
Investment return:			
Investment income	25,700	134,015	159,715
Net appreciation (realized and unrealized)	314,629	291,792	606,421
Total investment return(loss)	340,329	425,807	766,136
Net loans from Endowment	-	-	-
Contributions, net of write-offs	13,360	53,057	66,417
Change in Charitable Remainder 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	<u>3,237,003</u>	<u>4,489,429</u>	<u>7,726,432</u>
Investment return:			
Investment income	13,127	17,639	30,766
Net appreciation (realized and unrealized)	(312,928)	(442,827)	(755,755)
Total investment return	(299,801)	(425,188)	(724,989)
Contributions	-	2,508	2,508
Change in Charitable Remainder Trusts	-	(51,575)	(51,575)
Change in Beneficial interest in perpetual trusts	-	(77,324)	(77,324)
Spending policy	(98,360)	(101,640)	(200,000)
Other transfers	(1,097,638)	(26,884)	(1,124,522)
Endowment Net Assets - December 31, 2022	<u>\$ 1,741,204</u>	<u>\$ 3,809,326</u>	<u>\$ 5,550,530</u>

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, 2022 and 2021 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 2022 and 2021 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, 2022 and 2021.

NOTE 16 – 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 Council. The plan name is the Boy Scouts of America Master Pension Trust – Boy Scouts of America Retirement Plan for Employees. Effective December 31, 2018, the plan was frozen to employees with less than 15 years of vesting service, and whose age plus vesting service equaled less than 60 as of December 31, 2018 (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 \$127,288 and \$127,734 in 2022 and 2021, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2022, 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 \$25,364 and \$21,965 to the BSA Match Savings Plan in 2022 and 2021, 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, 2022 and 2021, the Council remitted \$99,806 and \$109,102, respectively, on behalf of its employees to the National Council related to the health care plan.

NOTE 17 – 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 18 – LEASE INCOME

The Council entered into an agreement as the lessor to lease space at 60 Wellington Road, Milford, Connecticut, facility. The current lease expired on October 31, 2022, and contained options for two additional five-year renewals. The lease was renewed for an additional five year term expiring in October 2027. 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 \$114,045 and \$111,233 for the years ended December 31, 2022 and 2021, 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 \$15,000 and \$20,000 for the years ended December 31, 2022 and 2021 is included in camping revenue on the statements of activities. Camp Pomperaug property was sold in September 2022. (See Note 22)

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 \$8,654 and \$8,656 for the years ended December 31, 2022 and 2021, 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 expired on March 31, 2022. The lease called 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 \$4,984 and \$4,808 for the years ended December 31, 2022 and 2021, 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 expiring in April 2025. 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 that 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. 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. Income totaled \$18,000 and \$6,240 for the years ended December 31, 2022 and 2021, respectively, and were

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included in other revenue on the statements of activities.

Future annual lease income in subsequent years is as follows:

Year Ending December 31

2023	\$ 140,635
2024	144,255
2025	124,121
2026	125,810
2027	<u>106,996</u>
Total	<u>\$ 641,817</u>

NOTE 19 - LEASES

The Council leases equipment at various terms under long-term non-cancelable finance lease agreements. The leases expire at various dates through 2027. The Council includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Council estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Council's applicable borrowing rates and the contractual lease term.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Council has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Council applied the risk-free rate option to the office equipment classes of assets.

Reported under FASB ASC 842—year ended December 31, 2022:

Lease Cost

Finance Lease Cost:

Interest expenses	<u>\$ 710</u>
Amortization of right-of-use assets	<u>\$ 8,778</u>

Right-of-use (ROU) assets obtained in exchange for lease liabilities were \$28,131 and \$6,978 for December 31, 2022, and 2021.

The weighted-average remaining lease term for the finance leases is 4 years for the year ended December 31, 2022. The weighted-average discount rate for finance leases is 1.57% for the year ended December 31, 2022.

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Future minimum lease payment are as follows:

<u>Year Ending December 31,</u>			
2023	\$	8,192	
2024		6,756	
2025		6,381	
2026		5,856	
2027		<u>1,952</u>	
Total lease payments		29,137	
Less interest		<u>(1,768)</u>	
Present value of lease liabilities	\$	<u>27,369</u>	

NOTE 20 - SCOUT SHOP

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 \$37,683 and \$31,611 for the years ended December 31, 2022 and 2021, respectively. Scout shop revenue is recognized in other revenue on the statements of activities.

NOTE 21 – CONTRIBUTED NONFINANCIAL ASSETS

The Council is dependent upon donated materials from diverse groups to fulfill its mission. For the years ended December 31, 2022 and 2021, donated materials recorded in the financial statements as in-kind contributions totaled \$214,315 and \$91,525, respectively.

	2022	2021
Land	\$ -	\$ 76,300
Aquatic equipment	129,000	-
Building and Leasehold improvements	24,665	-
Materials and Supplies	22,487	15,225
Services	<u>38,162</u>	<u>-</u>
Total contributed nonfinancial assets	<u>\$ 214,314</u>	<u>\$ 91,525</u>

The Council recognizes contributed nonfinancial assets within revenue, including contributed land, aquatic equipment, building and leasehold improvements, supplies and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Generally, contributed land is immediately sold and recorded at the realized value. Contributed aquatic equipment will be used for the Sea Scout Program, and camp activities. The Council estimated the fair value of land on the basis of recent comparable sales and land records provided by local town municipalities. The Aquatic equipment's fair value was estimated based on recent comparable sales prices.

Contributed building and leasehold improvements were for the material and services provided by the construction professionals used for the maintenance of buildings. The estimated fair value in the financial statements are based on

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current rates for similar material and services.

Contributed materials and supplies were utilized in the Council's activities, special events and activities. The Council estimates the fair value based on wholesale values that would be received for selling similar products in the United States.

Contributed services recognized comprise marketing services, camp hosting related services and other services received by the Council on various events. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

NOTE 22 – SALE OF ASSETS

During the year ended December 31, 2022, the Council sold two of its camp properties. The Deer Lake Scout Reservation was sold for \$4,750,000 with a net book value of \$2,488,943. The gain recognized net of selling expenses was \$1,873,081. The Camp Pomperaug property was sold for \$1,588,000 with a net book value of \$75,500. The gain recognized net of selling expenses was \$1,429,691.

During the year ended December 31, 2022, the Council sold one open space parcel of land for \$123,072, with a net book value of \$15,437. The gain recognized net of selling expenses was \$107,635.

The total gains of \$3,410,407 for the sale of the above properties were recorded and included in other revenue on the statement of activities for the year ended December 31, 2022.

NOTE 23 – PAYCHECK PROTECTION PROGRAM

In 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 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 was accounted for as income in the statement of activities for the year ended December 31, 2021.

NOTE 24 – EMPLOYEE RETENTION CREDIT

In 2021, 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 met the ERC's eligibility requirements and considered these refundable credits as a conditional grant. Those conditions were substantially met in 2021. Accordingly, the Council had 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

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December 31, 2021. During the year ended December 31, 2022, the Council received full amount for the refunds of the employee retention credits.

NOTE 25 – CONTRIBUTION TO SETTLEMENT TRUST

The Council had been named as a defendant or had 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 year end December 31, 2021, management was unable to estimate a probable outcome of these matters and accordingly no provision had been made in the financial statements.

The National Council had 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 provided 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 continued 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. The management of the Council was unable to assess the effect on Council’s operations or its financial statements, due to the uncertainty of the resolution of those matters by the National Council in 2021. During the year ended December 31, 2022, the management of the Council was able to settle the lawsuit claims by making a contribution of \$2,581,836 to the settlement trust of the National Council. The Council was able to fund these expenses by its internal funding source and sale of capital assets, which resulted in no impact on the Council’s operations.

NOTE 26 – RESTATEMENT

The beginning balances of assets and liabilities were restated in the statement of financial position to reflect the effect of retrospective application of change in accounting principle related to the adoption of FASB ASC Topic (ASU 2016-02), leases. The total beginning balances of assets and liabilities increased by \$6,978.

NOTE 27 – SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated subsequent events through May 22, 2023, which represents the date the financial statements were available to be issued and determined that there have been no events that have occurred that would require adjustments to our disclosures in the financial statements except for the event described below.

Effective April 19, 2023, the National Council formally emerged from Bankruptcy and the reorganization plan has been confirmed.