

**GREATER NEW YORK
COUNCILS,
BOY SCOUTS OF AMERICA**

**Financial Statements
for the year ended
December 31, 2017
(with summarized comparative
information for the year ended
December, 31 2016)**

Independent Auditor's Report

To the Board of Directors of the
Greater New York Councils,
Boy Scouts of America

We have audited the accompanying financial statements of Greater New York Councils, Boy Scouts of America (the "Council") which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the financial position of Greater New York Councils, Boy Scouts of America as of December 31, 2017 and the results of its activities, changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Report on Summarized Comparative Information

We have previously audited the Council's 2016 financial statements and in our report dated March 30, 2017, we expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McQuinty & Donnelly LLP

GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA

Statement of Financial Position
December 31, 2017

Assets

	Operating Fund		Capital Fund		Endowment Fund		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Cash and cash equivalents	\$ 482,217	\$ 260,661	\$ 230,206	\$ 768,225	\$ 80,845	\$ 158,593	\$ 793,268	\$ 1,187,479
Accounts receivable	193,753	186,815	10,200	1,995	12,125	1,455	216,078	190,265
Pledges receivable, net	828,765	837,862	233,383	241,962	38,439	43,059	1,100,587	1,122,883
Inventories, at cost	235,740	205,583	-	-	-	-	235,740	205,583
Interfund balances	1,662,451	1,662,451	(1,662,451)	(1,662,451)	-	-	-	-
Deferred charges and other assets	366,249	434,495	1,402	1,964	-	-	367,651	436,459
Investments, at fair value	516,097	509,568	3,162,263	2,760,077	9,208,366	8,427,209	12,886,726	11,696,854
Beneficial interests in charitable remainder and perpetual trusts, at fair value	-	-	-	-	927,570	822,923	927,570	822,923
Assets held for sale	250,000	250,000	200,000	200,000	-	-	450,000	450,000
Fixed assets, at cost, less accumulated depreciation and amortization	-	-	6,796,538	6,668,907	-	-	6,796,538	6,668,907
Total assets	\$ 4,535,272	\$ 4,347,435	\$ 8,971,541	\$ 8,980,679	\$ 10,267,345	\$ 9,453,239	\$ 23,774,158	\$ 22,781,353

Liabilities and Net Assets

Line of credit	\$ 1,650,000	\$ 1,415,533	\$ -	\$ -	\$ -	\$ -	\$ 1,650,000	\$ 1,415,533
Accounts payable	204,603	301,002	323	1,319	-	-	204,926	302,321
Accrued expenses	30,389	44,841	-	-	-	-	30,389	44,841
Custodial accounts	129,970	132,219	-	-	-	-	129,970	132,219
Deferred camp revenue	31,565	57,960	-	-	-	-	31,565	57,960
Deferred other revenue	32,522	151,268	-	-	-	-	32,522	151,268
Capital lease and vehicles obligations	-	-	95,427	137,001	-	-	95,427	137,001
Note payable	346,158	430,107	-	-	-	-	346,158	430,107
Deferred lease liability	172,986	201,818	-	-	-	-	172,986	201,818
Total liabilities	2,598,193	2,734,748	95,750	138,320	-	-	2,693,943	2,873,068
Net assets	1,937,079	1,612,687	8,257,134	7,571,928	2,514,323	2,669,315	12,708,536	11,853,930
Unrestricted	-	-	618,657	1,270,431	-	-	618,657	1,270,431
Temporarily restricted	-	-	-	-	7,753,022	6,783,924	7,753,022	6,783,924
Permanently restricted	1,937,079	1,612,687	8,875,791	8,842,359	10,267,345	9,453,239	21,080,215	19,908,285
Total net assets	\$ 4,535,272	\$ 4,347,435	\$ 8,971,541	\$ 8,980,679	\$ 10,267,345	\$ 9,453,239	\$ 23,774,158	\$ 22,781,353

See notes to financial statements.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Statement of Activities and Changes in Net Assets
Year Ended December 31, 2017
(with Summarized Comparative Information for the Year Ended December 31, 2016)**

	2017			2016	
	Operating Fund	Capital Fund	Endowment Fund	Total	Total
Changes in unrestricted net assets					
Support and revenue					
Direct support					
Friends of Scouting, no provisions for uncollectable accounts in 2017 and 2016					
Capital Campaign	\$ 1,261,707	\$ -	\$ -	\$ 1,261,707	\$ 1,631,851
Special fundraising events	5,435,784	270,003	-	270,003	408,637
Less cost of direct benefits	(823,856)	-	-	5,435,784	4,820,152
Special fundraising events, net	4,611,928	-	-	(823,856)	(811,051)
Legacies and bequests	241,829	-	-	4,611,928	4,009,101
Foundations, trusts and other	412,000	-	-	241,829	162,395
Other direct support	-	-	-	412,000	507,250
Total direct support	6,527,464	270,003	804	804	-
Indirect support					
United Ways	6,506	-	-	6,506	12,505
Fees from government agencies	99,000	-	-	99,000	70,500
Total indirect support	105,506	-	-	105,506	83,005
Revenue					
Product sales	454,993	-	-	454,993	402,977
Less cost of goods sold	(319,735)	-	-	(319,735)	(285,969)
Less commissions paid to units	(5,687)	-	-	(5,687)	(5,780)
Net product sales	129,571	-	-	129,571	111,228
Interest and dividend allocation	348,481	169,423	(218,352)	299,552	252,539
Realized and unrealized gain on investments	94,146	356,056	1,127,735	1,577,937	482,512
Camping revenue	3,361,656	-	-	3,361,656	3,020,216
Activity revenue	558,989	-	-	558,989	298,454
Other revenue	51,542	-	-	51,542	19,735
Net assets released from restrictions	-	687,279	-	687,279	196,623
Total revenue	4,544,385	1,212,758	909,383	6,666,526	4,381,307
Total support and revenue	11,177,355	1,482,761	910,187	13,570,303	11,183,546
Expenses					
Program services	9,272,889	739,839	36,229	10,048,957	9,647,820
Supporting services					
Management and general	815,623	28,547	15,752	859,922	935,604
Fund-raising	1,687,176	21,883	13,198	1,722,257	1,696,799
Total supporting services	2,502,799	50,430	28,950	2,582,179	2,632,403
Total functional expenses	11,775,688	790,269	65,179	12,631,136	12,280,223
Charter and national service fee	77,275	-	-	77,275	71,353
Loss on disposal of assets	-	7,286	-	7,286	-
Total expenses	11,852,963	797,555	65,179	12,715,697	12,351,576
Increase (decrease) in unrestricted net assets	\$ (675,608)	\$ 685,206	\$ 845,008	\$ 854,606	\$ (1,168,030)

See notes to financial statements.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Statement of Activities and Changes in Net Assets (continued)
Year Ended December 31, 2017
(with Summarized Comparative Information for the Year Ended December 31, 2016)**

	2017			2016		
	Operating Fund	Capital Fund	Endowment Fund	Total	Total	Total
Changes in temporarily restricted net assets						
Direct support	\$ -	\$ 35,505	\$ -	\$ 35,505	\$ 730,691	
Net assets released from restrictions	-	(687,279)	-	(687,279)	(196,623)	
Increase (decrease) in temporarily restricted net assets	-	(651,774)	-	(651,774)	534,068	
Changes in permanently restricted net assets						
Direct support	-	-	864,451	864,451	171,095	
Beneficial interest in charitable remainder and perpetual trusts	-	-	104,647	104,647	50,913	
Increase in permanently restricted net assets	-	-	969,098	969,098	222,008	
Increase (decrease) in net assets	(675,608)	33,432	1,814,106	1,171,930	(411,954)	
Net assets, beginning of year						
Unrestricted net assets	1,612,687	7,571,928	2,669,315	11,853,930	13,021,960	
Temporarily restricted net assets	-	1,270,431	-	1,270,431	736,363	
Permanently restricted net assets	-	-	6,783,924	6,783,924	6,561,916	
Total net assets, beginning of year	1,612,687	8,842,359	9,453,239	19,908,285	20,320,239	
Interfund transfers – unrestricted						
Net assets, end of year	1,000,000	-	(1,000,000)	-	-	
Unrestricted net assets	1,937,079	8,257,134	2,514,323	12,708,536	11,853,930	
Temporarily restricted net assets	-	618,657	-	618,657	1,270,431	
Permanently restricted net assets	-	-	7,753,022	7,753,022	6,783,924	
Total net assets, end of year	<u>\$1,937,079</u>	<u>\$8,875,791</u>	<u>\$10,267,345</u>	<u>\$21,080,215</u>	<u>\$19,908,285</u>	

See notes to financial statements.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Statement of Functional Expenses
Year Ended December 31, 2017
(with Summarized Comparative Information for the Year Ended December 31, 2016)**

	<u>2017</u>			<u>2016</u>
	<u>Supporting services</u>			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Employee compensation				
Salaries	\$ 4,239,417	\$ 334,258	\$ 859,586	\$ 5,433,261
Employee benefits	547,448	76,883	151,335	775,666
Payroll taxes	365,672	32,571	71,804	470,047
Employee related expenses	70,759	20,854	15,986	107,599
Total employee compensation	<u>5,223,296</u>	<u>464,566</u>	<u>1,098,711</u>	<u>6,786,573</u>
Other expenses				
Professional fees	241,329	70,250	76,153	387,732
Supplies and catering	1,010,515	11,042	38,976	1,060,533
Telephone	92,530	10,907	15,085	118,522
Postage and shipping	12,659	1,426	31,543	45,628
Occupancy	1,032,839	156,754	120,163	1,309,756
Rent and maintenance of equipment	87,442	7,315	59,375	154,132
Printing and publications	132,069	11,771	68,558	212,398
Travel	419,355	20,731	25,608	465,694
Conferences and meetings	58,530	2,485	9,170	70,185
Specific assistance to individuals	628,876	84	64	629,024
Recognition awards	38,941	4,756	17,843	61,540
Interest	29,636	11,226	8,605	49,467
Insurance	184,682	24,454	18,746	227,882
Other	135,097	40,069	116,727	291,893
Total other expenses	<u>4,104,500</u>	<u>373,270</u>	<u>606,616</u>	<u>5,084,386</u>
Expenses before other	9,327,796	837,836	1,705,327	11,870,959
Depreciation and amortization	<u>721,161</u>	<u>22,086</u>	<u>16,930</u>	<u>760,177</u>
Total functional expenses	\$ 10,048,957	\$ 859,922	\$ 1,722,257	\$ 12,631,136
				<u>11,522,904</u>
				<u>757,319</u>
				<u>\$ 12,280,223</u>

See notes to financial statements.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Statement of Cash Flows
Year Ended December 31, 2017
(with Summarized Comparative Information for the Year Ended December 31, 2016)**

	2017			2016		
	Operating Fund	Capital Fund	Endowment Fund	Total	Total	Total
Cash flows from operating activities						
Increase (decrease) in net assets	\$ (675,608)	\$ 33,432	\$ 1,814,106	\$ 1,171,930	\$ (411,954)	\$ (411,954)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities						
Depreciation and amortization	-	760,177	-	760,177	757,319	757,319
Net (gain) loss on disposal of fixed assets	-	7,286	-	7,286	(3,224)	(3,224)
Realized and unrealized (gain) on investments	(94,146)	(356,056)	(1,127,735)	(1,577,937)	(482,512)	(482,512)
Permanently restricted contributions	-	-	(864,451)	(864,451)	(171,095)	(171,095)
Contributions of securities	-	-	(792,850)	(792,850)	(112,850)	(112,850)
Proceeds from sale of contributed securities	-	-	37,278	37,278	112,850	112,850
Contribution of assets held for sale	-	-	-	-	(250,000)	(250,000)
(Increase) decrease in assets	(6,938)	(8,205)	(10,670)	(25,813)	(66,602)	(66,602)
Accounts receivable	9,097	8,579	4,620	22,296	318,495	318,495
Pledges receivable	(30,157)	-	-	(30,157)	(12,135)	(12,135)
Inventories	68,246	562	-	68,808	17,475	17,475
Deferred charges and other assets	-	-	-	-	-	-
Increase (decrease) in liabilities	(96,399)	(996)	-	(97,395)	(138,696)	(138,696)
Accounts payable	(14,452)	-	-	(14,452)	21,393	21,393
Accrued expenses	(2,249)	-	-	(2,249)	(3,319)	(3,319)
Custodial accounts	(26,395)	-	-	(26,395)	25,980	25,980
Deferred camp revenue	(118,746)	-	-	(118,746)	98,322	98,322
Deferred other revenue	(28,832)	-	-	(28,832)	(28,831)	(28,831)
Deferred lease liability	(1,016,579)	444,779	(939,702)	(1,511,502)	(329,384)	(329,384)
Net cash provided by (used in) operating activities	-	(867,150)	-	(867,150)	(477,583)	(477,583)
Cash flows from investing activities						
Purchase of fixed assets, net of capital lease and vehicle financing obligations	-	(959,519)	(1,984,325)	(2,943,844)	(4,321,142)	(4,321,142)
Purchase of investments	87,617	913,389	3,086,475	4,087,481	4,696,414	4,696,414
Proceeds from sale of investments	87,617	(913,280)	1,102,150	276,487	(102,311)	(102,311)
Net cash provided by (used in) investing activities	1,000,000	(69,518)	(1,000,000)	-	(80,023)	(80,023)
Cash flows from financing activities						
Interfund balances, net of transfers	-	-	-	-	1,117,033	1,117,033
Payments of capital lease and vehicles obligations	234,467	-	-	234,467	(79,633)	(79,633)
Net activity from line of credit	(83,949)	-	-	(83,949)	171,095	171,095
Repayment of note payable	-	-	864,451	864,451	(50,913)	(50,913)
Permanently restricted contributions	-	-	(104,647)	(104,647)	1,077,559	1,077,559
Change in value of charitable remainder and perpetual trusts	-	-	(240,196)	(240,196)	645,864	645,864
Net cash provided by (used in) financing activities	1,150,518	(69,518)	(77,748)	(394,211)	541,615	541,615
Net increase (decrease) in cash and cash equivalents	221,556	(538,019)	158,593	1,187,479	1,187,479	1,187,479
Cash and cash equivalents, beginning of year	260,661	768,225	80,845	793,268	83,469	83,469
Cash and cash equivalents, end of year	\$ 482,217	\$ 230,206	\$ 80,845	\$ 793,268	\$ 1,187,479	\$ 1,187,479
Supplemental disclosure of cash flows information:						
Fixed assets acquired through capital lease and vehicle financing obligations				\$ 27,944	\$ 83,469	\$ 83,469
Cash paid for interest				\$ 49,467	\$ 37,948	\$ 37,948

See notes to financial statements.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements
December 31, 2017**

Note 1 – Nature of organization

The Greater New York Councils, Boy Scouts of America (the “Council”) operates in the five boroughs of New York and has three camping facilities. The Council is a 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 program of promoting the ability of boys 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’s programs are classified as follows:

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

Cub Scouts – 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.

Boy Scouting – 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 through the advancement of the program. Scouts progress in rank through achievements, gain additional knowledge and responsibilities, and earn merit badges that introduce a lifelong hobby or a rewarding career.

Varsity Scouting – Program for young men ages 14–17 that provides options for those who are looking for rugged high adventure or challenging sporting activities and still want to be a part of a Scouting program that offers the advancement opportunities and values of the Boy Scouts of America. There are five fields of emphasis: advancement, high-adventure sports, personal development, service, and special programs and events.

Venturing – Provides experience to help young men and women, ages 14 or 13 with 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 to enable 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.

The Council’s website address is www.BSA-GNYC.org.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 2 – Summary of significant accounting policies

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the accounts of the Council are reported in the following net asset categories.

- Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Board of Directors. Included in unrestricted net assets are certain funds that have been designated by the Board of Directors for specific purposes or are available for the Council to utilize in any of its programs or supporting services. Operating funds are used for the unrestricted operations of the Council. Capital funds are used for the acquisition of fixed assets, construction of major capital facilities and the payment of long-term debt principal and interest. The unrestricted Endowment fund consists of Board-designated unrestricted net assets, which can be utilized, at the discretion of the Board, to fund general and camp operations of the Council. During 2017, the Executive committee approved an interfund transfer of \$1,000,000 from the Unrestricted Endowment Fund to the Operating Fund to fund the 2017 operating deficit.
- Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure and also include any accumulated income and gains on donor restricted endowment assets that have not been appropriated for expenditure. It is the Council's policy to record temporarily restricted contributions received and expended in the same accounting period as unrestricted net assets.
- Permanently restricted net assets represent resources that have donor-imposed restrictions requiring that the principal be maintained in perpetuity, but permit the Council to expend the income earned thereon. These permanently restricted net assets include beneficial interests in charitable remainder and perpetual trusts (see note 3).

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 fund groups that are in accordance with specific activities and objectives. The Council also prepares financial statements in accordance with Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (ASC 958-205 and subsections). Under these standards, the Council is required to report information regarding its financial position and activities according to three classes of net assets unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Council is required to present a statement of cash flows.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

Contributions

Contributions receivable are recognized upon notification of a donor's unconditional promise to give to the Council. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value because that amount results in a reasonable estimate of fair value in accordance with the *Contributions Received* section of the FASB ASC. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Cash and cash equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less. The Council maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Council's deposits are not subject to significant risk.

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, 2017 and 2016.

Allowance for doubtful accounts

At December 31, 2017 and 2016, the Council has an allowance for doubtful accounts of \$50,000 for any receivables that may not be collectible. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

Investments

Investments consist primarily of assets invested in mutual funds, equity securities and money market accounts. The Council accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations. This standard requires that investments in securities with readily determinable fair values be measured at fair value in the Statement of Financial Position. Fair value of securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the Statement of Activities and Changes in Net Assets.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

Inventory

Inventory consists of Scouting and other items available for sale and is stated at lower of cost or market. Cost is determined using the average cost method.

Fixed assets

Fixed assets are capitalized at cost (or fair value, if donated) provided their cost is \$5,000 or more and their useful life exceeds two years. Such assets are depreciated over their estimated useful lives, which range from three to fifty years, using the straight-line method. Leasehold improvements and equipment acquired through capital leases are amortized over the lesser of their useful life or the term of the respective lease. Expenditures for maintenance and repairs are charged to expense as incurred. During 2017, the Council traded in an asset, which was subject to a financing agreement, with a cost basis of \$11,816 and a corresponding accumulated depreciation of \$3,151. The difference between the remaining balance due under the financing agreement of \$1,379 and the net book value of the asset of \$8,665, resulted in a loss of \$7,286 which is included in expenses of the capital fund on the accompanying statement of functional expenses.

Impairment of long-lived assets

The Council reviews long-lived assets, including property and equipment and intangible assets, if any, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Council has not recognized any impairment of long-lived assets during 2017 and 2016.

Assets held for sale

During 2015, the Council received a contribution consisting of land in Upstate New York with an estimated fair value of \$200,000. The Council intends to sell this land during 2018.

During 2016, the Council received a contribution of a boat with an estimated fair value of \$250,000. The boat is currently on the market and the Council intends to sell this asset during 2018.

Deferred lease liability

The deferred lease liability is being amortized to occupancy, as a reduction of expense, on the straight-line basis over the remaining life of the agreement.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

Functional classification of expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon 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 payments of the charter and national service fees to the National Council are not allocated as functional expenses.

Donated materials and services

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

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

For the years ended December 31, 2017 and December 31, 2016, the Council recognized contributed stock totaling \$792,850 and \$112,850, respectively.

Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising costs for 2017 and 2016 amounted to approximately \$25,500 and \$39,500, respectively.

Deferred revenue

Deferred revenue represents advances from third parties for services not yet performed.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

Specific assistance to individuals

The Council expenses camp scholarships, uniforms, transportation to camp and membership dues on behalf of certain Scouts over the period of their Scouting membership. The Council expensed approximately \$629,000 and \$722,000 in 2017 and 2016, respectively, for specific assistance provided to certain scouts.

Use of estimates

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

Comparative financial information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2016 from which the summarized information was derived.

Concentrations of credit risk

The Council's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivables. The Council places its cash and cash equivalents with what it believes to be quality financial institutions and the Council has not incurred any losses in such accounts to date. The Council invests primarily in money market funds, mutual funds and equities. The Council accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations (ASC 958-320 and subsections). This standard requires that investments in securities with readily determinable fair values be measured at fair value in the statement of financial position. Fair value of marketable securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the Statement of Activities and Changes in Net Assets. Investments are exposed to various risks such as significant world events, interest rate, market volatility, liquidity and credit risks.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

Concentrations of credit risk (continued)

Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these could materially affect the fair value of the investments reported in the Statement of Financial Position at December 31, 2017. Receivables consist primarily of amounts due in connection with various Council events and amounts pledged by the Council's donors. The Council periodically performs credit evaluations of its donors' financial condition and provides for potentially uncollectible pledges accordingly. Credit losses have been consistent with the Council's expectations and no significant losses are anticipated. The Council monitors its cash, cash equivalents, investments and the collectability of its receivables. As a result, the Council believes concentrations of credit risk are limited.

Interfund balances

The interfund balances, at December 31, 2017 and 2016, result from the operating fund making advances of surplus cash funds to the capital fund for operating purposes.

Fair value measurements

Generally accepted accounting principles established 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 (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: Quoted prices in active markets for identical securities.
- Level 2: Other significant observable inputs, including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.
- Level 3: Significant unobservable inputs.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 2 – Summary of significant accounting policies (continued)

Fair value measurements (continued)

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2017:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
Domestic – Fixed Income	\$ 1,664,241	\$ -	\$ -	\$ 1,664,241
International –				
Fixed Income	456,995	-	-	456,995
Domestic – Equities	905,531	-	-	905,531
International – Equities	2,259,220	-	-	2,259,220
Real assets	1,099,987	-	-	1,099,987
Complementary strategies and other	1,236,577	939,026	-	2,175,603
Equities				
Domestic	3,251,667	-	-	3,251,667
International	<u>280,868</u>	<u>-</u>	<u>-</u>	<u>280,868</u>
Total assets measured at fair value	<u>\$11,155,086</u>	<u>\$ 939,026</u>	<u>\$ -</u>	12,094,112
Money market funds				<u>792,614</u>
Total investments				<u>\$12,886,726</u>

Subsequent events

The financial statements considered subsequent events through April 5, 2018, the date the financial statements were available to be issued.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 3 – Investments

Investments at December 31, 2017 and 2016 are comprised of the following:

	<u>2017</u>		<u>2016</u>
Money market funds	\$ 792,614		\$ 779,825
Mutual funds			
Domestic – Fixed Income	\$1,664,241		\$ 1,543,833
International –			
Fixed Income	456,995		583,701
Domestic – Equities	905,531		909,468
International – Equities	2,259,220		1,854,626
Real assets	1,099,987		855,279
Complementary strategies and other	<u>2,175,603</u>	8,561,577	<u>2,056,756</u> 7,803,663
Equities			
Domestic	3,251,667		2,896,877
International	<u>280,868</u>	<u>3,532,535</u>	<u>216,489</u> <u>3,113,366</u>
Total investments, at fair value		<u>\$12,886,726</u>	<u>\$11,696,854</u>

Investment revenue for the years ended December 31, 2017 and 2016 has been reported in the net assets as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividend revenue	\$ 299,552	\$ 252,539
Realized and unrealized gain on marketable securities	<u>1,577,937</u>	<u>482,512</u>
Total return on investments	1,877,489	735,051
Investment return authorized for current operations (see note 10)	<u>(433,645)</u>	<u>(426,626)</u>
Excess of investment return over authorized allocation	<u>\$1,443,844</u>	<u>\$ 308,425</u>

Investment management fees for the year ended December 31, 2017 and 2016 totaled \$90,525 and \$87,923, respectively.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 3 – Investments (continued)

The Council also has beneficial interests in several charitable remainder and perpetual trusts, administered by third parties, totaling \$927,570 and \$822,923 at December 31, 2017 and 2016, respectively. The Council's interests in these charitable remainder and perpetual trusts at December 31, 2017 and 2016 is measured at the fair value of the underlying investments, which consist principally of common stock, corporate debt, mutual funds and money market funds, which are all deemed to be Level 1 assets within the fair value hierarchy.

Note 4 – Pledges receivable, net

Pledges receivable, at December 31, 2017 and 2016, consist of the following:

	<u>2017</u>	<u>2016</u>
Less than one year	\$ 1,061,856	\$ 1,042,237
One to five years	<u>92,172</u>	<u>135,187</u>
Sub-total	1,154,028	1,177,424
Less: discount to present value at 4%	(3,441)	(4,541)
Less: allowance for doubtful accounts	<u>(50,000)</u>	<u>(50,000)</u>
Net pledges receivable	<u>\$ 1,100,587</u>	<u>\$ 1,122,883</u>

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 5 – Fixed assets, net

Fixed assets, net consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Camp facilities:		
Permanent ways and structures	\$13,226,951	\$12,869,546
Equipment and machinery	2,111,069	1,985,019
Land improvements	2,207,813	1,819,038
Land	734,323	734,323
Vehicles	609,019	600,019
Construction in progress	4,000	33,605
Total camp facilities	<u>18,893,175</u>	<u>18,041,550</u>
Less: accumulated depreciation	<u>(12,687,527)</u>	<u>(12,018,235)</u>
Total camp facilities, net	<u>6,205,648</u>	<u>6,023,315</u>
Council office:		
Furniture, fixtures and equipment	1,447,785	1,414,753
Leasehold improvements	1,335,911	1,335,911
Vehicles	99,490	99,490
Total council office	<u>2,883,186</u>	<u>2,850,154</u>
Less: accumulated depreciation and amortization	<u>(2,292,296)</u>	<u>(2,204,562)</u>
Total council office, net	<u>590,890</u>	<u>645,592</u>
Total fixed assets, net	<u>\$ 6,796,538</u>	<u>\$ 6,668,907</u>

Conservation consent agreement

Certain of the Council's land is subject to conservation easements. The Council entered into a conveyance of a Conservation Easement agreement (the "agreement") with The Trust for Public Land ("TPL"). During 2012 and 2013, under the terms of the agreement, the TPL purchased conservation easements on separate portions of the Council's Camp Pouch located in Staten Island, New York.

Note 6 – Line of credit

The Council has available a \$2,500,000 line of credit maturing on June 30, 2018. Advances under the line bear interest at a fluctuating rate per annum equal to 1.0% above daily one-month LIBOR. As security for the line, the Council has granted the bank a security interest in certain of its investments in custody with the bank. The Council is subject to certain covenants as defined in the agreement. At December 31, 2017, the Council had \$1,650,000 outstanding borrowings under the line.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 7 – Capital lease and vehicle obligations

Certain equipment acquired under capital leases by the Council is capitalized as leased property and amortized on a straight-line basis over the life of the lease. In addition, the Council finances vehicles over a period of two to five years.

At December 31, 2017 future annual payments under these obligations are as follows:

<u>Year</u>	<u>Capital leases</u>	<u>Vehicles</u>	<u>Total</u>
2018	\$ 17,714	\$ 23,398	\$ 41,112
2019	13,927	13,138	27,065
2020	8,005	11,601	19,606
2021	367	7,277	7,644
Totals	<u>\$ 40,013</u>	<u>\$ 55,414</u>	<u>\$ 95,427</u>

Note 8 – Commitments

Office Lease/Note Payable

Effective March 1, 2010, in connection with a lease modification, the Council recorded a \$1,099,909 long-term liability resulting from back rent and other charges due to the landlord from August 2009 through February 2010. Commencing March 1, 2010, this amount, which was to amortize over an approximate 15 year period, requires monthly payments including interest at LIBOR plus 3.5% per annum. During 2014, the Council made a prepayment of principal due on this note totaling \$215,445. This note will now be fully amortized in November 2021.

The following is a schedule of the required annual principal payments on the long-term liability:

<u>Year</u>	<u>Amount</u>
2018	\$ 85,545
2019	88,587
2020	91,738
2021	<u>80,288</u>
	<u>\$ 346,158</u>

In December 2011, the Council again modified its existing lease for office space, whereby the landlord substituted the premises under the original lease modification for another comparable space within the building. The lease modification is effective from January 1, 2012 through December 31, 2024. In connection with this lease modification, the Council, deposited approximately \$324,000 as security with the landlord which is recorded as deferred charges and other assets on the Statement of Financial Position.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 8 – Commitments (continued)

Office Lease/Note Payable (continued)

At December 31, 2017 future minimum lease payments under the modified agreement are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 601,650
2019	601,650
2020	601,650
2021	601,650
2022	661,815
2023 and 2024	<u>1,323,630</u>
	<u>\$ 4,392,045</u>

Rent expense for 2017 and 2016 totaled approximately \$573,000 and \$502,000, respectively.

Operating leases

The Council leases equipment under the terms of several operating leases. Lease expense under these agreements for 2017 and 2016 amounted to approximately \$27,000 and \$53,000, respectively.

Note 9 – Employee benefit plans

Retirement plan

The National Council has a qualified defined benefit pension plan (the “plan”), administered by the national office that covers eligible employees of the National Council and local councils, including this Council. The plan’s name is *The Boy Scouts of America Master Pension Trust – Boy Scouts of America Retirement Plan for Employees* and covers all employees who have completed one year of service and who have agreed to make contributions. Eligible employees contribute 2% of compensation and the Council contributes an additional 7% to the plan. Pension expense (excluding the contributions made by employees) for the years ending December 31, 2017 and 2016 were approximately \$245,000 and \$257,000, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2017 indicates that it is in compliance with ERISA regulations regarding funding.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 9 – Employee benefit plans (continued)

Thrift plan

The Council has established a Thrift Plan covering all of the full-time 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 has elected to match employee contributions to the Thrift Plan up to 50% of contributions from each participant, limited to 3% of each employee's gross pay. The Council contributed approximately \$84,000 and \$86,000 to the Thrift plan in 2017 and 2016, respectively.

Healthcare 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, 2017 and 2016, the Council remitted approximately \$391,000 and \$387,000, respectively, on behalf of its employees to the National Council related to the health care plan.

Note 10 – Endowment fund net assets

As of December 31, 2017, the Council's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors (the "Board") to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 10 – Endowment fund net assets (continued)

Interpretation of relevant law

The Council has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA), as requiring the Council to act prudently when making decisions to spend or accumulate donor restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor restricted endowment funds (as outlined below). The Council preserves 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, the Council classifies as permanently restricted net assets (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, if any, at the time the accumulation is added to the fund. The portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by NYPMIFA. The Council considers the following factors in making a determination 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
- (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

Spending policy

The Council has a policy to make an annual investment return allocation in support of operations. The annual allocation is a fixed amount, equal to the average fair value of the investment portfolio for the twenty quarters of the prior five years, multiplied by a percentage (the "Payout Percentage") to be annually recommended by the Investment Committee and approved by the Board of Directors. The Payout Percentage is generally set between 4% and 5%. For the years ended December 31, 2017 and 2016, \$330,878 and \$325,880, respectively, were used as the authorized investment return allocation for operations. In addition, in 2017 and 2016 an additional \$102,767 and \$100,746, respectively, of investment return was allocated to unrestricted capital.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 10 – Endowment fund net assets (continued)

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 Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Council expects its endowment funds, over time, to provide an average rate of return sufficient to fund the Council's spending policy as well as to grow the endowment an average of 4% to 5% annually. Actual returns in any given year may vary from this amount.

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 to achieve its long-term return objectives within prudent risk constraints.

At December 31, 2017, the endowment net asset composition by type of fund is as follows:

	<u>Designated Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted funds	\$ -	\$ 618,657	\$ 7,753,022	\$ 8,371,679
Council-designated funds	<u>3,974,919</u>	<u>-</u>	<u>-</u>	<u>3,974,919</u>
Total funds	<u>\$ 3,974,919</u>	<u>\$ 618,657</u>	<u>\$ 7,753,022</u>	<u>\$12,346,598</u>

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

Notes to Financial Statements (continued)
December 31, 2017

Note 10 – Endowment fund net assets (continued)

For the year ended December 31, 2017, changes in the Council's designated temporarily and permanently restricted net assets are as follows:

	Council Designated			Permanently Restricted				Total Permanently Restricted Funds
	Capital Fund	Endowment Fund	Total Council Designated	Temporarily Restricted	Planned Giving Development Staff	Beneficial Interest in Perpetual Trusts	General and Camp Operation of the Council	
Net assets, beginning of year	\$ 903,021	\$ 2,669,315	\$ 3,572,336	\$ 1,270,431	\$ 1,104,994	\$ 822,923	\$ 4,856,007	\$ 6,783,924
Investment return:								
Investment revenue	66,656	215,293	281,949	-	-	-	-	-
Investment return authorized for current operation	102,767	(433,645)	(330,878)	-	-	-	-	-
Realized and unrealized gains (losses) on investments	356,056	1,127,735	1,483,791	-	-	-	-	-
Total investment return	525,479	909,383	1,434,862	-	-	-	-	-
Contributions and other	270,003	804	270,807	35,505	-	104,647	864,451	969,098
Net assets released								
from restriction	687,279	-	687,279	(687,279)	-	-	-	-
Transfer to operating	-	(1,000,000)	(1,000,000)	-	-	-	-	-
Appropriation of endowment for expenditure	(925,186)	(65,179)	(990,365)	-	-	-	-	-
Net assets, end of year	\$ 1,460,596	\$ 2,514,323	\$ 3,974,919	\$ 618,657	\$ 1,104,994	\$ 927,570	\$ 5,720,458	\$ 7,753,022

The total Council's designated unrestricted net assets in the Capital Fund excludes \$6,796,538 of fixed assets and all related activity.

**GREATER NEW YORK COUNCILS,
BOY SCOUTS OF AMERICA**

**Notes to Financial Statements (continued)
December 31, 2017**

Note 11 – Litigation

The Council has been named as a defendant in a lawsuit arising in the ordinary course of business. The Council is defending itself vigorously against this action. The cost to defend the Council is covered by the National Council, Boy Scouts of America. At the present time, management is unable to estimate a probable outcome as a result of this lawsuit, accordingly no provision for liabilities, if any, has been made in the accompanying financial statements.

Note 12 – Income taxes

The Council is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Council is classified as a public charity. The Council is also exempt from New York State income tax. The Council currently has no unrelated business income. The Council assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of 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 recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. Federal returns for the years ended 2014 and thereafter remain subject to examination by the Internal Revenue Service.