

**Coastal Carolina, Inc.,
Boy Scouts of America #550**

Audited Financial Statements

For the year ended December 31, 2019

**COASTAL CAROLINA INC., BOY SCOUTS OF AMERICA #550
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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Independent Auditor's Report

To the Board of Directors
Coastal Carolina, Inc., Boy Scouts of America #550
North Charleston, South Carolina

We have audited the accompanying financial statements of Coastal Carolina, Inc., Boy Scouts of America #550 (the "Council"), which comprise the statement of financial position as of December 31, 2019, 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coastal Carolina, Inc., Boy Scouts of America #550 as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Accounting Standards Update

As discussed in Note 1 to the financial statements, for 2019, the Council adopted new accounting guidance, FASB ASU No 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). Our opinion is not modified with respect to this matter.

Subsequent Events

As discussed in Note 17 to the financial statements, financial impacts related to the COVID-19 outbreak are unknown. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

Another firm previously audited the Coastal Carolina, Inc., Boy Scouts of America #550's December 31, 2018 financial statements and they issued an unmodified audit opinion on those audited financial statements in their report dated April 22, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it was derived.

DCLPAS, LLC dba Davis & Company CPAs

Mount Pleasant, South Carolina
September 30, 2020

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 (With Comparative Amounts for 2018)

ASSETS	2019			2018	
	Operating Fund	Capital Fund	Endowment Fund	Total of All Funds	Memorandum Only
Current assets					
Cash and cash equivalents	\$ 41,723	\$ 67,047	\$ 49,194	\$ 157,964	\$ 75,848
Interfund loans	-	-	-	-	86,993
Accounts receivable	3,631	-	-	3,631	65,063
Promises to give, net	4,900	-	2,775	7,675	79,325
Prepaid expense	4,624	-	-	4,624	4,331
Inventories	28,809	-	-	28,809	21,678
Total current assets	<u>83,687</u>	<u>67,047</u>	<u>51,969</u>	<u>202,703</u>	<u>333,238</u>
Noncurrent assets					
Property and equipment, net	-	505,591	-	505,591	509,507
Investments	-	-	356,036	356,036	283,439
Total noncurrent assets	<u>-</u>	<u>505,591</u>	<u>356,036</u>	<u>861,627</u>	<u>792,946</u>
Total assets	<u>\$ 83,687</u>	<u>\$ 572,638</u>	<u>\$ 408,005</u>	<u>\$ 1,064,330</u>	<u>\$ 1,126,184</u>
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 31,741	\$ -	\$ -	\$ 31,741	\$ 72,672
Accrued payroll and benefits	17,751	-	-	17,751	15,321
Custodial accounts	151,034	-	-	151,034	130,061
Deferred camp income	6,105	-	-	6,105	4,305
Deferred activity income	26,613	-	-	26,613	8,555
Due to related party	55,000	-	-	55,000	40,000
Interfund loans	-	-	-	-	86,993
Line of credit	85,512	-	-	85,512	-
Total current liabilities	<u>373,756</u>	<u>-</u>	<u>-</u>	<u>373,756</u>	<u>357,907</u>
Net Assets					
Without donor restrictions	(290,069)	572,638	-	282,569	320,514
With donor restrictions	-	-	408,005	408,005	447,763
Total net assets	<u>(290,069)</u>	<u>572,638</u>	<u>408,005</u>	<u>690,574</u>	<u>768,277</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 83,687</u>	<u>\$ 572,638</u>	<u>\$ 408,005</u>	<u>\$ 1,064,330</u>	<u>\$ 1,126,184</u>

See accompanying notes

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019 (With Comparative Amounts for 2018)

	2019			2018	
	Operating Fund	Capital Fund	Endowment Fund	Total of All Funds	Memorandum Only
Changes in net assets without donor restrictions:					
Revenue and support:					
Direct support					
Friends of Scouting, net of uncollectible	\$ 296,731	\$ -	\$ -	\$ 296,731	\$ 324,956
Special events, net of direct benefits to donor	43,805	-	-	43,805	36,160
In-kind contributions	102,000	-	-	102,000	182,800
Legacies and bequests	200	-	-	200	2,575
Foundations and trusts	157,740	-	-	157,740	217,132
Other direct support	66,778	28,979	-	95,757	52,101
Total direct support	<u>667,254</u>	<u>28,979</u>	<u>-</u>	<u>696,233</u>	<u>815,724</u>
Indirect support					
Other support	7,335	-	-	7,335	60
Endowment income allocated to operating	18,000	-	-	18,000	15,000
United Way	4,276	-	-	4,276	6,168
Total indirect support	<u>29,611</u>	<u>-</u>	<u>-</u>	<u>29,611</u>	<u>21,228</u>
Revenue, gains and losses					
Sales of supplies and products	3,663	-	-	3,663	3,686
Product sales, net of commissions and cost of sales	281,772	-	-	281,772	298,057
Camping revenue, net of cost of sales	305,597	-	-	305,597	268,804
Activity revenue, net	135,430	-	-	135,430	161,978
Other revenue	111,166	-	-	111,166	34,149
Net assets released from restrictions	70,089	-	-	70,089	2,797
Total revenue, gains and losses	<u>907,717</u>	<u>-</u>	<u>-</u>	<u>907,717</u>	<u>769,471</u>
Total revenues and support	<u>1,604,582</u>	<u>28,979</u>	<u>-</u>	<u>1,633,561</u>	<u>1,606,423</u>
EXPENSES					
Program services	1,256,527	-	-	1,256,527	1,309,379
Management and general	209,919	-	-	209,919	195,783
Fundraising	209,959	-	-	209,959	138,438
Total allocated expenses	<u>1,676,405</u>	<u>-</u>	<u>-</u>	<u>1,676,405</u>	<u>1,643,600</u>
Unallocated payments to national organization	19,023	-	-	19,023	19,023
Total expenses	<u>1,695,428</u>	<u>-</u>	<u>-</u>	<u>1,695,428</u>	<u>1,662,623</u>
Net increase (decrease) in net assets without donor restriction	(90,846)	28,979	-	(61,867)	(55,479)
TRANSFERS					
	60,291	(36,369)	(23,922)	-	-
Net increase (decrease) in net assets without donor restrictions	<u>\$ (30,555)</u>	<u>\$ (7,390)</u>	<u>\$ (23,922)</u>	<u>\$ (61,867)</u>	<u>\$ (55,479)</u>

See accompanying notes.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019 (With Comparative Amounts for 2018)

	2019				2018
	Operating Fund	Capital Fund	Endowment Fund	Total of All Funds	Memorandum Only
Changes in net assets with donor restrictions:					
Revenue and support:					
DIRECT SUPPORT					
Friends of scouting, net of uncollectible	\$ -	\$ -	\$ -	\$ -	\$ 70,089
Investment income (loss), net of investment fees	-	-	63,912	63,912	(27,622)
Other direct support	-	-	8,341	8,341	91,814
Net assets released from restrictions	(70,089)	-	-	(70,089)	(2,797)
Total direct support	<u>(70,089)</u>	<u>-</u>	<u>72,253</u>	<u>2,164</u>	<u>131,484</u>
TRANSFERS					
Net increase (decrease) in net assets	<u>-</u>	<u>-</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>(15,000)</u>
with donor restrictions	(70,089)	-	54,253	(15,836)	116,484
Net increase (decrease) in total net assets	<u>(100,644)</u>	<u>(7,390)</u>	<u>30,331</u>	<u>(77,703)</u>	<u>49,192</u>
NET ASSETS, BEGINNING OF YEAR					
Without donor restrictions	(259,514)	580,028	-	320,514	375,993
With donor restrictions	70,089	-	377,674	447,763	331,279
Total net assets, beginning of year	<u>(189,425)</u>	<u>580,028</u>	<u>377,674</u>	<u>768,277</u>	<u>707,272</u>
NET ASSETS, END OF YEAR					
Without donor restrictions	(290,069)	572,638	-	282,569	320,514
With donor restrictions	-	-	408,005	408,005	447,763
Total net assets, end of year	<u>\$ (290,069)</u>	<u>\$ 572,638</u>	<u>\$ 408,005</u>	<u>\$ 690,574</u>	<u>\$ 768,277</u>

See accompanying notes.

COSTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019 (With Comparative Amounts for 2018)

	2019					2018
	Supporting Services				Total Expenses	Memorandum Only
	Program Services	Management and General	Fund-raising	Total Supporting Services		
COMPENSATION AND RELATED EXPENSES						
Salaries	\$ 516,402	\$ 61,514	\$ 103,186	\$ 164,700	681,102	\$ 697,951
Employee benefits	76,114	10,427	17,725	28,152	104,266	83,588
Retirement	18,099	2,279	4,415	6,694	24,793	30,665
Payroll taxes	40,738	4,824	8,040	12,864	53,602	63,521
Total compensation and related expenses	<u>651,353</u>	<u>79,044</u>	<u>133,366</u>	<u>212,410</u>	<u>863,763</u>	<u>875,725</u>
OTHER EXPENSES						
Conferences and meetings	2,424	1,223	21,665	22,888	25,312	10,855
Insurance	11,706	19,465	975	20,440	32,146	21,328
Interest	917	8,886	165	9,051	9,968	4,570
Occupancy	180,021	11,870	7,127	18,997	199,018	219,986
Other expenses	9,428	2,510	3,447	5,957	15,385	17,306
Postage and shipping	1,783	371	2,025	2,396	4,179	4,295
Printing and publication	4,380	510	361	871	5,251	6,634
Professional fees	5,673	21,553	1,603	23,156	28,829	25,414
Recognition awards	4,729	10	25,188	25,198	29,927	29,339
Small equipment and maintenance	918	23,554	485	24,039	24,957	25,251
Specific assistance to individuals	4,396	-	-	-	4,396	2,414
Supplies	261,384	29,346	2,095	31,441	292,825	273,751
Telephone and communications	16,044	3,095	2,242	5,337	21,381	20,043
Travel	34,223	8,238	8,781	17,019	51,242	58,000
Total other expenses	<u>538,026</u>	<u>130,631</u>	<u>76,159</u>	<u>206,790</u>	<u>744,816</u>	<u>719,186</u>
DEPRECIATION						
Depreciation	<u>67,148</u>	<u>244</u>	<u>434</u>	<u>678</u>	<u>67,826</u>	<u>48,689</u>
TOTAL FUNCTIONAL EXPENSES	<u>\$ 1,256,527</u>	<u>\$ 209,919</u>	<u>\$ 209,959</u>	<u>\$ 419,878</u>	<u>1,676,405</u>	<u>\$ 1,643,600</u>

See accompanying notes.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019 (With Comparative Amounts for 2018)

	2019				2018
	Operating Fund	Capital Fund	Endowment Fund	Total of All Funds	Memorandum Only
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net increase (decrease) in net assets	\$ (100,644)	\$ (7,390)	\$ 30,331	\$ (77,703)	\$ 61,005
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:					
Depreciation	-	67,826	-	67,826	48,689
Allowance for uncollectible pledges and direct write offs	-	-	-	-	(14,448)
In-kind contributions of property and equipment	-	-	-	-	(80,800)
Changes in accrued and deferred amounts:					
Accounts receivable	61,432	-	-	61,432	(19,460)
Promises to give	75,885	-	-	75,885	(54,978)
Prepaid expenses	(293)	-	-	(293)	(3,566)
Inventories	(7,131)	-	-	(7,131)	628
Accounts payable	(39,287)	(1,644)	-	(40,931)	47,730
Accrued payroll and benefits	(2,430)	-	-	(2,430)	4,248
Custodial accounts	21,598	-	-	21,598	(13,969)
Deferred camp income	1,800	-	-	1,800	1,605
Deferred activity income	18,058	-	-	18,058	(4,955)
Interfund Loans	(102,777)	72,165	30,612	-	-
Net cash provided (used) by operating activities	<u>(73,789)</u>	<u>130,957</u>	<u>60,943</u>	<u>118,111</u>	<u>(28,271)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Unrealized (gains) losses on sale of investments	-	-	(42,308)	(42,308)	29,891
Proceeds from sale of investments	15,000	-	6,300	21,300	38,253
Purchases of investments	-	-	(51,589)	(51,589)	(58,029)
Purchases of property and equipment	-	(63,910)	-	(63,910)	(54,575)
Net cash provided (used) in investing activities	<u>15,000</u>	<u>(63,910)</u>	<u>(87,597)</u>	<u>(136,507)</u>	<u>(44,460)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from related party payable	45,000	-	-	45,000	(74,475)
Payments on related party payable	(30,000)	-	-	(30,000)	-
Proceeds from line of credit	105,000	-	-	18,007	-
Payments on line of credit	(19,488)	-	-	(19,488)	40,000
Net cash (used for) provided by financing activities	<u>100,512</u>	<u>-</u>	<u>-</u>	<u>100,512</u>	<u>(34,475)</u>
Net increase (decrease) in cash and cash equivalents	41,723	67,047	(26,654)	82,116	(107,206)
Cash and cash equivalents as of beginning of year	-	-	75,848	75,848	183,054
Cash and cash equivalents as of end of year	<u>\$ 41,723</u>	<u>\$ 67,047</u>	<u>\$ 49,194</u>	<u>\$ 157,964</u>	<u>\$ 75,848</u>
Supplemental Disclosures:					
Interest paid	<u>\$ 9,968</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,968</u>	<u>\$ 4,570</u>
In-kind donation of rent	<u>\$ 102,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,000</u>	<u>\$ 80,800</u>

See accompanying notes.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Council and nature of activities

The Coastal Carolina, Inc., Boy Scouts of America #550 (the "Council") operates along the southern coast of South Carolina, including the counties of Allendale, Beaufort, Berkeley, Charleston, Colleton, Dorchester, Georgetown, Hampton and Jasper. The Council has two camping facilities. The Council is a not-for-profit organization devoted to promoting, within the territory covered by the charter granted it by the Boy Scouts of America and in accordance with the Congressional program, the ability of young people to do things for themselves and others, training them in Scout-craft, and teaching them patriotism, courage, self-reliance, and kindred virtues. The Council also prepares them to make ethical choices over their lifetimes and achieve their full potential using the methods which are now in common use by the Boy Scouts of America.

The 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 Cubs

One-year, family-oriented program for a group of teams, each consisting of a first grade (or 7 year old) child 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, religious, and neighborhood Councils, 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.

Venturing

Provides experiences to help young people, ages 14-20, become mature, responsible, and caring adults. Young teens learn leadership skills and participate in challenging outdoor activities, including having access to Boy Scout camping properties, a recognition program, and youth-protection training.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Council and nature of activities – continued

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.

Starting in 2018, 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 Boy Scouting program, Scouts BSA is scheduled to launch in February 2019, enabling all eligible youth ages 11-17, to earn the Eagle Scout rank. Scouts BSA will be single gender- all-girl troops or all- boy troops. This unique approach allows the organization to maintain the integrity of the single-gender model while also meeting the needs of today' s families.

The Council's website address is www.coastalcarolinabsa.org.

Basis of Accounting

The Council uses the accrual basis of accounting for the preparation of the financial statements. Accrual basis accounting is an accounting principle generally accepted in the United States of America which recognizes revenues when they are earned or billed, rather than when they are received, and expenses when they are incurred, rather than when they are paid.

Net assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Council's management and the board of directors.

Net Assets With Donor Restrictions

Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time (that is, when a stipulated time restriction ends or purpose restriction is accomplished). Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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, 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 stipulation that the principal be maintained intact in perpetuity, until the occurrence of a specified event or for a specified period, and that only income from the investment 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.

Revenue Recognition

Revenue is obtained through the community's support of fundraising events, contributions, grants, investment income, and program fees.

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Camping and activity revenue from scouting activities is recognized as the events take place and the revenue is earned. Revenue from merchandise and popcorn sales is recognized upon delivery of goods to the customer or the troop responsible for the sale.

Donor-restricted support is reported as an increase in net assets with donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Upon the expiration of restrictions (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions. It is the Council's policy to record restricted contributions and grants received whose restrictions are met during the same year as unrestricted support.

Revenue from grants may be obtained either when a grant is received and available for immediate use or on a reimbursement basis. Reimbursement grants are recognized when expenses have been incurred and a reimbursement request is sent to the granting agency. Advances received from granting agencies before projects or services start or before all grant requirements have been met are included in deferred revenue.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Council considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Availability of Funds for General Expenditures

The Council has certain net assets that are available for general expenditures within one year of December 31, 2019 based on conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year (See Note 2).

Accounts receivable

Accounts receivable are recorded primarily for product sales and are stated at estimated net realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from past history. No allowance for doubtful accounts was considered necessary by management as of December 31, 2019 or 2018.

Promises to give, net:

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. 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 a present value discount technique. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Management records an allowance for uncollectible pledges as deemed necessary based on review of activity and knowledge of the donor.

Inventories:

Inventories consist of retail items and are stated at the lower of cost, determined by the first-in, first-out method, or net realizable value.

Property and equipment, net:

The Council capitalizes all expenditures for property and equipment in excess of \$1,000 and having an estimated useful life greater than one year. Property and equipment is carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the assets, as follows:

Leasehold improvements	5-30 years
Furniture, fixtures and equipment	5-20 years
Motor vehicles	5-10 years
Aquatic equipment	5-10 years

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S generally accepted accounting principles ("GAAP") establishes a fair value hierarchy, which gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1), the next highest priority to inputs from observable data other than quoted prices (Level 2) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The Council's investments are classified within Level 1 of the fair value hierarchy.

Investments

Investments in marketable equity investments with readily determinable fair values and all investments in debt securities are stated at their fair values in the Statement of Financial Position. The Council's investments include mutual funds.

Endowment Policy

As required by GAAP, net assets associated with endowment funds 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). 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 remaining portion of the donor-restricted endowment fund that is not required to be maintained in perpetuity is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. Most of these net assets are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Council has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, 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 fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investment
- (6) Other sources of the Council
- (7) The investment policies of the Council

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
continued**

Investment Policy

The Council's investment policy intends for the Council to invest in assets that would 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. To satisfy the long-term rate-of-return objective, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yields (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

In 2008, the board of directors (through the executive committee) approved an endowment spending policy. The policy defines the total funds available from the Endowment Fund in a given year (the distributable income) to be approximately 6% of the Endowment balance over a three-year trailing period. The board of directors annually budgets amounts from the Endowment Fund to be used for operations. The Council allocated \$18,000 and \$15,000 to operations from the Endowment Fund for the years ended December 31, 2019 and 2018.

Unit Custodial Accounts

A unit may, at its discretion, establish a custodial account at the Council service center. This account is for the convenience of the unit and can be used to pay registrations, fees or purchase items from the Scout Shop.

Estimates

The preparation of financial statements 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.

Contributed Assets - Materials and Services

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

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

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Advertising Costs

Advertising costs are expensed when incurred.

Income Tax Status

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an association other than a private Organization under Section 509(a)(2).

The Council currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Council is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax period in progress.

Functional Expenses

The costs of providing the various programs and supporting services have been summarized on the statement of activities and changes in net assets on a functional basis. Most expenses can be directly allocated 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 basis of allocation of these expenses is the result of a time study of staff performed every 3 years. The percentage of time allocated to each of the programs and the supporting functions is based on the average of the results of three separate studies and is applied to the expenses that are allocated. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payment of the charter fee to the National Council is not allocated as a functional expense. The financial statements report expenses by function in the Statement of Functional Expenses.

New Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958). The amendments in the ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The ASU also clarifies how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The amendments in this ASU also require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The Council adopted the new standard effective January 1, 2019, the first day of the Council's fiscal year, using the modified prospective basis.

Analysis of various provisions of this standard resulted in no significant changes in the way the Council recognizes contributions

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Reclassification

Certain reclassifications have been made to the 2018 summarized financial statement information to conform to the current year presentation.

NOTE 2 - AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the Statement of Financial Position date of December 31, 2019 and 2018, are comprised of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents, without donor restriction	\$ 108,770	\$ -
Accounts receivable	3,631	65,063
Promises to give, net - operating fund	7,675	75,766
Investments	356,036	283,439
Appropriation from donor restricted endowment for general expenditure in subsequent year	<u>18,000</u>	<u>15,000</u>
Total financial assets as of year-end	<u>494,112</u>	<u>439,268</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	<u>(408,005)</u>	<u>(447,763)</u>
Total financial assets available to meet general expenditures within the next 12 months	<u>\$ 86,107</u>	<u>\$ (8,495)</u>

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 come due. The Council invests cash in excess of daily requirements in short-term investments, and in addition, has the use of a line of credit totaling \$100,000 to meet its obligations on which the balance is \$0 and \$85,512 as of December 31, 2019 and 2018, respectively (see Note 8).

The Council's endowment fund consisting of donor-restricted endowment income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds available for general expenditure are \$18,000 and \$15,000 for the years ended December 31, 2019 and 2018, respectively and are based on a 6% annual spending rate as described in Note 1.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - PROMISES TO GIVE, NET

Promises to give, net, consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Beginning promises to give balance	\$ 79,325	\$ 9,899
Current year promises to give	7,675	325,605
Future year promises to give	-	69,440
Pledge payments	(79,325)	(305,369)
Allowances	-	(20,250)
Ending promises to give balance	<u>\$ 7,675</u>	<u>\$ 79,325</u>

Promises to give, net, are due from the following sources at December 31:

	<u>2019</u>	<u>2018</u>
Friends of Scouting	\$ -	\$ 90,339
Other legacies and bequests	2,775	3,559
Other - without donor restriction	4,900	5,677
Subtotal	-	99,575
Allowances	-	(20,250)
Ending promises to give	<u>\$ 7,675</u>	<u>\$ 79,325</u>

NOTE 4 - ENDOWMENT

The following depicts the net asset composition of the endowment funds by type of fund as of December 31:

	<u>2019</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 408,005	\$ 408,005
	<u>2018</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 377,674	\$ 377,674

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - ENDOWMENT – CONTINUED

The following depicts the changes in the endowment for the years ended December 31:

	2019		
	Without	With Donor	Total
	Donor Restrictions	Restrictions	
Net assets, December 31, 2018	\$ -	\$ 377,674	\$ 377,674
Investment return:			
Investment income, net of investment fees	-	14,328	14,328
Net realized and unrealized (loss)	-	49,584	49,584
Total investment returns, net of investment fees	-	63,912	63,912
Appropriation of endowment			
assets for expenditure	18,000	(18,000)	-
Amounts expended	(18,000)	-	(18,000)
Contributions to permanent endowment	-	8,341	8,341
Transfers	-	(23,922)	(23,922)
Net assets, December 31, 2019	<u>\$ -</u>	<u>\$ 408,005</u>	<u>\$ 408,005</u>
	2018		
	Without	With Donor	Total
	Donor Restrictions	Restrictions	
Net assets, December 31, 2017	\$ -	\$ 328,482	\$ 328,482
Investment return:			
Investment income, net of investment fees	-	2,269	2,269
Net realized and unrealized (loss)	-	(29,891)	(29,891)
Total investment returns, net of investment fees	-	(27,622)	(27,622)
Appropriation of endowment			
assets for expenditure	15,000	(15,000)	-
Amounts expended	(15,000)	-	(15,000)
Contributions to permanent endowment	-	91,814	91,814
Net assets, December 31, 2018	<u>\$ -</u>	<u>\$ 377,674</u>	<u>\$ 377,674</u>

From time to time, the fair value of assets associated with any individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Council to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported within net assets with donor restrictions. Deficiencies of this nature exist in one donor-restricted fund, which has an original gift amount of \$321,006, a current value of \$314,956, and a deficiency of \$6,050 as of December 31, 2018. This deficiency resulted from unfavorable market fluctuations. The Council has interpreted the SPMIFA and applicable state trust law to permit spending from underwater endowments in accordance with prudent measures required under the law.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5 - INVESTMENTS

As of December 31, 2019 and 2018, all of the Council's investments are in mutual funds.

The following schedule summarizes the investment return and its classification in the Statement of Activities and Changes in Net Assets for the years ended December 31:

	2019	2018
Investment income	\$ 17,610	\$ 5,238
Investment fees	(3,282)	(2,969)
Investment income, net of investment fees	14,328	2,269
Realized gains	1,594	19,254
Net unrealized gain (loss)	47,990	(49,145)
Gains (loss) on investments	49,584	(29,891)
Total investment income, net of investment fees	\$ 63,912	\$ (27,622)

There were no investments with unrealized losses aggregated by investment category that have been in a continuous loss position for greater than one year at December 31, 2019 or 2018.

NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurements - GAAP defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Fair Value Measurements also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted market prices in active markets for identical assets or liabilities.
- Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Council performs an analysis of the assets and liabilities that are subject to Fair Value Measurements. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

For the years ended December 31, 2019 and 2018, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Mutual funds: Valued at the net asset value ("NAV") of shares held by the Council at year end using closing prices reported in the active market.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS - CONTINUED

The tables below present information about the Council's assets measured at fair value as of December 31:

	2019			
	Level 1	Level 2	Level 3	Total
Money market	\$ 40,067	\$ -	\$ -	\$ 40,067
Mutual funds	315,969	-	-	315,969
Total	\$ 356,036	\$ -	\$ -	\$ 356,036

	2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 283,439	\$ -	\$ -	\$ 283,439
Total	\$ 283,439	\$ -	\$ -	\$ 283,439

NOTE 7 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of December 31:

	2019	2018
Land	\$ 104,662	\$ 104,662
Leasehold improvements	2,656,587	2,610,456
Furniture, fixtures and equipment	367,464	349,685
Motor vehicles	66,956	66,956
Aquatic equipment	249,165	249,164
	3,444,834	3,380,923
Less: accumulated depreciation	2,939,243	2,871,416
Property and equipment, net	\$ 505,591	\$ 509,507

Depreciation expense for the years ended December 31, 2019 and 2018 was \$67,826 and \$48,689, respectively.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 8 - LINE OF CREDIT

The Council extended its line of credit on September 23, 2019 to include a new maturity date of September 25, 2021. Maximum borrowings on the line are \$100,000 at an interest rate of 4.75%. The line requires interest only payments with the entire principal balance due at maturity. The agreement was extended an additional two years to September 2021. As of December 31, 2019, there is an outstanding balance of \$85,512 on the line of credit. As of December 31, 2018, there was no outstanding balance on the line of credit.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of December 31:

	2019	2018
Subject to expenditure for a specific purpose:		
Flag pole plaza	\$ -	\$ 62,718
Subject to the passage of time:		
Friends of Scouting	-	70,089
Endowment:		
Subject to spending policy and appropriation		
Subject to perpetual restrictions	344,093	321,006
Investment earnings	63,912	-
Underwater endowment	-	(6,050)
	\$ 408,005	\$ 447,763

Net assets were released from donor restrictions during 2019 and 2018 by incurring expenses satisfying time restrictions or by the occurrence of other events specified by donors. Net assets released from restrictions, all for expirations of time for Friends of Scouting, totaled \$0 and \$70,089 for the years ended December 31, 2019 and 2018, respectively.

NOTE 10 - SCOUT SHOP

The Scout Shop is run by the National Organization, which pays the Council an eight percent commission on gross sales up to \$750,000, and thirteen percent on gross sales in excess of \$750,000. The commissions earned by the Council during 2019 and 2018 amounted to \$29,715 and \$30,775, respectively, and are included in other revenue in the Statements of Activities and Changes in Net Assets.

NOTE 11 - OPERATING LEASES

The Council leases the office building and the land used for camping activities on an annual basis with a related party, at a cost of \$1 per year. The estimated fair market value of the lease is recorded annually as an in-kind contribution and an equal amount is recorded as rent expense. The total rent contribution recognized was \$102,000 for each of the years ended December 31, 2019 and 2018. See Note 15.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 11 - OPERATING LEASES - continued

The Council leases a copier under a five-year non-cancelable lease agreement dated April 28, 2016. Monthly base payments are \$1,547. Future minimum lease payments under the agreement are as follows for the year ended December 31:

2020	\$	18,560
2021		<u>4,640</u>
	\$	<u><u>23,199</u></u>

NOTE 12 - CONCENTRATIONS OF RISK

The Council maintains cash and investment balances at two financial institutions. As of December 31, 2019 and 2018, the Federal Deposit Insurance Corporation ("FDIC") insures accounts up to \$250,000 in aggregate per institution. The Securities Investor Protection Corporation ("SIPC") insures brokerage accounts at each institution up to \$500,000 with a maximum of \$250,000 allowed for cash claims. At various times the Council's cash balances may exceed FDIC or SIPC insured limits.

NOTE 13 - EMPLOYEE BENEFIT PLANS

Retirement plan:

The National Council has a qualified defined benefit retirement plan (the "Plan") administered at the National Council which covers employees of the National Council and local councils, including the Local Area Council. The plan name is the *Boy Scouts of America Master Pension Trust - Boy Scouts of America Retirement Pion for Employees* and covers all employees who have completed one year of service and who have agreed to make contributions. Eligible employees contribute two percent of compensation and the council contributes an additional seven percent to the plan for the years ended December 31, 2019 and 2018. Pension expense (excluding the contributions made by employees) was \$24,793 and \$30,665 in 2019 and 2018, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2019, indicates that it is in compliance with ERISA regulations regarding funding.

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 pre-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the IRC of 1986, as amended. The Council has elected to match employee contributions to the Thrift Plan up to fifty percent of contributions from each participant, limited to three percent of each employee's gross pay. The Council contributed \$22,688 and \$7,777, respectively, to the Thrift Plan in 2019 and 2018, which is included in employee benefits in the Statement of Functional Expenses.

Healthcare plan:

The Council's employees participate in a healthcare 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, 2019 and 2018, the Council remitted \$68,157 and \$68,449, respectively, on behalf of its employees to the National Council related to the healthcare plan.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 14 - DONATED GOODS AND USE OF FACILITIES

During the years ended December 31, 2019 and 2018, goods and use of facilities with an estimated fair market value of \$0 and \$38,640 were donated to the Council by unrelated parties, which are included in special events, net of direct benefits to donors, in the Statement of Activities and Changes in Net Assets.

NOTE 15 - RELATED PARTY

The Council has certain common board members and missions with the Coastal Boys' Council, a separate non-profit serving the Charleston area. The Council has 76 voting members, 17 of which also serve on the Coastal Boys' Council Board of Directors. The Coastal Boys' Council owns property that it leases to the Council for \$1 per year (see Note 11). The Coastal Boys' Council also donated \$216,596 and \$228,007 in support to the Council for the years ended December 31, 2019 and 2018, respectively. In addition, the Boys' Council advanced the Council \$55,000 for short-term operating purposes during the year ended December 31, 2019.

The Council received boats donated from a board member with a fair market value of \$0 and \$80,800 for use in its aquatics programs for the years ended December 31, 2019 and 2018, respectively. The donations are recorded as in-kind contributions.

The insurance agent for the Council is a member of the board.

A board members brother owns the construction company that completed renovations to the dining hall. The amount paid to the company for the year ended December 31, 2019 was \$44,000.

NOTE 16 - COASTAL COMMUNITY FOUNDATION ENDOWMENTS

The Coastal Community Foundation controls two endowment funds with a principal purpose to provide income for the operation of the Boy Scouts of America #550. The Council does not own or control these funds; therefore, they are not included in these financial statements. The Council received approximately \$8,597 and \$9,000 in investment earnings from the funds during each of the years ended December 31, 2019 and 2018 which are included in Friends of Scouting, net of uncollectibles in the Statement of Activities and Changes in Net Assets.

NOTE 17 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through the report date and has noted the following items:

COVID-19

The impact on the accompanying financial statements of the COVID-19 outbreak cannot be readily determined. Financial markets, distribution networks and the ultimate impact of this outbreak of the financial operations of the Organization are difficult to assess and predict. The Organization is taking steps to mitigate the impact of the outbreak, but the ultimate success of this endeavor cannot be predicted at this time.

NOTE 18 - PRIOR PERIOD INFORMATION

The financial statements include certain prior-year summarized comparative information in total. 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, 2018, from which the summarized information was derived.