

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

Audited Financial Statements

For the year ended December 31, 2021

**COASTAL CAROLINA INC., BOY SCOUTS OF AMERICA #550
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Independent Auditors' Report

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

Opinion

We have audited the financial statements of Coastal Carolina, Inc., Boy Scouts of America #550, which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Coastal Carolina, Inc., Boy Scouts of America #550 as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coastal Carolina, Inc., Boy Scouts of America #550 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Coastal Carolina, Inc., Boy Scouts of America #550's ability to continue as a going concern for one year after the date that the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Coastal Carolina, Inc., Boy Scouts of America #550's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coastal Carolina, Inc., Boy Scouts of America #550's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Report on Summarized Comparative Information

We previously audited the Coastal Carolina, Inc., Boy Scouts of America #550's December 31, 2020 financial statements and issued an unmodified audit opinion on those audited financial statements in their report dated June 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 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
June 7, 2022

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 (With Comparative Amounts for 2020)

| | 2021 | | | 2020 | |
|---|-------------------|-------------------|-------------------|---------------------|---------------------|
| | Operating Fund | Capital Fund | Endowment Fund | Total of All Funds | Memorandum Only |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | \$ 78,323 | \$ 92,964 | \$ 42,996 | \$ 214,283 | \$ 195,690 |
| Accounts receivable | 5,180 | - | - | 5,180 | 1,796 |
| Promises to give, net | 1,125 | - | 1,000 | 2,125 | 3,775 |
| Prepaid expense | 17,994 | - | - | 17,994 | 9,883 |
| Inventories | 23,275 | - | - | 23,275 | 24,183 |
| Total current assets | <u>125,897</u> | <u>92,964</u> | <u>43,996</u> | <u>262,857</u> | <u>235,327</u> |
| Noncurrent assets | | | | | |
| Property and equipment, net | - | 389,963 | - | 389,963 | 443,552 |
| Investments | - | - | 457,920 | 457,920 | 413,557 |
| Total noncurrent assets | <u>-</u> | <u>389,963</u> | <u>457,920</u> | <u>847,883</u> | <u>857,109</u> |
| Total assets | <u>\$ 125,897</u> | <u>\$ 482,927</u> | <u>\$ 501,916</u> | <u>\$ 1,110,740</u> | <u>\$ 1,092,436</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | \$ 20,731 | \$ 3,796 | \$ - | \$ 24,527 | \$ 60,505 |
| Accrued payroll and benefits | 6,227 | - | - | 6,227 | 6,819 |
| Custodial accounts | 150,103 | - | - | 150,103 | 170,702 |
| Deferred camp income | 920 | - | - | 920 | 300 |
| Deferred activity income | 11,533 | - | - | 11,533 | 5,495 |
| Notes payable, current | 3,317 | - | - | 3,317 | 47,861 |
| Due to related party | 48,594 | - | - | 48,594 | 48,590 |
| Total current liabilities | <u>241,425</u> | <u>3,796</u> | <u>-</u> | <u>245,221</u> | <u>340,272</u> |
| Noncurrent Liabilities | | | | | |
| Notes payable | \$ 144,962 | \$ - | \$ - | \$ 144,962 | \$ 239,939 |
| Total noncurrent liabilities | <u>144,962</u> | <u>-</u> | <u>-</u> | <u>144,962</u> | <u>239,939</u> |
| Total Liabilities | <u>\$ 386,387</u> | <u>\$ 3,796</u> | <u>\$ -</u> | <u>\$ 390,183</u> | <u>\$ 580,211</u> |
| Net Assets | | | | | |
| Without donor restrictions | (260,490) | 479,131 | - | 218,641 | 57,097 |
| With donor restrictions | - | - | 501,916 | 501,916 | 455,128 |
| Total net assets | <u>(260,490)</u> | <u>479,131</u> | <u>501,916</u> | <u>720,557</u> | <u>512,225</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 125,897</u> | <u>\$ 482,927</u> | <u>\$ 501,916</u> | <u>\$ 1,110,740</u> | <u>\$ 1,092,436</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, 2021 (With Comparative Amounts for 2020)

| | 2021 | | | 2020 | |
|---|-------------------|--------------------|-------------------|-----------------------|---------------------|
| | 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 | \$ 359,409 | \$ - | \$ - | \$ 359,409 | \$ 333,118 |
| Special events, net of direct benefits to donor | 53,791 | - | - | 53,791 | 34,546 |
| In-kind contributions | 102,000 | - | - | 102,000 | 102,000 |
| Legacies and bequests | 1,642 | - | - | 1,642 | 745 |
| Foundations and trusts | 107,400 | - | - | 107,400 | 125,622 |
| Other direct support | 297,174 | 50 | - | 297,224 | 60,087 |
| Total direct support | <u>921,416</u> | <u>50</u> | <u>-</u> | <u>921,466</u> | <u>656,118</u> |
| Indirect support | | | | | |
| Other support | 10,000 | - | - | 10,000 | - |
| Endowment income allocated to operating | 10,000 | - | - | 10,000 | 10,000 |
| United Way | 13,113 | - | - | 13,113 | 11,469 |
| Total indirect support | <u>33,113</u> | <u>-</u> | <u>-</u> | <u>33,113</u> | <u>21,469</u> |
| Revenue, gains and losses | | | | | |
| Sales of supplies and products | 3,256 | - | - | 3,256 | 3,326 |
| Product sales, net of commissions and cost of sales | 182,708 | - | - | 182,708 | 103,238 |
| Camping revenue, net of cost of sales | 317,722 | - | - | 317,722 | 95,622 |
| Activity revenue, net | 111,098 | - | - | 111,098 | 81,194 |
| Other revenue | 73,237 | - | - | 73,237 | 87,485 |
| Total revenue, gains and losses | <u>688,021</u> | <u>-</u> | <u>-</u> | <u>688,021</u> | <u>370,865</u> |
| Total revenues and support | <u>1,642,550</u> | <u>50</u> | <u>-</u> | <u>1,642,600</u> | <u>1,048,452</u> |
| EXPENSES | | | | | |
| Program services | 1,154,667 | - | - | 1,154,667 | 980,002 |
| Management and general | 213,473 | - | - | 213,473 | 131,997 |
| Fundraising | 96,241 | - | - | 96,241 | 152,873 |
| Total allocated expenses | <u>1,464,381</u> | <u>-</u> | <u>-</u> | <u>1,464,381</u> | <u>1,264,872</u> |
| Unallocated payments to national organization | 20,450 | - | - | 20,450 | 20,450 |
| Total expenses | <u>1,484,831</u> | <u>-</u> | <u>-</u> | <u>1,484,831</u> | <u>1,285,322</u> |
| Net increase (decrease) in net assets without donor restricti | 157,719 | 50 | - | 157,769 | (236,870) |
| TRANSFERS | | | | | |
| | <u>72,938</u> | <u>(69,163)</u> | <u>(3,775)</u> | <u>-</u> | <u>-</u> |
| Net increase (decrease) in net assets without donor restrictions | <u>\$ 230,657</u> | <u>\$ (69,113)</u> | <u>\$ (3,775)</u> | <u>\$ 157,769</u> | <u>\$ (236,870)</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, 2021 (With Comparative Amounts for 2020)

| | 2021 | | | 2020 | |
|---|---------------------|-------------------|-------------------|-----------------------|--------------------|
| | Operating Fund | Capital Fund | Endowment Fund | Total of All Funds | Memorandum Only |
| Changes in net assets with donor restrictions: | | | | | |
| Revenue and support: | | | | | |
| DIRECT SUPPORT | | | | | |
| Legacies and bequests | \$ - | \$ - | \$ 8,000 | \$ 8,000 | \$ 4,000 |
| Investment income (loss), net of investment fees | - | - | 52,563 | 52,563 | 64,521 |
| Other direct support | - | - | - | - | - |
| Net assets released from restrictions | - | - | - | - | - |
| Total direct support | <u>-</u> | <u>-</u> | <u>60,563</u> | <u>60,563</u> | <u>68,521</u> |
| TRANSFERS | <u>-</u> | <u>-</u> | <u>(10,000)</u> | <u>(10,000)</u> | <u>(10,000)</u> |
| Net increase (decrease) in net assets | | | | | |
| with donor restrictions | - | - | 50,563 | 50,563 | 58,521 |
| Net increase (decrease) in total net assets | <u>230,657</u> | <u>(69,113)</u> | <u>46,788</u> | <u>208,332</u> | <u>(178,349)</u> |
| NET ASSETS, BEGINNING OF YEAR | | | | | |
| Without donor restrictions | (491,147) | 548,244 | - | 57,097 | 282,569 |
| With donor restrictions | <u>-</u> | <u>-</u> | <u>455,128</u> | <u>455,128</u> | <u>408,005</u> |
| Total net assets, beginning of year | <u>(491,147)</u> | <u>548,244</u> | <u>455,128</u> | <u>512,225</u> | <u>690,574</u> |
| NET ASSETS, END OF YEAR | | | | | |
| Without donor restrictions | (260,490) | 479,131 | - | 218,641 | 57,097 |
| With donor restrictions | <u>-</u> | <u>-</u> | <u>501,916</u> | <u>501,916</u> | <u>455,128</u> |
| Total net assets, end of year | <u>\$ (260,490)</u> | <u>\$ 479,131</u> | <u>\$ 501,916</u> | <u>\$ 720,557</u> | <u>\$ 512,225</u> |

See accompanying notes.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021 (With Comparative Amounts for 2020)

| | 2021 | | | | | 2020 | |
|--|---------------------|---------------------------|------------------|-------------------|---------------------------------|---------------------|--------------------|
| | Supporting Services | | | | Total Supporting Services | Total Expenses | Memorandum Only |
| | Program Services | Management and General | Fund- raising | | | | |
| COMPENSATION AND RELATED EXPENSES | | | | | | | |
| Salaries | \$ 494,866 | \$ 96,634 | \$ 53,685 | \$ 150,319 | \$ 645,185 | \$ 588,086 | |
| Employee benefits | 69,568 | 12,467 | 8,501 | 20,968 | 90,536 | 93,094 | |
| Retirement | 41,476 | 7,433 | 5,068 | 12,501 | 53,977 | 22,919 | |
| Payroll taxes | 36,604 | 6,559 | 4,473 | 11,032 | 47,636 | 42,676 | |
| Total compensation and related expenses | <u>642,514</u> | <u>123,093</u> | <u>71,727</u> | <u>194,820</u> | <u>837,334</u> | <u>746,775</u> | |
| OTHER EXPENSES | | | | | | | |
| Occupancy | 184,133 | 13,238 | 4,437 | 17,675 | 201,808 | 176,308 | |
| Supplies | 191,208 | - | 2,402 | 2,402 | 193,610 | 119,117 | |
| Travel | 36,224 | 8,420 | 4,502 | 12,922 | 49,146 | 45,833 | |
| Other expenses | 5,329 | 502 | 9,171 | 9,673 | 15,002 | 27,787 | |
| Small equipment and maintenance | 4,514 | 25,447 | 592 | 26,039 | 30,553 | 23,042 | |
| Professional fees | 2,398 | 21,539 | 281 | 21,820 | 24,218 | 19,185 | |
| Telephone and communications | 13,745 | 2,437 | 1,354 | 3,791 | 17,536 | 12,299 | |
| Bad debt expense | - | 11,242 | - | 11,242 | 11,242 | 8,421 | |
| Insurance | 5,490 | 4,164 | - | 4,164 | 9,654 | 6,116 | |
| Recognition awards | 7,430 | 9 | 20 | 29 | 7,459 | 5,112 | |
| Printing and publication | 3,806 | 515 | 326 | - | 4,647 | 3,642 | |
| Conferences and meetings | 2,067 | 447 | 248 | 695 | 2,762 | 3,510 | |
| Postage and shipping | 943 | 195 | 1,181 | 1,376 | 2,319 | 3,261 | |
| Interest | - | 2,225 | - | 2,225 | 2,225 | 1,676 | |
| Specific assistance to individuals | 1,275 | - | - | - | 1,275 | 748 | |
| Total other expenses | <u>458,562</u> | <u>90,380</u> | <u>24,514</u> | <u>114,053</u> | <u>573,456</u> | <u>456,057</u> | |
| DEPRECIATION | | | | | | | |
| Depreciation | <u>53,591</u> | - | - | - | 53,591 | 62,040 | |
| TOTAL FUNCTIONAL EXPENSES | <u>\$ 1,154,667</u> | <u>\$ 213,473</u> | <u>\$ 96,241</u> | <u>\$ 308,873</u> | <u>\$ 1,464,381</u> | <u>\$ 1,264,872</u> | |

See accompanying notes.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021 (With Comparative Amounts for 2020)

| | 2021 | | | | 2020 |
|--|------------------|------------------|------------------|--------------------|-------------------|
| | Operating Fund | Capital Fund | Endowment Fund | Total of All Funds | Memorandum Only |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Net increase (decrease) in net assets | \$ 230,657 | \$ (69,113) | \$ 46,788 | \$ 208,332 | \$ (178,349) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | | | | | |
| Depreciation | - | 53,589 | - | 53,589 | 62,039 |
| Allowance for uncollectible pledges and direct write offs | - | - | - | - | 15,260 |
| Changes in accrued and deferred amounts: | | | | | |
| Accounts receivable | (3,384) | - | - | (3,384) | 1,835 |
| Promises to give | (1,125) | - | 2,775 | 1,650 | 3,900 |
| Prepaid expenses | (8,111) | - | - | (8,111) | (5,259) |
| Inventories | 908 | - | - | 908 | 4,626 |
| Accounts payable | (34,704) | 3,730 | 5,000 | (25,974) | (18,628) |
| Accrued payroll and benefits | (592) | - | - | (592) | 10,932 |
| Custodial accounts | (20,599) | - | - | (20,599) | (19,668) |
| Deferred camp income | 620 | - | - | 620 | 5,805 |
| Deferred activity income | 6,038 | - | - | 6,038 | 21,111 |
| Net cash provided (used) by operating activities | <u>169,708</u> | <u>(11,794)</u> | <u>54,563</u> | <u>212,477</u> | <u>(96,396)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Unrealized (gains) losses on sale of investments | - | - | (12,022) | (12,022) | (44,082) |
| Proceeds from sale of investments | - | - | (34,463) | (34,463) | 28,065 |
| Purchases of investments | - | - | (7,878) | (7,878) | (45,750) |
| Net cash provided (used) in investing activities | <u>-</u> | <u>-</u> | <u>(54,363)</u> | <u>(54,363)</u> | <u>(61,767)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | |
| Proceeds from government loans | 148,800 | - | - | 148,800 | 287,800 |
| Forgiveness of government loans | (286,700) | - | - | (286,700) | - |
| Proceeds from related party payable | - | - | - | - | 35,469 |
| Payments on related party payable | (1,621) | - | - | (1,621) | (41,875) |
| Proceeds from line of credit | - | - | - | - | 40,000 |
| Payments on line of credit | - | - | - | - | (125,512) |
| Net cash provided by financing activities | <u>(139,521)</u> | <u>-</u> | <u>-</u> | <u>(139,521)</u> | <u>(139,521)</u> |
| Net increase (decrease) in cash and cash equivalents | 30,187 | (11,794) | 200 | 18,593 | 37,726 |
| Cash and cash equivalents as of beginning of year | 48,136 | 104,758 | 42,796 | 195,690 | 157,964 |
| Cash and cash equivalents as of end of year | <u>\$ 78,323</u> | <u>\$ 92,964</u> | <u>\$ 42,996</u> | <u>\$ 214,283</u> | <u>\$ 195,690</u> |
| Supplemental Disclosures: | | | | | |
| Interest paid | <u>\$ 2,225</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,225</u> | <u>\$ 5,112</u> |

See accompanying notes.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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, 2021

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, 2021

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, 2021 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, 2021 or 2020.

Promises to Give

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

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 year |
| Furniture, fixtures and equipment | 5-20 year |
| Motor vehicles | 5-10 year |
| Aquatic equipment | 5-10 year |

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021

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 \$10,000 to operations from the Endowment Fund for the years ended December 31, 2021 and 2020.

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, 2021

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.

Subsequent Events

The organization has evaluated subsequent events through the report date, the date the financials were available to be issued, of the financial statements.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021 and 2020, are comprised of the following at December 31, 2021 and 2020:

| | 2021 | 2020 |
|---|------------|------------|
| Financial assets: | | |
| Cash and cash equivalents, without donor restriction | \$ 214,283 | \$ 195,690 |
| Accounts receivable | 5,180 | 1,796 |
| Promises to give, net | 2,125 | 3,775 |
| Investments | 457,920 | 413,557 |
| Appropriation from donor restricted endowment for general expenditure in subsequent year | 10,000 | 10,000 |
| Total financial assets as of year-end | 689,508 | 624,818 |
| Less financial assets held to meet donor-imposed restrictions: | | |
| Purpose-restricted net assets | (501,916) | (455,128) |
| Total financial assets available to meet general expenditures within the next 12 months | \$ 187,592 | \$ 169,690 |

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 as of December 31, 2021 and 2020, respectively (see Note 8).

The Council's endowment funds consisting of donor-restricted endowment income from donor-restricted endowments are restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds available for general expenditure are \$10,000 for the years ended December 31, 2021 and 2020, 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, 2021

NOTE 3 - PROMISES TO GIVE, NET

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

| | <u>2021</u> | <u>2020</u> |
|------------------------------------|-----------------|-----------------|
| Beginning promises to give balance | \$ 3,775 | \$ 7,675 |
| Current year promises to give | 2,125 | 3,775 |
| Pledge payments | <u>(3,775)</u> | <u>(7,675)</u> |
| Ending promises to give balance | <u>\$ 2,125</u> | <u>\$ 3,775</u> |

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

| | <u>2021</u> | <u>2020</u> |
|-----------------------------------|-----------------|-----------------|
| Other legacies and bequests | \$ 1,125 | \$ 3,775 |
| Other - without donor restriction | <u>1,000</u> | <u>-</u> |
| Ending promies to give | <u>\$ 2,125</u> | <u>\$ 3,775</u> |

NOTE 4 - ENDOWMENT

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

| | <u>2021</u> | | |
|----------------------------------|----------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | \$ <u>-</u> | \$ <u>501,916</u> | \$ <u>501,916</u> |
| | <u>2020</u> | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | \$ <u>-</u> | \$ <u>455,128</u> | \$ <u>455,128</u> |

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 4 - ENDOWMENT - CONTINUED

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

| | 2021 | | |
|--|----------------------------------|----------------------------|------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Net assets, December 31, 2020 | \$ - | \$ 455,128 | \$ 455,128 |
| Investment return: | | | |
| Investment income, net of investment fees | - | 25,714 | 25,714 |
| Net realized and unrealized (loss) | - | 26,849 | 26,849 |
| Total investment returns, net of investment fees | - | 52,563 | 52,563 |
| Appropriation of endowment assets for expenditure | 10,000 | (10,000) | - |
| Amounts expended | (10,000) | - | (10,000) |
| Contributions to permanent endowment | - | 8,000 | 8,000 |
| Transfers | - | (3,775) | (3,775) |
| Net assets, December 31, 2021 | \$ - | \$ 501,916 | \$ 501,916 |
| | 2020 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Net assets, December 31, 2019 | \$ - | \$ 408,005 | \$ 408,005 |
| Investment return: | | | |
| Investment income, net of investment fees | - | 10,893 | 10,893 |
| Net realized and unrealized (loss) | - | 53,628 | 53,628 |
| Total investment returns, net of investment fees | - | 64,521 | 64,521 |
| Appropriation of endowment assets for expenditure | 10,000 | (10,000) | - |
| Amounts expended | (10,000) | - | (10,000) |
| Contributions to permanent endowment | - | 4,000 | 4,000 |
| Transfers | - | (11,398) | (11,398) |
| Net assets, December 31, 2020 | \$ - | \$ 455,128 | \$ 455,128 |

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 5 - INVESTMENTS

As of December 31, 2021 and 2020, all of the Council's investments are in money market accounts or 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:

| | 2021 | 2020 |
|---|-----------|-----------|
| Investment income | \$ 30,063 | \$ 14,371 |
| Investment fees | (4,349) | (3,478) |
| Investment income, net of investment fees | 25,714 | 10,893 |
| | | |
| Realized gains | 14,827 | 9,546 |
| Net unrealized gain (loss) | 12,022 | 44,082 |
| Gains (loss) on investments | 26,849 | 53,628 |
| Total investment income, net of investment fees | \$ 52,563 | \$ 64,521 |

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, 2021 and 2020.

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, 2021 and 2020, 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, 2021

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:

| | 2021 | | | |
|--------------|------------|---------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market | \$ 47,528 | \$ - | \$ - | \$ 47,528 |
| Mutual funds | 410,392 | - | - | 410,392 |
| Total | \$ 457,920 | \$ - | \$ - | \$ 457,920 |

| | 2020 | | | |
|--------------|------------|---------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market | \$ 56,125 | \$ - | \$ - | \$ 56,125 |
| Mutual funds | 357,432 | - | - | 357,432 |
| Total | \$ 413,557 | \$ - | \$ - | \$ 413,557 |

NOTE 7 - PROPERTY AND EQUIPMENT, NET

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

| | 2021 | 2020 |
|-----------------------------------|------------|------------|
| Land | \$ 104,662 | \$ 104,662 |
| Leasehold improvements | 2,656,587 | 2,656,587 |
| Furniture, fixtures and equipment | 367,464 | 367,464 |
| Motor vehicles | 66,956 | 66,956 |
| Aquatic equipment | 249,165 | 249,165 |
| | 3,444,834 | 3,444,834 |
| Less: accumulated depreciation | 3,054,871 | 3,001,282 |
| Property and equipment, net | \$ 389,963 | \$ 443,552 |

Depreciation expense for the years ended December 31, 2021 and 2020 was \$53,589 and \$62,040, respectively.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 8 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table provides information about significant changes in deferred revenue for the years ended December 31, 2021 and 2020.

| | <u>2021</u> | <u>2020</u> |
|---|------------------|-----------------|
| Deferred activity fees, beginning of the year | \$ 5,795 | \$ 26,613 |
| Revenue recognized that was included in deferred activity fees at the beginning of the year | (5,795) | (26,613) |
| Increase in deferred revenue due to cash received during the year | <u>12,453</u> | <u>5,795</u> |
| Deferred activity fees, end of year | <u>\$ 12,453</u> | <u>\$ 5,795</u> |

NOTE 9 - 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. The agreement was not renewed during the year ended December 31, 2021. As of December 31, 2021 and 2020, there was no outstanding balance on the line of credit.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS

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

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|-------------------|
| Endowment: | | |
| Subject to spending policy and appropriation | | |
| Subject to perpetual restrictions | \$ 348,093 | \$ 348,093 |
| Investment earnings | <u>153,823</u> | <u>107,035</u> |
| | <u>\$ 501,916</u> | <u>\$ 455,128</u> |

Net assets were released from donor restrictions during 2021 and 2020 by incurring expenses satisfying time restrictions or by the occurrence of other events specified by donors.

NOTE 11 - 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 2021 and 2020 amounted to \$19,657 and \$13,693, respectively, and are included in other revenue in the Statements of Activities and Changes in Net Assets.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - NOTES PAYABLE

During 2020, the Council obtained a loan in the amount of \$149,900 from Economic Injury Disaster Loan (EIDL) from Small Business Administration in response to COVID-19. The loan is due May 2050 including interest at 2.75% per annum. The balance of the loan is \$ 148,279 and \$149,900 as of December 31, 2021 and 2020, respectively. The Council obtained a Paycheck Protection Program (PPP) loan from the Small Business Administration in the amount of \$137,900. The loan is due May 2022 with monthly payments of \$5,746 including 1% interest. No interest expense was paid by the Organization for the years ended December 31, 2021 and 2020. The loan was forgiven during the year ended December 31, 2021.

Future maturities of long-term debt are as follows as of December 31:

| | | |
|------------|----|-----------------------|
| 2022 | \$ | 3,317 |
| 2023 | | 3,409 |
| 2024 | | 3,504 |
| 2025 | | 3,602 |
| 2026 | | 3,702 |
| Thereafter | | <u>130,745</u> |
| | \$ | <u><u>148,279</u></u> |

NOTE 13 - 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, 2021 and 2020. See Note 16.

The Council leases a copier under a five-year non-cancelable lease agreement dated April 28, 2016. Monthly base payments are \$1,547. The Council leases a copier under a sixty-three month non-cancelable lease dated August 31, 2020. Monthly based lease payments are \$933. The future minimum lease payments are as follows for the years ended December 31:

| | | |
|------|----|----------------------|
| 2022 | \$ | 11,197 |
| 2023 | | 11,197 |
| 2024 | | 11,197 |
| 2025 | | <u>9,331</u> |
| | \$ | <u><u>42,922</u></u> |

NOTE 14 - CONCENTRATIONS OF RISK

The Council maintains cash and investment balances at two financial institutions. As of December 31, 2021 and 2020, 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.

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 - 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, 2021 and 2020. Pension expense (excluding the contributions made by employees) was \$53,977 and \$22,919 in 2021 and 2020, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2021, 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 \$13,606 and \$21,520, respectively, to the Thrift Plan in 2021 and 2020, 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, 2021 and 2020, the Council remitted \$63,989 and \$59,309, respectively, on behalf of its employees to the National Council related to the healthcare plan.

NOTE 16 - 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 12). The Coastal Boys' Council also donated \$209,400 and \$227,662 in support to the Council for the years ended December 31, 2021 and 2020, respectively. During 2021 and 2020, the Boys' Council advanced the Council \$0 and \$40,000, respectively, for short-term operating purposes. At December 31, 2021 and 2020, the Council owed the Coastal Boys' Council \$48,495.

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

COASTAL CAROLINA, INC., BOY SCOUTS OF AMERICA #550
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 17 - 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 \$8,703 and \$8,600 in investment earnings from the funds during each of the years ended December 31, 2021 and 2020 which are included in Friends of Scouting, net of uncollectibles in the Statement of Activities and Changes in Net Assets.

NOTE 18 - RISKS AND UNCERTAINTIES

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 on the operations of the Council are difficult to assess and predict. The Council is taking steps to mitigate the impact of the outbreak, but the ultimate success of this endeavor cannot be predicted at this time.

NOTE 19 - 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, 2020, from which the summarized information was derive.