

Financial Statements and
Report of Independent Auditors

Calcasieu Area Council
Boy Scouts of America, Inc.
Lake Charles, Louisiana

December 31, 2016

Calcasieu Area Council
Boy Scouts of America, Inc.

TABLE OF CONTENTS

	Page
Independent Auditors' Report	3-4
Financial Statements	
Statement of Financial Position	5
Statement of Activities and Changes in Net Assets	6-7
Statement of Functional Expenses	8
Statement of Cash Flows	9
Notes to Financial Statements	10-20
Supplementary Information:	
Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer	21

Independent Auditors' Report

The Board of Directors
Calcasieu Area Council
Boy Scouts of America, Inc.

We have audited the accompanying financial statements of Calcasieu Area Council Boy Scouts of America, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2016, 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 the fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditors' 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 Calcasieu Area Council Boy Scouts of America, Inc. as of December 31, 2016, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits, and other payments to agency head or chief executive officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Calcasieu Area Council Boy Scouts of America, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Lake Charles, Louisiana
August 9, 2017

Calcasieu Area Council
Boy Scouts of America, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2016
With Comparative Totals for 2015

ASSETS	Operating	Capital	Endowment	Total All Funds	
	Fund	Fund	Fund	2016	2015
CURRENT ASSETS					
Cash and cash equivalents	\$ 254,924	\$ 120,436	\$ -	\$ 375,360	\$ 262,765
Accounts receivable - popcorn sales	9,123	-	-	9,123	-
Pledges receivable	14,239	-	-	14,239	11,566
Inventory	34,051	-	-	34,051	33,892
Prepaid expense	5,583	276	-	5,859	7,402
Deferred activity expenses	29,641	-	-	29,641	-
Total current assets	347,561	120,712	-	468,273	315,625
NONCURRENT ASSETS					
Land, Building, and Equipment Net of accumulated depreciation	-	408,569	-	408,569	399,092
Total noncurrent assets	-	408,569	-	408,569	399,092
ENDOWMENT FUND					
Cash and cash equivalents	-	-	-	-	60,136
Long term investments	-	-	1,290,381	1,290,381	1,167,613
Total endowment fund	-	-	1,290,381	1,290,381	1,227,749
Total assets	\$ 347,561	\$ 529,281	\$ 1,290,381	\$ 2,167,223	\$ 1,942,466
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable	\$ 4,091	\$ 5,267	\$ -	\$ 9,358	\$ 15,262
Accrued liabilities	2,571	-	-	2,571	9,979
Deferred activity income	66,124	-	-	66,124	1,800
Custodian accounts	22,604	-	-	22,604	20,329
Total current liabilities	95,390	5,267	-	100,657	47,370
NET ASSETS					
Unrestricted	231,981	516,214	1,290,381	2,038,576	1,873,305
Temporarily restricted	20,190	7,800	-	27,990	21,791
Total net assets	252,171	524,014	1,290,381	2,066,566	1,895,096
Total liabilities and net assets	\$ 347,561	\$ 529,281	\$ 1,290,381	\$ 2,167,223	\$ 1,942,466

See notes to financial statements.

Calcasieu Area Council
Boy Scouts of America, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2016
With Comparative Totals for the Year Ended 2015

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2016	2015
Changes in Unrestricted Net Assets					
Direct Support					
Friends of Scouting	\$ 226,889	\$ -	\$ -	\$ 226,889	\$ 190,094
Special Fundraising Events Gross	81,547	-	-	81,547	88,932
Less Cost of Direct Benefits	(20,198)	-	-	(20,198)	(21,922)
Net Special Fundraising Events	61,349	-	-	61,349	67,010
Total Direct Support	288,238	-	-	288,238	257,104
Indirect Support					
United Way	220	-	-	220	-
Total Support	288,458	-	-	288,458	257,104
Revenue					
Sale of Supplies	113,795	-	-	113,795	122,938
Less Cost of Goods Sold	(74,706)	-	-	(74,706)	(84,095)
Net Sale of Supplies	39,089	-	-	39,089	38,843
Product Sales - Gross	309,949	-	-	309,949	251,285
Less: Cost of Goods Sold	(73,745)	-	-	(73,745)	(62,903)
Less: Commissions paid to units	(122,568)	-	-	(122,568)	(96,878)
Net Product Sales	113,636	-	-	113,636	91,504
Investment Income	61,355	-	(43,869)	17,486	32,701
Realized gain (loss) on investments	-	-	55,289	55,289	2,281
Unrealized gain (loss) on investments	-	-	51,212	51,212	(61,864)
Royalties - Oil & Gas	62,897	-	-	62,897	24,893
Camping Revenue	88,031	-	-	88,031	137,160
Activity Revenue	77,595	-	-	77,595	74,140
Sale of Timber	-	-	-	-	11,919
Gain (loss) on asset disposal	-	-	-	-	10,000
Other Revenue	15,111	5,000	-	20,111	13,323
Total Revenue	457,714	5,000	62,632	525,346	374,900
Net Assets Released from Restrictions					
Reclass Friends of Scouting	38,919	-	-	38,919	19,865
Reclass Capital Campaign	-	9,425	-	9,425	586
Total Reclassification of Net Assets	38,919	9,425	-	48,344	20,451
Total Support and Revenue	785,091	14,425	62,632	862,148	652,455
Expenses					
Program Services	504,434	27,476	-	531,910	527,142
Support Services					
Management & General	78,066	3,875	-	81,941	83,698
Fundraising	70,827	3,875	-	74,702	74,235
Total Supporting Services	148,893	7,750	-	156,643	157,933
Charter and National Service Fee	8,324	-	-	8,324	8,112
Total Expenses	661,651	35,226	-	696,877	693,187
Increase (Decrease) in Unrestricted Net Assets	123,440	(20,801)	62,632	165,271	(40,732)

See notes to financial statements.

Calcasieu Area Council
Boy Scouts of America, Inc.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2016
With Comparative Totals for the Year Ended 2015

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2016	2015
Changes in Temporarily Restricted Net Assets					
Direct Support					
Friends of Scouting	\$ 41,592	\$ -	\$ -	\$ 41,592	\$ 26,861
Other Direct Support	5,951	7,000	-	12,951	-
Total Direct Support	47,543	7,000	-	54,543	26,861
Total Support and Revenue	47,543	7,000	-	54,543	26,861
Net Assets Released from Restrictions					
Reclass Friends of Scouting	(38,919)	-	-	(38,919)	(19,865)
Reclass Capital Campaign	-	(9,425)	-	(9,425)	(586)
Total Reclassification of Net Assets	(38,919)	(9,425)	-	(48,344)	(20,451)
Inc. (Dec) in Temporarily Restricted Net Assets	8,624	(2,425)	-	6,199	6,410
Net Assets, Beginning of Year					
Unrestricted Net Assets	108,541	537,015	1,227,749	1,873,305	1,914,037
Temporarily Restricted Net Assets	11,566	10,225	-	21,791	15,381
Permanently Restricted Net Assets	-	-	-	-	-
Total Net Assets, Beginning of Year	120,107	547,240	1,227,749	1,895,096	1,929,418
Transfers	-	-	-	-	-
Net Assets, End of Year					
Unrestricted Net Assets	231,981	516,214	1,290,381	2,038,576	1,873,305
Temporarily Restricted Net Assets	20,190	7,800	-	27,990	21,791
TOTAL NET ASSETS, END OF YEAR	<u>\$ 252,171</u>	<u>\$ 524,014</u>	<u>\$ 1,290,381</u>	<u>\$ 2,066,566</u>	<u>\$ 1,895,096</u>

See notes to financial statements.

Calcasieu Area Council
Boy Scouts of America, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016
With Comparative Totals for the Year Ended 2015
Funds 1 through 3

Program Services	Supporting Services			Total Expenses	
	Management & General	Fund Raising	Total Support Services	2016	2015
Employee Compensation					
Salaries	\$ 264,505	\$ 37,302	\$ 37,302	\$ 74,604	\$ 315,623
Employee Benefits	41,387	5,837	5,837	11,674	54,874
Payroll Taxes	16,168	2,280	2,280	4,560	22,521
Employee-Related Expense	3,261	460	460	920	24,100
Total Employee Compensation	325,321	45,879	45,879	91,758	417,118
Other Expenses					
Professional Fees	-	7,239	-	7,239	9,463
Supplies	35,552	5,014	5,014	10,028	65,985
Telephone	7,081	998	998	1,996	8,589
Postage and Shipping	3,230	455	455	910	4,909
Occupancy	43,006	6,065	6,065	12,130	42,598
Rental and Maintenance of Equipment	9,967	1,405	1,405	2,810	11,983
Printing and Publications	679	96	96	192	657
Travel	19,992	2,819	2,819	5,638	21,940
Conferences and Meetings	5,082	717	717	1,434	8,559
Specific Assistance to Individuals	2,205	-	-	-	740
Recognition Awards	20,006	2,822	2,822	5,644	26,074
Insurance	22,148	3,123	3,123	6,246	28,405
Other Expense	13,987	1,973	1,973	3,946	7,312
Total Other Expense	182,935	32,726	25,487	58,213	237,214
Expenses Before Depreciation	508,256	78,605	71,366	149,971	654,332
Depreciation Expense	23,654	3,336	3,336	6,672	30,743
Total Functional Expense	\$ 531,910	\$ 81,941	\$ 74,702	\$ 156,643	\$ 688,553
% of Total Expenses by Function	77.25%	11.90%	10.85%	22.75%	100.00%

See notes to financial statements.

Calcasieu Area Council
Boy Scouts of America, Inc.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2016
With Comparative Totals for the Year Ended 2015

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2016	2015
Cash Flows from Operations					
Increase (Decrease) Total Net Assets	\$ 132,064	\$ (23,226)	\$ 62,632	\$ 171,470	\$ (34,322)
Adjustments to Net Assets to Reconcile Cash Flows:					
Depreciation	-	30,326	-	30,326	30,743
Gain on disposal of fixed assets	-	-	-	-	(10,000)
Proceeds from Sale of Timber	-	-	-	-	(11,919)
Net Investment Income	(124,252)	-	(62,632)	(186,884)	1,989
(Increase) Decrease in Accounts Receivable	(11,796)	-	-	(11,796)	(4,016)
(Increase) Decrease in Inventory	(159)	-	-	(159)	(5,819)
(Increase) Decrease in Prepaid Expense	1,543	-	-	1,543	1,143
(Increase) Decrease in Deferred Activity Expenses	(29,641)	-	-	(29,641)	-
(Increase) Decrease in Other Current Assets	-	-	-	-	1,720
(Decrease) Increase in Accounts Payable	(9,882)	3,977	-	(5,905)	(34,533)
(Decrease) Increase in Accrued expenses	(7,408)	-	-	(7,408)	4,901
(Decrease) Increase in Deferred Income	64,324	-	-	64,324	(5,230)
(Decrease) Increase in Other Current Liabilities	2,275	-	-	2,275	(473)
Total Adjustments	<u>(114,996)</u>	<u>34,303</u>	<u>(62,632)</u>	<u>(143,325)</u>	<u>(31,494)</u>
Net Cash Flows From Operating Activities	17,068	11,077	-	28,145	(65,816)
Cash Flows from Investing Activities					
Purchase of Fixed Assets	-	(39,802)	-	(39,802)	(8,522)
Royalty Income Received	62,897	-	-	62,897	24,893
Proceeds from Sale of Fixed Assets	-	-	-	-	10,000
Proceeds from Sale of Timber	-	-	-	-	11,919
Investment Income Received	61,355	-	(43,869)	17,486	32,701
Investment Purchases	-	-	(2,398,661)	(2,398,661)	(184,203)
Investment Sales	-	-	2,382,394	2,382,394	177,606
Net Cash Flows from Investing Activities	124,252	(39,802)	(60,136)	24,314	64,394
Cash Flows from Financing Activities					
Contributions Restricted for Long-term Purposes	-	-	-	-	-
Interfund Transfers	-	-	-	-	-
Net Cash Flows from Financing Activities	-	-	-	-	-
Net Increase (Decrease) in Cash	141,320	(28,725)	(60,136)	52,459	(1,422)
Cash at the Beginning of the Year	113,604	149,161	60,136	322,901	324,323
Cash at the End of the Year	<u>\$ 254,924</u>	<u>\$ 120,436</u>	<u>\$ -</u>	<u>\$ 375,360</u>	<u>\$ 322,901</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 1 Organization and Purpose

The Calcasieu Area Council Boy Scouts of America, Inc. (“the Council”) operates in Lake Charles, Louisiana, including the parishes of Calcasieu, Jefferson Davis, Cameron, Beauregard, and Vernon. The Council is a not-for-profit corporation organized under the laws of the State of Louisiana 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 scouting programs serve young men ages 7-21 and young women ages 14-21.

The Council’s support comes primarily from annual Friends of Scouting campaign, program activities, product sales, and special events.

The Council’s website address is www.calcasieubsa.org

Note 2 Summary of Significant Accounting Policies

The Council follows the standards of accounting and financial reporting for voluntary health and welfare agencies prescribed by the Boy Scouts of America and the American Institute of Certified Public Accountants. The following significant accounting policies are in accordance with these standards.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Council are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The Council also prepares financial statements in accordance with the 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 2 **Summary of Significant Accounting Policies** – (continued)

Basis of Presentation

These financial statements include only those accounts maintained by and directly under the control of the Council office. They do not include any accounts of local scout units or other organizations affiliated with the Council.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Council considers all liquid investments with a maturity of three months or less to be cash equivalents.

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, 2016 and 2015.

Inventory

Inventory consists of Scouting and other items available for resale and is stated at the lower of cost or market. Obsolete items are expensed at the time such obsolescence is determined. Cost is determined using the average method.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts. The Council accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the consolidated statement of financial position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the consolidated statement of changes in net assets.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 2 **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 yield (interest and dividends).

Spending Policy

In March 2016, the board of directors (through the executive committee) amended the spending policy to increase the distributable income to a maximum of up to 5% of the rolling average of the last 12 quarters. If the market value of the Endowment Fund falls to or below the amount of the fund's donor restricted gifts, then the spending policy will be amended in accordance with the guidelines not to exceed the actual earnings of the fund. The executive committee (subject to the board of directors' approval) may amend this spending policy.

Income taxes

The Council is generally 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 Council currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Property, equipment and depreciation

Current fund resources used for property or equipment acquisitions are recorded as transfers to the capital fund. The Council capitalizes all expenditures in excess of \$250 for property and equipment at cost, or if donated, at the approximate fair value at the date of donation. Depreciation of property and equipment is provided for over the estimated useful life of each asset based on the straight-line method of recording depreciation expense. The estimated useful lives of such assets are summarized below:

	<u>Years</u>
Buildings	25
Camp improvements	15
Office equipment	5 -10
Camp equipment	5 -10
Aquatic equipment	5

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, 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 Organization has not recognized any impairment of long-lived assets during 2016 and 2015.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

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 Organization. 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 consolidated Statement of Activities and Changes in Net Assets as assets released from restrictions.

Deferred Income

Revenues that apply to activity and camping events in the future are not recorded as income until the event has occurred. During the years ended December 31, 2016 and 2015, deferred revenues were \$66,124 and \$1,800, respectively.

Donated materials and services

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

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

Advertising cost

The Council has elected to expense advertising cost as incurred. Advertising expense was \$553 and \$0 for the years ending December 31, 2016 and 2015, respectively.

Calcasieu Area Council Boy Scouts of America, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 3 **Investments**

Investments at December 31, 2016 and 2015 are composed of the following:

<u>Description</u>	-----2016-----		-----2015-----	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Money Market	\$ -	\$ -	\$ 60,136	\$ 60,136
U.S. Government Obligations	-	-	20,134	20,490
Mutual Funds	-	-	523,182	511,636
Equities	-	-	600,047	635,487
BSA Commingled Fund LP	<u>1,214,880</u>	<u>1,290,381</u>	-	-
Total investments	<u>\$1,214,880</u>	<u>\$1,290,381</u>	<u>\$1,203,499</u>	<u>\$1,227,749</u>

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

The following schedule summarizes the investment return in the consolidated Statement of Activities and Changes in Net Assets for the years ending December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest and dividend income	\$ 23,717	\$ 36,710
Net realized and unrealized gains (losses)	106,501	(59,583)
Investment Expenses	<u>(6,231)</u>	<u>(4,009)</u>
Total	<u>\$123,987</u>	<u>\$(26,882)</u>

The above investment return is classified in the 2016 and 2015 Statement of Activities and Changes in Net Assets as follows:

	<u>2016</u>	<u>2015</u>
Unrestricted	\$123,987	\$(26,882)
Temporarily Restricted	<u>-</u>	<u>-</u>
Total	<u>\$123,887</u>	<u>\$(26,882)</u>

Income from interest and dividends on investments and realized and unrealized gains and losses on the sales of investments (“investment income, gains, and losses”) are recorded initially in the Endowment Fund. Distributions of investment income, gains, and losses from the Endowment Fund are recorded as income by the Operating and Capital Funds in the period in which the distributions are made in accordance with the Council’s spending policy (Note 2). For 2016 and 2015, investment expenses were \$6,231 and \$4,009 and are netted against investment return in the consolidated Statement of Activities and Changes in Net Assets.

Calcasieu Area Council Boy Scouts of America, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 4 **Summary of Fair Value Measurements**

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: 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 (including the Council's own assumptions in determining the fair value of investments).

BSA Commingled Endowment Fund LP ("BSA Fund")—Investments held by the BSA Fund are valued at fair value based on the closing price for securities listed on a securities exchange, the closing bid or ask price for over-the-counter securities not listed on a securities exchange, or at cost or at a value obtained from an independent pricing service for securities not listed or traded on any exchange or on the over-the-counter market. The custodian of the investments in the BSA Fund also has the ability to determine the fair value of securities not listed or traded on any exchange or on the over-the-counter market based on available information. The BSA Fund is valued at the number of units held by the Council and the Fund's unit value.

The inputs and methodology used for valuing the council's financial assets and liabilities are not indicators of the risks associated with those assets and liabilities.

The following tables provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2016 and 2015:

<u>Description</u>	2016			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money Market	\$ -	\$ -	\$ -	\$ -
U.S. Government Obligations	-	-	-	-
Mutual Funds	-	-	-	-
Equities	-	-	-	-
BSA Commingled Fund LP	-	-	<u>1,290,381</u>	<u>1,290,381</u>
Total investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,290,381</u>	<u>\$ 1,290,381</u>

Calcasieu Area Council Boy Scouts of America, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 4 **Summary of Fair Value Measurements (continued)**

<u>Description</u>	2015			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Money Market	\$ 60,136	\$ -	\$ -	\$ 60,136
U.S. Government Obligations	20,490	-	-	20,490
Mutual Funds	511,636	-	-	511,636
Equities	635,487	-	-	635,487
BSA Commingled Fund LP	-	-	-	-
Total investments	<u>\$1,227,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,227,749</u>

a. Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient, which is a reasonable estimate of fair value, have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The following table reconciles the Council's assets and liabilities classified as Level 3 measurements during the years ended December 31, 2016 and 2015, on such a basis:

	<u>Investments</u>	
	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ -	\$ -
Purchases, issuances, and settlements	1,214,880	-
Net realized and unrealized gains included in earnings	<u>75,501</u>	-
Balance, end of year	<u>\$1,290,381</u>	<u>\$ -</u>
Net unrealized gains (losses) on Level 3 securities held at end of year	<u>\$75,501</u>	<u>-</u>

In 2016, the Council transferred the Endowment Fund to The BSA Commingled Endowment Fund, LP. The BSA Commingled Endowment Fund, LP uses the fair value of underlying assets as the valuation technique. The significant unobservable inputs include closing prices, pricing models, and discounted cash flows. The range of values for those inputs is unknown. The objective of this fund is to invest in fixed income, equity, and other securities for the purpose of generating investment returns for the partners.

Note 5 **Pledges Receivable**

Pledges receivable for Friends of Scouting totaled \$14,239 and \$11,566 as of December 31, 2016 and 2015, respectively.

Calcasieu Area Council Boy Scouts of America, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 6 **Property, Land, and Equipment**

Property and equipment acquisitions are capitalized at cost, if purchased, or at estimated fair market value if donated. Depreciation expense for the year ended December 31, 2016 and 2015 is \$30,326 and \$30,743, respectively.

The composition of property, land and equipment at December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Land	\$121,215	\$121,215
Building and Improvements	884,628	874,331
Furniture and Equipment	331,236	309,343
Construction in Progress	7,613	-
Vehicles	<u>26,570</u>	<u>26,570</u>
	1,371,262	1,331,459
Less: Accumulated Depreciation	<u>962,693</u>	<u>932,367</u>
Total	<u>\$408,569</u>	<u>\$399,092</u>

Note 7 **Endowment Fund**

The Council's Endowment Fund includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets, identified by the Council's board of directors to be used for future investment and growth, are included in unrestricted net assets-board-designated.

Changes in the endowment net assets for the years ended December 31, 2016 and 2015, are as follows:

	<u>Unrestricted Board- Designated</u>
Endowment Fund Net Assets, 12/31/14	\$1,257,204
Investment Return	(26,913)
Contributions	30,000
Appropriation of endowment assets for expenditure	<u>(32,542)</u>
Endowment Fund Net Assets, 12/31/15	\$1,227,749
Investment Return	123,987
Contributions	-
Appropriation of endowment assets for expenditure	<u>(61,355)</u>
Endowment Fund Net Assets, 12/31/16	<u>\$1,290,381</u>

Calcasieu Area Council Boy Scouts of America, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 8 Net Assets and Restrictions

Temporarily restricted net assets are available for the following purposes or periods as of December 31, 2016:

Capital improvements	\$ 7,800
General operations	<u>20,190</u>
Total temporarily restricted net assets	<u>\$27,990</u>

Note 9 Employee Benefit Plans

Retirement Plan

The National Council has a qualified defined benefit pension plan (the “plan”) administered at the national office that covers employees of the National Council and local councils, including the Calcasieu Area Council. The plan 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 percent of compensation and the council contributes an additional 7 percent to the plan. The pension expense (excluding the contributions made by employees) of the Council for the years ended December 31, 2016 and 2015 was \$20,214 and \$18,285, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2016, indicates that it is in compliance with ERISA regulations regarding funding.

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 participating 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, 2016 and 2015, the Council remitted approximately \$27,119 and \$31,167, respectively, on behalf of its employees to the National Council related to the healthcare plan.

Note 10 Functional Allocations of Expenses

The cost of providing the various programs, activities and supporting services has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain indirect costs have been allocated to the functional categories based on the Council’s analysis of time devoted to each category. The Council’s allocation of \$679,110 of indirect costs was based on the percentages below. Direct costs of \$9,444 were allocated to the appropriate areas. In accordance with the policy of the National Council of the Boy Scouts of America, the payment of the charter fee to the National Council is not allocated as a functional expense.

Program service	78%
Management and general	11%
Fund raising	<u>11%</u>
Total	<u>100%</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 11 Legacies Not Yet Recordable

The Council is the beneficiary under various wills and trust agreements, the total realizable amount of which is not presently determinable. Such amounts will be recognized in the Council's financial statements when clear title is established and the proceeds are measurable.

Note 12 Concentration of Credit Risk

The Council maintains its cash and money market accounts in commercial banks, an investment company, and a bank trust department. Accounts at the commercial banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. Balances in excess of FDIC coverage at December 31, 2016 were \$191,852.

Note 13 Compensated Absences

Full time employees earn up to twenty-four days of vacation pay and twelve days sick pay per year depending on the length of service. Unused vacation is not carried forward, but in the event of separation of employment, employees will be paid for vacation earned and not used in the year of separation. Unused sick pay may be carried forward, but in the event of separation of employment, employees will not be paid for remaining sick days. The Council has not accrued unpaid compensated absences because the amount cannot be reasonably estimated.

Note 14 Contingent Liabilities

The Council is subject to pending claims and litigation which arise primarily in the ordinary course of business. The Council does not anticipate any losses with respect to such pending claims and litigation as of December 31, 2016.

Note 15 Commitments

National Rifle Association Foundation

In June 2014, the Council received a grant in the amount of \$45,732 from the National Rifle Association Foundation. The grant included \$24,382 of equipment for the rifle range that was delivered directly to the Council and \$21,350 in cash to be used for rebuilding of the rifle range. As of December 31, 2016, \$13,550 has been spent on rebuilding the rifle range and is included in buildings and improvements. The remaining \$7,800 is included in temporary restricted net assets for capital improvements.

Calcasieu Area Council Boy Scouts of America, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 16 Prior-Period Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

Note 17 Subsequent Events

These financial statements considered subsequent events through August 9, 2017, the date the financial statements were available to be issued.

Calcasieu Area Council, Boy Scouts of America, Inc.

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer (Required Form - Please Submit Completed Form Per Attached Instructions)

For the Year Ended December 31, 2016

Agency Head Name and Title: Michael Beer, Scout Executive

Purpose	Dollar Amount
1. Salary	1.
2. Benefits-insurance	2.
3. Benefits-retirement	3.
4. Benefits-other (describe)	4.
5. Benefits-other (describe)	5.
6. Benefits-other (describe)	6.
7. Car allowance	7.
8. Vehicle provided by government (if reported on your W-2)	8.
9. Per diem	9.
10. Reimbursements	10.
11. Travel	11.
12. Registration fees	12.
13. Conference travel	13.
14. Housing	14.
15. Unvouchered expenses (example: travel advances, etc.)	15.
16. Special meals	16.
17. Other	17.
18. TOTAL (enter total of line 1-17)	18.

 X Please check here if the Agency Head does not receive any compensation, benefits, and other payments. (Act 462 of the 2015 Legislative Session allows nongovernmental entities or not-for-profit (quasi-public) entities to report on the Act 706 schedule only those payments to the agency head that are derived from the public funds).