TIDEWATER COUNCIL, INC.
BOY SCOUTS OF AMERICA

VIRGINIA BEACH, VIRGINIA

DECEMBER 31, 2022 AND 2021

Colby & Company PLC
Certified Public Accountants

FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To The Executive Board
Tidewater Council, Inc. Boy Scouts of America
Virginia Beach, Virginia

Opinion

We have audited the accompanying consolidated financial statements of the Tidewater Council, Inc. Boy Scouts of America (the Council), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Council as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year ended December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Consolidated Financial Statements section of our report. We are required to be independent of the Tidewater Council, Inc. Boy Scouts of America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Tidewater Council, Inc. Boy Scouts of America's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Consolidated 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 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 consolidated financial statements.

2121 Old Greenbrier Road, Chesapeake, VA 23320, (757) 523-2700, FAX 523-0536

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 consolidated 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 consolidated 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 Tidewater 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 consolidated financial statements.

- Conclude whether, in our judgment there are conditions or events, considered in the aggregate, that raise substantial doubt about Tidewater 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.

Colby & Company PLC

Chesapeake, Virginia
August 23, 2023

TIDEWATER COUNCIL, INC. BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2022	2021	2022	2021	2022	2021	2022	2021
CURRENT ASSETS:								
Cash	$ 510,806	$ 429,466	$ 18,166	$ 13,347	$ 15,220	$ 9,640	$ 544,192	$ 452,453
Investments	197,531	247,211	-	-	-	-	197,531	247,211
Accounts receivable	39,247	8,386	-	-	-	-	39,247	8,386
Pledges receivable	3,785	35,314	-	-	-	-	3,785	35,314
Inventories-retail merch & suppl	145,906	148,504	-	-	-	-	145,906	148,504
Prepaid expenses	34,884	14,220	-	-	-	-	34,884	14,220
Total current assets	$ 932,159	$ 883,101	$ 18,166	$ 13,347	$ 15,220	$ 9,640	$ 965,545	$ 906,088
NON-CURRENT ASSETS:								
Land, buildings and equipment - net (Trust owned and controlled Camp)	$ -	$ -	$ 1,303,026	$ 1,370,746	$ -	$ -	$ 1,303,026	$ 1,370,746
Investments	-	-	-	-	1,208,460	1,461,414	1,208,460	1,461,414
Contributions receivable	100,537	-	-	-	-	-	100,537	-
Investments - land held for sale	25,448	25,448	-	-	-	-	25,448	25,448
Total non-current assets	$ 125,985	$ 25,448	$ 1,303,026	$ 1,370,746	$ 1,208,460	$ 1,461,414	$ 2,637,471	$ 2,857,608
TOTAL ASSETS	$ 1,058,144	$ 908,549	$ 1,321,192	$ 1,384,093	$ 1,223,680	$ 1,471,054	$ 3,603,016	$ 3,763,696
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES:								
Accounts payable	$ 20,052	$ 15,644	$ -	$ -	$ -	$ -	$ 20,052	$ 15,644
Custodial accounts	521,222	451,330	-	-	-	-	521,222	451,330
Short-Term Notes Payable	-	-	-	-	-	-	-	-
Deferred activity income	119,182	40,334	-	-	-	-	119,182	40,334
Other current liabilities	64,412	55,381	-	-	-	-	64,412	55,381
Total current liabilities	$ 724,868	$ 562,689	$ -	$ -	$ -	$ -	$ 724,868	$ 562,689
LONG-TERM INDEBTEDNESS	$ -	$ -	$ 570,769	$ 570,769	$ -	$ -	$ 570,769	$ 570,769
Total liabilities	$ 724,868	$ 562,689	$ 570,769	$ 570,769	$ -	$ -	$ 1,295,637	$ 1,133,458
NET ASSETS:								
Without donor restrictions	$ 177,927	$ 218,852	$ -	$ -	$ -	$ -	$ 177,927	$ 218,852
With donor restrictions	155,349	127,008	750,423	813,324	1,223,680	1,471,054	2,129,452	2,263,192
Total net assets	$ 333,276	$ 345,860	$ 750,423	$ 813,324	$ 1,223,680	$ 1,471,054	$ 2,307,379	$ 2,630,238
TOTAL LIABILITIES AND NET ASSETS	$ 1,058,144	$ 908,549	$ 1,321,192	$ 1,384,093	$ 1,223,680	$ 1,471,054	$ 3,603,016	$ 3,763,696

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See independent auditor's report and notes to the consolidated financial statements.

TIDEWATER COUNCIL, INC. BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022, WITH COMPARATIVE TOTALS FOR 2021

	Operating Fund	Capital Fund	Endow-ment Fund	Total All Funds 2022	Total All Funds 2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:					
Public Support:					
Direct public support:					
Friends of scouting	$ 376,483	$ -	$ -	$ 376,483	$ 402,636
Government grants	80,839	-	-	80,839	177,830
Special fundraising events gross	117,020	-	-	117,020	62,266
Less costs of net benefits	(35,695)	-	-	(35,695)	(31,669)
Other direct support	130	-	-	130	1,325
Total public support	$ 538,777	$ -	$ -	$ 538,777	$ 612,388
Revenue:					
Sale of supplies - gross	$ 402,499	$ -	$ -	$ 402,499	$ 378,046
Less cost of goods sold	(228,590)	-	-	(228,590)	(237,073)
Product sales - gross	1,208,936	-	-	1,208,936	968,098
Less cost of goods sold	(384,899)	-	-	(384,899)	(296,301)
Less commissions	(473,331)	-	-	(473,331)	(376,803)
Investment income (loss)	(49,680)	-	-	(49,680)	17,122
Camping revenue	388,779	-	-	388,779	419,223
Activity revenue	218,433	-	-	218,433	120,838
Other revenue	141,456	-	-	141,456	140,243
Total revenue	$ 1,223,603	$ -	$ -	$ 1,223,603	$ 1,133,393
Net assets released from restrictions :					
Reclass United Way and Board Restricted	$ 68,959	$ 162,020	$ -	$ 230,979	$ 110,265
Total public support and revenue	$ 1,831,339	$ 162,020	$ -	$ 1,993,359	$ 1,856,046
Expenses:					
Program services	$ 1,646,837	$ 158,630	$ -	$ 1,805,467	$ 1,531,772
Support services:					
Management and general	98,428	3,340	-	101,768	98,153
Fund raising	71,596	50	-	71,646	68,761
Total functional expenses	$ 1,816,861	$ 162,020	$ -	$ 1,978,881	$ 1,698,686
Other expenses:					
Payments to National Council	$ 26,079	$ -	$ -	$ 26,079	$ 22,677
Contribution to Settlement Trust	-	-	-	-	621,354
Total other expenses	$ 26,079	$ -	$ -	$ 26,079	$ 644,031
Total expenses	$ 1,842,940	$ 162,020	$ -	$ 2,004,960	$ 2,342,717
Increase (decrease) in net assets without donor restrictions	$ (11,601)	$ -	$ -	$ (11,601)	$ (486,671)

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TIDEWATER COUNCIL, INC. BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022, WITH COMPARATIVE TOTALS FOR 2021

	Operating Fund	Capital Fund	Endow-ment Fund	Total All Funds 2022	Total All Funds 2021
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:					
RESTRICTED NET ASSETS:					
Indirect public support - United Way	$ 68,959	$ -	$ -	$ 68,959	$ 110,265
Direct public support	28,262	31,795	-	60,057	16,000
Net investment income	-	-	36,780	36,780	72,846
Net assets released from restriction	(68,880)	(162,020)	-	(230,900)	(110,265)
Direct public support - legacies & bequests	-	-	5,580	5,580	47,327
Net investment income (loss)	-	-	(251,734)	(251,734)	96,675
Increase (decrease) in net assets with donor restrictions	$ 28,341	$ (130,225)	$ (209,374)	$ (311,258)	$ 232,848
TOTAL INCREASE (DECREASE) IN NET ASSETS	$ 16,740	$ (130,225)	$ (209,374)	$ (322,859)	$ (253,823)
Net assets - beginning of year:					
Without donor restrictions	$ 218,852	$ -	$ -	$ 218,852	$ 620,869
With donor restrictions	127,008	813,324	1,471,054	2,411,386	2,263,192
Total net assets - beginning of year	$ 345,860	$ 813,324	$ 1,471,054	$ 2,630,238	$ 2,884,061
Transfers in net assets:					
Without donor restrictions	$ (29,324)	$ -	$ -	$ (29,324)	$ 84,654
With donor restrictions	-	67,324	(38,000)	29,324	(84,654)
Total transfers	$ (29,324)	$ 67,324	$ (38,000)	$ -	$ -
Net assets - end of year:					
Without donor restrictions	$ 177,927	$ -	$ -	$ 177,927	$ 218,852
With donor restrictions	155,349	750,423	1,223,680	2,129,452	2,411,386
Total net assets - end of year	$ 333,276	$ 750,423	$ 1,223,680	$ 2,307,379	$ 2,630,238

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TIDEWATER COUNCIL, INC. BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022, WITH COMPARATIVE TOTALS FOR 2021

Expenses	Program Services	---------Support Services--------- Management and General	Fund Raising	Total Support Services	Total Expenses 2022	2021
Employee compensation:						
Salaries	$ 665,633	$ 43,411	$ 14,470	$ 57,881	$ 723,514	$ 698,064
Employee benefits	162,436	10,593	3,532	14,125	176,561	175,473
Payroll taxes	53,942	2,901	1,160	4,061	58,003	61,194
Total employee compensation	$ 882,011	$ 56,905	$ 19,162	$ 76,067	$ 958,078	$ 934,731
Other expenses:						
Professional fees	$ 65,317	$ 4,665	$ 7,776	$ 12,441	$ 77,758	$ 61,669
Advertising	2,063	135	44	179	2,242	613
Bank service charges	24,851	1,621	540	2,161	27,012	31,318
Program supplies	249,605	2,600	7,800	10,400	260,005	172,329
Telephone	17,994	967	387	1,354	19,348	20,528
Postage and shipping	5,643	269	807	1,076	6,719	9,772
Occupancy	88,948	1,011	11,119	12,130	101,078	116,899
Equipment rent and maintenance	9,204	387	97	484	9,688	11,136
Printing and publications	9,822	312	5,457	5,769	15,591	29,074
Travel	118,106	6,348	2,543	8,891	126,997	27,568
Conferences and meetings	17,781	757	378	1,135	18,916	20,270
Specific assistance to individuals	312	13	7	20	332	305
Recognition awards	59,278	1,500	14,257	15,757	75,035	58,358
Insurance	25,273	17,133	428	17,561	42,834	58,628
Interest expense	3,992	261	85	346	4,338	1,431
Other expenses	66,637	3,544	709	4,253	70,890	55,401
Total other expenses	$ 764,826	$ 41,523	$ 52,434	$ 93,957	$ 858,783	$ 675,299
Expenses before Capital Fund expenses	$ 1,646,837	$ 98,428	$ 71,596	$ 170,024	$ 1,816,861	$ 1,610,030
Interest	2,295	150	50	200	2,495	7,022
Equipment rent and maintenance	-	-	-	-	-	-
Depreciation	156,335	3,190	-	3,190	159,525	81,634
Total functional expenses	$ 1,805,467	$ 101,768	$ 71,646	$ 173,414	$ 1,978,881	$ 1,698,686

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TIDEWATER COUNCIL, INC. BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022, WITH COMPARATIVE TOTALS FOR 2021

	Operating Fund	Capital Fund	Endow-ment Fund	Total All Funds 2022	Total All Funds 2021
CASH FLOWS FROM OPERATING ACTIVITIES:					
INCREASE (DECREASE) IN NET ASSETS	$ 16,740	$ (130,225)	$ (209,374)	$ (322,859)	$ (253,823)
ADJUSTMENTS TO NET ASSETS TO RECONCILE CASH FLOWS:					
Depreciation and adjustments	$ -	$ 159,525	$ -	$ 159,525	$ 81,634
Net unrealized (gain) loss on investments	52,753	-	251,734	304,487	(112,302)
(Increase) decrease in pledges receivable	(31,529)	-	-	(31,529)	(130)
(Increase) decrease in accounts receivable	(131,398)	-	-	(131,398)	(8,386)
Transfer (to) from another fund	(29,324)	67,324	(38,000)	-	-
(Increase) decrease in inventories	2,598	-	-	2,598	408
(Increase) decrease in prepaid expenses	(20,664)	-	-	(20,664)	20,931
Increase (decrease) in custodial account	69,892	-	-	69,892	(2,303)
Increase (decrease) in accounts payable & accrued exp	13,439	-	-	13,439	(1,760)
Increase (decrease) in deferred activity and special events	78,848	-	-	78,848	22,744
Total adjustments	$ 4,615	$ 226,849	$ 213,734	$ 445,198	$ 836
Cash provided (used) by operating activities	$ 21,355	$ 96,624	$ 4,360	$ 122,339	$ (252,987)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of property and equipment - net	$ -	$ (91,803)	$ -	$ (91,803)	$ (50,474)
Transfer (to) from another fund	-	-	-	-	-
Net purchase of investments & reinvested earnings	59,985	-	1,220	61,205	(114,341)
Net cash used by investing activities	59,985	$ (91,803)	1,220	$ (30,598)	$ (164,815)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal payments on notes payable	$ -	$ -	$ -	$ -	$ (105,116)
Proceeds from notes payable	-	-	-	-	621,354
Net cash provided (used) by financing activities	$ -	$ -	$ -	$ -	$ 516,238
NET INCREASE (DECREASE) IN CASH	$ 81,340	$ 4,821	$ 5,580	$ 91,741	$ 98,436
CASH - Beginning of the year	429,466	13,345	9,640	452,451	354,017
CASH - End of the year	$ 510,806	$ 18,166	$ 15,220	$ 544,192	$ 452,453

See independent auditor's report and notes to the consolidated financial statements.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

(A) Nature of Organization:

The Tidewater Council, Inc. Boy Scouts of America (the Council) operates in four cities in Virginia, including Virginia Beach, Chesapeake, Norfolk and Portsmouth; and seven counties in Northeastern North Carolina, which include: Camden, Chowan, Currituck, Dare, Pasquotank, Gates and Perquimans counties. The Council maintains control of an Endowment Trust which is funded by donations and which includes assets with and without restrictions which are held in a market fund. The Council President serves as the ex-officio Trustee of a Property Trust which holds title to the Pipsico Scout Reservation in Surry, Virginia which was donated for the use and benefit of the Tidewater Council and which is operated and maintained by the Council. The Council also leases other short term camping facilities. The Council is an independent not-for-profit organization devoted to promoting, within the territory covered by the charter from time to time granted it by the Boy Scouts of America and in accordance with the Congressional Charter, Bylaws, and Rules and Regulations of the Boy Scouts of America, the Scouting programs of promoting the ability of boys and girls, and young men and women to do things for themselves and others, training them in Scoutcraft, and teaching them patriotism, courage, self-reliance, and kindred virtues, using the methods which are now in common use by the Boy Scouts of America. The Council delivered Scouting to 6,000 and 5,500 youth members in 2022 and 2021, respectively.

The Tidewater Council's programs are classified as follows:

Lion Scouts – A fun introduction to the Scouting program for kindergarten-age youth eager to get going! Lions do adventures with their adult partners and other Lions every month. This program introduces youth and their families to Scouting and the outdoors as it builds a foundation of character. A Lion den is part of the Cub Scout pack.

Tiger Scouts - 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 den is part of the Cub Scout pack.

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

Scouts BSA - Scouts BSA is a year-round program for youth 11-17 years old that provides fun, adventure, learning, challenge, and responsibility to help them become the best version of themselves.

Venturing - Provides experiences to help young men and women, ages 14–or 13 with the completion of the eighth grade–through 20, become mature, responsible, caring adults. Young people learn leadership skills and participate in challenging outdoor activities, including having access to Boy Scout camping properties, a recognition program, and Youth-Protection training.

Learning for Life - Program 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(A) Nature of Organization (Continued):

Families can choose to sign up their sons and daughters who are ages 5-10 for Cub Scouts. Chartered organizations may choose to establish a new girl pack, establish a pack that consists of girl dens and boy dens or remain an all-boy pack. Cub scout dens will be single gender – all boys or all girls. Using the same curriculum as the (now) former Boy Scouting program, Scouts BSA launched in February 2019, enabling all eligible youth ages 11-17, to earn the Eagle Scout rank. Scouts BSA is single gender – all-girl troops or all-boy troops. This unique approach allows the organization to maintain the integrity of the single-gender model while also meeting the needs of today's families.

Tidewater Council #596's website address is www.tidewaterbsa.com.

(B) Principles of Consolidation:

The Council has voting control over and an economic interest in the Endowment Trust and its invested funds; and, the Council President serves as the ex-officio Trustee of the Property Trust, which holds title to the Pipsico Scout Reservation for the use and benefit of the Tidewater Council which operates and maintains Pipsico. Accordingly, the associated accounts for the funds and properties included in both of these Trusts are consolidated with the Council's accounts in the accompanying consolidated financial statements. All intercompany balances and transactions have been eliminated in the consolidation. The Council and the Trust funds are hereinafter collectively referred to as the "Council."

(C) Fund Accounting:

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Council are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The accounts of the Council are maintained in three self-balancing fund groups according to their nature and purposes as follows:

General Operating Fund – The general operating fund is used to account for the Council's operating activities.

Capital Fund – The capital fund is used to account for property, buildings, equipment, Trust owned Camp, and legally restricted cash that is to be expended for property, buildings, and equipment and related debt payments. Also, included in this fund are investments either restricted or designated for capital repair and improvements where the income is either designated or restricted for those particular items. Revenues and expenses related to the capital fundraising campaign are also included in this fund.

Endowment Fund – The endowment fund is normally used to account for amounts of gifts and bequests accepted with legal restrictions based on donor stipulations 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(D) Basis of Presentation:

The consolidated financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. During 2018, the Council adopted the provisions of Accounting Standards Update 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net assets classification and the related information presented in the consolidated financial statements and notes about the Council's liquidity, financial performance, and cash flows.

(E) Prior Year Summarized Comparative Information:

The consolidated financial statements and certain notes include certain prior year summarized comparative information in total, but not by fund balance. Such information does not always include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, such information should be read in conjunction with the Council's consolidated financial statements as of and for the year ended December 31, 2021, from which the summarized comparative information was derived.

(F) Use of Estimates:

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

(G) Cash and Cash Equivalents:

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

(H) Concentration of Credit Risk:

The Council maintains its cash and cash equivalents in financial institution accounts, which may, at times, exceed the federally insured limit of $250,000 set by the Federal Deposit Insurance Corporation. The Council has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions.

(I) Accounts Receivable:

Accounts receivable are recorded primarily for product sales and are reported at net realizable value if the amounts are due within one year. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance for doubtful accounts was considered necessary as of December 31, 2022 and 2021.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(J) 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.

(K) Inventories:

Inventories, which consist primarily of Scouting supplies and other items available for resale, are stated at the lower of average cost or net realizable value.

(L) Land, Buildings, and Equipment and Related Depreciation:

Purchased property and equipment are stated at cost. Maintenance and repairs are charged to operations when incurred. Betterments and renewals of $5,000 or more are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in the change in net assets.

Depreciation of property and equipment and amortization of leasehold improvements are computed using the straight-line method based on the shorter of the estimated useful lives or the lease terms of the assets as follows:

Assets	Estimated Useful Life
Land improvements	10 – 40 years
Buildings	2 – 50 years
Furniture, fixtures and equipment	3 – 20 years

Donations of property and equipment are recorded as contributions at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose based on its fair value. Assets donated with explicit restrictions regarding their use, absent donor stipulations regarding how long those donated assets must be maintained, are recorded as net assets with donor restrictions. The Council reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Council reclassifies net assets with donor restrictions that are temporary in nature to net assets without donor restrictions at that time.

(M) Construction in Progress:

Construction in progress is stated at cost and consists primarily of costs incurred in the construction of building improvements. No provision for depreciation is made on construction in progress until the assets are complete and placed into service.

(N) Long-Lived Assets:

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(N) Long-Lived Assets (Continued):

the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount of fair value less costs to sell. No impairment charges were recorded during the years ended December 31, 2022 and 2021.

(O) Investments:

Investments with readily determinable fair values are measured at fair value in the statements of financial position. Interest, dividends, realized and unrealized gains and losses on investments, net of fees, are recorded as investment return in the consolidated statements of activities and changes in net assets. Realized gains and losses are determined on a specific identification basis. Realized and unrealized gain and losses, interest, and dividends on investments are recorded as net assets without donor restriction unless such amounts are restricted by the donor or by law. Investments received as gifts are recorded at the estimated fair value at the date of the gift. Investments are classified based on their original maturities. Investments with original maturities of less than 12 months are classified as short-term investments.

(P) Revenue Recognition:

The Council recognizes revenue in accordance with Financial Accounting Standards board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers,* as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Council records the following exchange transaction revenue in its consolidated statements of activities and changes in net assets for the years ending December 31, 2022 and 2021:

Scout Shop and Trading Post sales – The Council operates a Scout Shop in its Service Center and various Trading Posts at its summer camp(s), which sell Scouting-related merchandise on a retail basis to customers. The performance obligation is the delivery of the good to the customer. The transaction price is established by the Council based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Council recognizes revenue as the customer pays and takes possession of the merchandise. Some merchandise is sold with a right of return. If probable customer returns exist at the end of an accounting period, the Council estimates and records in its financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of December 31, 2022 and 2021.

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 a popcorn vendor's program. Scout packs and troops purchase popcorn from the Council, which they then resell to customers. The scout packs and troops earn a commission of 40% on each sale they make, which may be used to offset the price of the popcorn they purchase from the Council. The popcorn sale also helps the Council raise money in support of its programs. Popcorn sales to Scout units start in the fall of each year, with the units placing their orders online through the vendor's 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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(P) Revenue Recognition (Continued):

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 a Boy Scouts of America approved vendor's website to track and manage unit accounts receivable. With popcorn sales, the performance obligation is delivery of the product, which is fulfilled by the Council at predetermined times and locations. Revenue recognition occurs when the product has been delivered. The Council presents separately in its consolidated statements of activities and changes in net assets gross revenues from popcorn sales, costs of goods sold, and unit commissions (retained by or paid to the unit). Scout units have the right to return to the Council any unsold product, subject to a return-by date of November 25, 2022. 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 costs of the benefits received by the participant at the event – the exchange component, and a portion represents a contribution to the Council. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Council. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Council, are recorded as costs of direct donor benefits in the consolidated statements of activities and changes in net assets. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Council. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligations. Accordingly, the Council separately presents in its consolidated statements of activities and changes in net assets or notes to financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Council in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Council follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(Q) Contributions Receivable:

Unconditional promises to give 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 through the use of the 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 credit worthiness of the other parties, the Council's past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variation in the amount or timing, or both, of the cash flows, and other factors concerning the receivables collectability. Amortization of discounts is included in support from contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for uncollectible pledges is recorded when the Council determines, based on historical experience and collection efforts, that a contribution receivable (carried over from a prior year) is uncollectible. As of December 31, 2022 and 2021, the Council believes no allowance for uncollectible pledges is necessary.

(R) Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

• An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized

• An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

See also Contributed Nonfinancial Assets, below.

Grant awards

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

(R) Contribution Revenue (Continued):

• Grant awards that are contributions - Grants that qualify as contributions are recorded as invoiced to the funding sources in accordance with the terms of the award. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as grant funds received in advance.

• Grant awards that are exchange transactions - Exchange transactions typically reimburse based on a predetermined rate for services performed in accordance with the terms of the award. The revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There were no grant awards that were considered exchange transactions during the years ended December 31, 2022 and 2021.

(S) 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 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. A substantial number of volunteers have donated significant amounts of time to the Council in furthering its programs and objectives. However, no amounts have been included in the consolidated financial statements for donated member or volunteer services since they do not meet the criteria for recognition.

(T) Functional Expenses:

The costs of providing the various programs and supporting services have been summarized on the consolidated statement of activities and changes in net assets on a functional basis. Most expenses can be directly attributed to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include occupancy, depreciation, 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 relative time spent by employees of the Council providing those services. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payment of the charter and national service fees to the National Council are not allocated as a functional expense. The consolidated financial statements report expenses by function in the consolidated statement of functional expenses.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(U) Advertising:

Advertising costs are expensed when incurred. Advertising for 2022 and 2021 amounted to $2,242 and $613, respectively.

(V) Custodial Accounts:

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

(W) Income Taxes:

The Council is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. The endowment fund is a 509(a)(3) Type II supporting organization.

The Council is subject to federal income tax on any unrelated business taxable income. The Council evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. No uncertain tax positions were identified by the Council as of December 31, 2022 and 2021.

The Council's policy is to classify income tax penalties and interest as interest expense in its consolidated financial statements. During the years ended December 31, 2022 and 2021, respectively, the Council incurred no penalties and interest. The Council's and endowment fund's Federal Return of Organizations Exempt from Income Tax (Forms 990) for 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

(X) Fair Value Measurement:

The FASB established a framework for measuring fair value and disclosing fair value measurements to financial statement users. Fair value is the price that would be received to sell an asset or paid to transfer a liability (referred to as the "exit price") in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for specific assets or liabilities at the measurement dates. The fair value should be based on assumptions that market participants would use, including consideration of nonperformance risk.

In determining fair value, the Council uses various valuation approaches. The FASB established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Council. Unobservable inputs are inputs that reflect the Council's assumptions about assumptions market participants would use in pricing the assets or liabilities developed based on the best information available in the circumstances.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(X) Fair Value Measurement (Continued):

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets to which the Council has access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset and liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The availability of observable inputs can vary and is affected by a wide variety of factors, including, for example, the type of asset or liability, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Council in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an organization-specific measure. Therefore, even when market assumptions are not readily available, the Council's own assumptions are set to reflect those that the Council believes market participants would use in pricing the asset or liability at the measurement date.

(Y) Employee Retention Credit

During the year, the Council received advance payments under the Employee Retention Credit (ERC). The ERC is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The council expects to meet the ERC's eligibility requirements and considers these payments as a conditional grant.

Accordingly, the council has initially recorded the payments as a refundable advance in accordance with the guidance for conditional contributions and will recognize the grant in the statement of activities when there is no longer a measurable performance or other barrier.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(Y) Employee Retention Credit (Continued):

Laws and regulations concerning government programs, including the ERC established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Council's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Council.

(Z) Accounting Pronouncements Adopted:

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 a decrease of $133,740 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 provisions of FASB ASC 840.

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 in this Update at the same time that they adopt Topic 842. The Council has adopted the provisions of FASB ASC 842 as of January 1, 2022 and has elected to use the risk-free rate for its building and office equipment classes of assets. See also Note 1, Leases.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

(AA) Recently Issued Accounting Standards:

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 in this Update at the same time that they adopt Topic 842.

Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities (ASU 2020-05).

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

NOTE 2 - FUND BALANCE TRANSFERS:

Certain cash transfers between funds were made during the year to properly report all funds on a basis consistent with executive board designations and the Council's accounting policies.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FUNDS:

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

	2022	2021
Cash - Operating Fund	$ 510,806	$ 429,466
Contributions receivable - Operating Fund	3,785	35,314
Accounts receivable - Operating Fund	39,247	8,386
Total financial assets available to meet general expenditures within the next 12 months	$ 553,838	$ 473,166

The Council's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

See independent auditor's report.

NOTE 4 - ACCOUNTS RECEIVABLE:

Accounts receivable consist primarily of amounts due from Scout units on popcorn sales. At December 31, 2022, accounts receivable totaled $39,247. At December 31, 2021, accounts receivable totaled $8,386. 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. At December 31, 2022, the Council also recorded in its financial statements $80,839 due from filing Forms 941-X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund, in order to receive amounts to which it believes it is entitled under the Employee *Local Council Guide to the* Retention Credit (ERC), which is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). Laws and regulations concerning government programs, including the Employee Retention Credit, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Council's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Council.

NOTE 5 - PLEDGES RECEIVABLE:

Pledges receivable at December 31, 2022 and 2021 consist of the following:

	2022	2021
Friends of Scouting (Net of Allowance)	$ 3,785	$ 35,314
Darden Dinner	-	-
Total pledges receivable	$ 3,785	$ 35,314
Pledges receivable, due in:		
Less than one year	$ 3,785	$ 35,314

NOTE 6 - LAND, BUILDINGS, AND EQUIPMENT:

Land, buildings, and equipment in the Capital Fund, consist of the following at December 31, 2022 and 2021:

	Estimated Useful Life	2022	2021
Land (including trust owned camp)		$ 490,995	$ 490,995
Land improvements	21 - 30 years	1,032,281	1,032,281
Buildings (including trust owned camp)	31.5 years	2,557,241	2,557,241
Furniture, fixtures and equipment	4 - 20 years	1,209,443	1,117,639
Total		$ 5,289,960	$ 5,198,156
Less accumulated depreciation		3,986,934	3,827,410
Net book value – land, buildings, and equipment		$ 1,303,026	$ 1,370,746

See independent auditor's report.

NOTE 7 - INVESTMENTS:

Investments at December 31, 2022 and 2021 are composed of the following:

	2022	2021
Total cost of mutual funds	$ 1,166,523	$ 1,156,150
Unrealized holding gains (losses)	239,468	552,475
Fair market value	$ 1,405,991	$ 1,708,625

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with various investments, it is reasonably possible that changes in the values of certain investments will occur in the near term and that such changes could materially affect the amounts reported on the consolidated financial statements.

The following schedule summarizes the investment return in the consolidated statement of changes in net assets for the years ended December 31, 2022 and 2021:

	2022	2021
Interest, dividend, and capital gain income	$ 48,178	$ 79,199
Net realized and unrealized gains (losses)	(312,812)	58,096
Investment expenses	-	-
Total investment return, net	$ (264,634)	$ 137,295

The above investment return is classified in the 2022 and 2021 consolidated statement of changes in net assets as follows:

	2022	2021
Without donor restrictions	$ 48,178	$ 79,199
With donor restrictions	(312,812)	58,096
Total investment return, net	$ (264,634)	$ 137,295

Income from interest and dividends on investments and realized and unrealized gains and losses on the sales of investments ("Investment Return, Gains, and Losses") are recorded initially in the Endowment Fund. Distributions of Investment Return and net Realized Gains from the Endowment Fund are recorded as income by the Operating and Capital funds in the period in which the distributions are made in accordance with the Council's spending policy (Note 14).

NOTE 8 - BENEFICIAL INTEREST IN PERPETUAL TRUST

The Council has been named as the beneficiary of a perpetual trust administered by an external, corporate trustee. The Council has the irrevocable right to receive a portion of the income earned on the trust assets in perpetuity. The Council's beneficial interest in the trust, at fair value, totaled approximately $1,208,460 and $1,461,414, at December 31, 2022 and 2021, respectively.

NOTE 9 - DEFERRED REVENUE:

The activity and balances for deposits and deferred revenue from contracts with customers are shown in the following table:

	Camps	Activities	Special Events	Other	Total
Balance at December 31, 2020:	$ 60,184	$ 7,114	$ 3,970	$ 2,124	$ 73,392
Revenue recognized	(419,223)	(120,838)	(30,597)	-	(570,658)
Payments received for future performance obligations	394,791	141,209	26,627	-	562,627
Balance at December 31, 2021	$ 35,752	$ 27,485	$ -	$ 2,124	$ 65,361
Revenue recognized	(388,779)	(218,433)	(81,325)	(141,456)	(829,993)
Payments received for future performance obligations	401,333	261,824	81,325	139,332	896,300
Balance at December 31, 2022	$ 48,306	$ 70,876	$ -	$ -	$ 119,182

NOTE 10 - TERM LOAN:

The Council had a $300,000 revolving line of credit that expired in 2021 and was not renewed. It was replaced by a Mortgage Term Loan in the amount not to exceed $750,000 with interest stated at 3.6%%, collateralized by real property. There were draws of $570,769 against this draw term loan as of December 31, 2022. The loan is interest only until January 15, 2024, at which time the entire draw loan will be converted to a term loan. The Council will have monthly payments starting January 15, 2024 of $4,752.23 of Principal and Interest. The interest will reset on January 15, 2032 to the weekly average yield on United States Treasury Securities plus two percent, and reset again on January 15, 2036, finally maturing on January 15, 2041.

The current maturities of the long-term debt are as follows:

For the Year Ended December 31,	
2023	$ -
2024	15,902
2025	17,096
2026	18,379
2027 and later	519,392
Total	$ 570,769

NOTE 11 - FAIR VALUE MEASUREMENT:

The following provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2022 and 2021:

	2022	2021
Level 1: Mutual Funds	$1,405,991	$1,708,625

The following method was used to estimate fair value of the assets in the table above:

Level 1: Fair Value Measurements — The fair value of the Council's investments in mutual fund accounts is based on quoted market prices.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following purposes at December 31, 2022 and 2021:

December 31, 2022

	Operating Fund	Capital Fund	Endowment Fund	Total Fund
Subject to expenditure for a specific purpose:				
Memorial Tributes	$ 4,799	$ -	$ -	$ 4,799
Dining Hall Capital Campaign	23,065	-	-	23,065
Wood badge Dinner	5,464	-	-	5,464
VB Rotary	500	-	-	500
Hampton Roads Community Foundation	20,620	-	-	20,620
Alumni	141	-	-	141
Pipsico Shower House	-	105,233	-	105,233
Elizabeth City Foundation	2,800	-	-	2,800
Wells Fargo Grant	3,688	-	-	3,688
Stay Camp	-	-	-	-
Kelly Thorp Grant	4,142	-	-	4,142
General Operations	90,130	645,190	-	735,320
Total purpose restrictions	$ 155,349	$ 750,423	$ -	$ 905,772
Endowment:				
Subject to endowment spending policy and appropriation:				
General Operations	$ -	$ -	$ 299,638	$ 299,638
PACE Camperships	-	-	3,630	3,630
Emanuel Trust	-	-	26,881	26,881
Taylor Trust	-	-	9,221	9,221
D H Goodman	-	-	14,191	14,191
E Kaltenbach	-	-	2,887	2,887
Beedie - Warren	-	-	3,382	3,382
Hugh Vaughan	-	-	463,210	463,210
James E. West	-	-	308,283	308,283
Hap Hoy	-	-	9,460	9,460
Pipsico	-	-	2,072	2,072
Glanville Insurance	-	-	2,331	2,331
Dan Duncan	-	-	59,125	59,125
Camp Maintenance	-	-	19,369	19,369
Total subject to endowment spending policy and appropriation	$ -	$ -	$1,223,680	$1,223,680
Total net assets with donor restrictions	$ 155,349	$ 750,423	$1,223,680	$2,129,452

See independent auditor's report.

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NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS (Continued):

	December 31, 2021			
	Operating Fund	Capital Fund	Endowment Fund	Total Fund
Subject to expenditure for a specific purpose:				
Memorial Tributes	$ 4,799	$ -	$ -	$ 4,799
Dining Hall Capital Campaign	23,065	-	-	23,065
Wood badge Dinner	5,464	-	-	5,464
VB Rotary	500	-	-	500
Hampton Roads Community Foundation	23,760	-	-	23,760
Alumni	141	-	-	141
Pipsico Shower House	-	105,233	-	105,233
Elizabeth City Foundation	2,800	-	-	2,800
Wells Fargo Grant	3,688	-	-	3,688
Stay Camp	19,030	-	-	19,030
Kelly Thorp Grant	4,142	-	-	4,142
General Operations	39,619	708,091	-	792,364
Total purpose restrictions	$ 127,008	$ 813,324	$ -	$ 984,986
Endowment:				
Subject to endowment spending policy and appropriation:				
General Operations	$ -	$ -	$ 303,940	$ 303,940
PACE Camperships	-	-	4,713	4,713
Emanuel Trust	-	-	34,900	34,900
Taylor Trust	-	-	11,972	11,972
D H Goodman	-	-	18,424	18,424
E Kaltenbach	-	-	3,748	3,748
Beedie - Warren	-	-	4,391	4,391
Hugh Vaughan	-	-	601,391	601,391
James E. West	-	-	367,666	367,666
Hap Hoy	-	-	12,282	12,282
Pipsico	-	-	2,691	2,691
Glanville Insurance	-	-	3,026	3,026
Dan Duncan	-	-	76,763	76,763
Camp Maintenance	-	-	25,147	25,147
Total subject to endowment spending policy and appropriation	$ -	$ -	$1,471,054	$1,471,054
Total net assets with donor restrictions	$ 127,008	$ 813,324	$1,471,054	$2,411,386

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NOTE 13 - NET ASSETS RELEASED FROM RESTRICTIONS:

Net assets were released from donor restrictions during 2022 and 2021 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as follows:

	2022	2021
Satisfaction of program restrictions:		
United Way	$ 68,959	$ 110,265
Total net assets released from restriction	$ 68,959	$ 110,265

NOTE 14 - ENDOWMENT FUND:

The Council's endowment includes both donor-restricted endowment and funds designated by the Board of Directors to function as endowments. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Council is subject to the State Prudent Management of Institutional Funds Act ("SPMIFA") and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Council's Board of Directors has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Council considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Council has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under law. Additionally, in accordance with SPMIFA, the Council considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Council and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Council
(7) The investment policies of the Council

Endowment net assets consisted of the following at December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund net assets, December 31, 2022			
Donor-restricted endowment funds	$ -	$ 1,223,680	$ 1,223,680

See independent auditor's report.

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NOTE 14 - ENDOWMENT FUND (Continued):

Changes in the endowment net assets for the years ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund net assets, December 31, 2022			
Donor-restricted endowment funds	$ -	$ 1,433,054	$ 1,433,054
Investment return	-	(218,065)	(218,065)
Contributions	-	8,691	8,691
Released / reclassified	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, December 31, 2022:			
Donor-restricted endowment funds	$ -	$ 1,223,680	$ 1,223,680

Endowment net assets consisted of the following at December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund net assets, December 31, 2021			
Donor-restricted endowment funds	$ -	$ 1,471,054	$ 1,471,054

Changes in the endowment net assets for the years ended December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Fund net assets, December 31, 2021			
Donor-restricted endowment funds	$ -	$ 1,289,727	$ 1,289,727
Investment return	-	169,498	169,498
Contributions	-	11,829	11,829
Released / reclassified	-	-	-
Appropriation of endowment assets for expenditure	-	-	-
Endowment net assets, December 31, 2021:			
Donor-restricted endowment funds	$ -	$ 1,471,054	$ 1,471,054

See independent auditor's report.

NOTE 14 - ENDOWMENT FUND (Continued):

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law requires the Council to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no such deficiencies as of December 31, 2022 and 2021. The Council has interpreted the SPMIFA and applicable state trust law to permit spending from underwater endowments in accordance with prudent measures required under law.

Return Objectives and Risk Parameters

The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the Council invests in assets that produce results exceeding the investment's purchase price and incur a significant yield of return, while assuming a moderate level of investment risk. The Council expects its endowment fund, over time, to provide a reasonable rate of return.

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 marketable equity and debt securities and money market accounts to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council has a total return spending policy approved by the Board of Directors that allows the operating fund to receive and recognize investment earnings originating from the endowment funds. The Board of Directors approved spending policy was to distribute the unrestricted dividend, interest and realized gains at a rate of 3% for the years ended December 31, 2022 and 2021, in addition to releases on donor-restricted dividend and interest earned on endowment assets during the year, which was $48,178 and $79,199 for the years ended December 31, 2022 and 2021, respectively. 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.

NOTE 15 - EMPLOYEE BENEFIT PLANS:

BSA Retirement Plan for Employees

Local councils contributed 7.75% of the employee's compensation to the BSA retirement program through January 31, 2021. Effective February 1, 2021, the council's contribution to the BSA retirement program increased from 7.75% to 12%. Local councils are invoiced by the National council on a monthly basis for the difference between the 12% and the employer contributions to the BSA Match Savings Plan (see below). Retirement program expense (excluding the contributions made by employees) was approximately $68,314 and $66,877 in 2022 and 2021, respectively, and covered current service cost.

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 cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2022 and 2021, the Council remitted approximately $84,047 and $86,843, respectively, on behalf of its employees to the National Council related to the health care plan.

Thrift Plan

The Council has established a Thrift Plan covering substantially all of the employees of the Council. Participants in the Thrift 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 may elect to match employee contributions to the Thrift Plan up to 50 percent of contributions from each participant, limited to 3 percent of each employee's gross pay, but currently is not matching. During the years ended December 31, 2022 and 2021, the Council remitted approximately $1,876 and $2,771, respectively.

NOTE 16 - SCOUT SHOP:

The National Council operates a Scout shop within the Tidewater area. The National Council manages the Scout shop and pays the Council a commission on gross sales. The commissions earned (before expenses) by the Council during 2022 and 2021 amounted to approximately $6,835 and $11,892, respectively, which are included in other revenue in the consolidated statement of changes in net assets.

NOTE 17 - RELATED PARTY TRANSACTIONS

The Council purchases supplies and program materials from the National Council. The Council also incurs expenses from the National Council related to certain administrative services. Total expenses to the National Council were $858,230 and $673,104 for the years ended December 31, 2022 and 2021, respectively. The accounts payable balance includes payables to the National Council of $2,644 and $3,735 as of December 31, 2022 and 2021, respectively.

NOTE 18 - DONATED MATERIALS AND SERVICES

The Council is dependent upon donated materials from diverse groups to fulfill its mission. For the years ended December 31, 2022 and 2021, there were no donated materials recorded in the consolidated financial statements as in-kind contributions.

NOTE 19 - SHARED RESPONSIBILITY SETTLEMENT:

<u>Litigation and Shared Responsibility Settlement</u>

The Council has not been named as a defendant nor has it been made aware of personal injury claims against it. The Council has and will continue to vigorously defend these actions.

The National Council was 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. The National Council has disclosed that in the event that its GLIP or its reserves are insufficient to resolve such claims, it is their opinion that the total amount of payments to resolve current and future claims could have a significant impact on the financial position or results of operations of the National Council.

The National Council provides the Council with a charter, program materials and support for administration as well as sponsoring certain benefit plans for Council employees. Since 1978 the National Council has operated a GLIP in which the Council participates. On February 18, 2020, the National Council filed for protection under chapter 11 of the United States Bankruptcy Code. The National Council continues to operate its business in the ordinary course and has received bankruptcy court approval to continue its relationship with the Councils including the benefit and insurance programs noted above. Neither the Tidewater Council nor any other local council are currently parties to the bankruptcy proceeding. The court has granted a stay on litigation against both the National Council and local councils and the National Council has proposed a plan of reorganization that would protect local councils from any further legal exposure for abuse claims arising prior to February 18, 2020. Such plan will require a contribution from local councils. As of this date, the Council's contribution was $621,354. The ability of the National Council to confirm such a plan is currently with the courts.

The Board and management of the Council has assessed the effect the resolution of these matters by the National Council may have on the Council's operations or its consolidated financial statements, and has responded by recording the liability at 12/31/2021, paying the settlement amount during 2022, and obtaining a mortgage (See footnote 10) on the council's main office building to spread out the cash impact of the shared responsibility over the life of the mortgage loan.

NOTE 20 - SUBSEQUENT EVENTS:

These consolidated financial statements considered subsequent events through August 23, 2023, the date the financial statements were available to be issued.

NOTE 21 - CONCENTRATIONS:

During the year ended December 31, 2022, the Council received $68,959 approximating 3.7% of its support from The United Way. During the year ended December 31, 2021, the Council received $110,265 approximating 5.9% of its support from The United Way.

NOTE 22 - ACCOUNTS PAYABLE:

Accounts payable include amounts due to vendors, totaling $20,052 and $15,644 at December 31, 2022 and 2021, respectively, for the purchase of inventory and supplies.

NOTE 23 - UNITED WAY FUND RAISING COSTS:

The Council as part of a requirement of receiving support from the United Way, shares in the costs to acquire the funds in proportion to the amount of support received from the United Way. The allocated fundraising costs for the year ended December 31, 2022 and 2021 was $8,033 and $5,900, respectively.