



**Westchester-Putnam Council, Inc.
Boy Scouts of America**

Consolidated Financial Statements

December 31, 2016 and 2015

Westchester-Putnam Council, Inc.
Boy Scouts of America

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Consolidated Financial Statements
December 31, 2016 and 2015

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Independent Auditors' Report

The Executive Board Westchester-Putnam Council, Inc. Boy Scouts of America

We have audited the accompanying consolidated financial statements of Westchester-Putnam Council, Inc. Boy Scouts of America, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Westchester-Putnam Council, Inc. Boy Scouts of America as of December 31, 2016 and 2015, and the consolidated 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.

PKF O'Connor Davies, LLP

June 6, 2017

PKF O'CONNOR DAVIES, LLP

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Westchester-Putnam Council, Inc.
Boy Scouts of America
Consolidated Statements of Financial Position

	December 31, 2016				December 31, 2015			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
ASSETS								
Cash and cash equivalents	\$356,013	\$ 1,415	\$ 4,881	\$ 362,309	\$447,218	\$ 14,037	\$ 3,321	\$ 464,576
Other receivables	40,263	-	-	40,263	63,242	4,068	-	67,310
Pledges receivable, net	23,930	-	36,500	60,430	76,941	-	40,723	117,664
Inventory	67,911	-	-	67,911	55,472	-	-	55,472
Interfund accounts	(109,984)	108,898	1,086	-	14,743	(14,806)	63	-
Prepaid and deferred activity expense	144,198	-	-	144,198	68,103	-	-	68,103
Long-term investments	-	-	9,406,587	9,406,587	-	-	9,396,909	9,396,909
Beneficial interest in gift annuity	-	-	15,810	15,810	-	-	16,211	16,211
Land, building and equipment, net of accumulated depreciation	-	6,004,732	-	6,004,732	-	6,165,426	-	6,165,426
	<u>\$522,331</u>	<u>\$6,115,045</u>	<u>\$9,464,864</u>	<u>\$ 16,102,240</u>	<u>\$725,719</u>	<u>\$6,168,725</u>	<u>\$ 9,457,227</u>	<u>\$ 16,351,671</u>
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable and accrued expenses	\$294,645	\$ 1,335	\$ -	\$ 295,980	\$ 87,607	\$ 1,215	\$ -	\$ 88,822
Custodian accounts	298,489	-	-	298,489	279,491	-	-	279,491
Deferred activity and camping income	160,620	-	-	160,620	65,977	-	-	65,977
Other liabilities	11,859	-	-	11,859	14,976	-	-	14,976
Loan payable	67,000	-	-	67,000	-	-	-	-
Notes payable	-	249,330	-	249,330	-	156,641	-	156,641
Total Liabilities	<u>832,613</u>	<u>250,665</u>	<u>-</u>	<u>1,083,278</u>	<u>448,051</u>	<u>157,856</u>	<u>-</u>	<u>605,907</u>
Net Assets								
Unrestricted	(323,279)	5,864,380	5,819,318	11,360,419	245,103	6,010,869	5,830,034	12,086,006
Temporarily restricted	12,997	-	130,779	143,776	32,565	-	129,726	162,291
Permanently restricted	-	-	3,514,767	3,514,767	-	-	3,497,467	3,497,467
Total Net Assets	<u>(310,282)</u>	<u>5,864,380</u>	<u>9,464,864</u>	<u>15,018,962</u>	<u>277,668</u>	<u>6,010,869</u>	<u>9,457,227</u>	<u>15,745,764</u>
	<u>\$522,331</u>	<u>\$6,115,045</u>	<u>\$9,464,864</u>	<u>\$ 16,102,240</u>	<u>\$725,719</u>	<u>\$6,168,725</u>	<u>\$ 9,457,227</u>	<u>\$ 16,351,671</u>

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America
Consolidated Statements of Changes in Net Assets

	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
Changes in Unrestricted Net Assets								
PUBLIC SUPPORT AND REVENUE								
Direct Support								
Friends of Scouting contributions	\$ 312,533	\$ -	\$ -	\$ 312,533	\$ 363,445	\$ -	\$ -	\$ 363,445
Special events, net of direct benefit costs	289,387	-	-	289,387	294,510	-	-	294,510
Foundations and trusts	20,250	-	-	20,250	44,500	-	-	44,500
Project sales contributions	-	-	-	-	1,000	-	-	1,000
Other direct support	22,731	3,368	-	26,099	48,585	18,392	-	66,977
Total Direct Support	<u>644,901</u>	<u>3,368</u>	<u>-</u>	<u>648,269</u>	<u>752,040</u>	<u>18,392</u>	<u>-</u>	<u>770,432</u>
Indirect Support from United Ways and others	<u>17,254</u>	<u>-</u>	<u>-</u>	<u>17,254</u>	<u>18,086</u>	<u>-</u>	<u>-</u>	<u>18,086</u>
Revenue								
Sale of products, net of cost of sales	140,718	-	-	140,718	138,323	-	-	138,323
Investment income	536,344	-	206,552	742,896	528,504	-	(457,275)	71,229
Camping revenue	1,139,074	-	-	1,139,074	1,240,670	-	-	1,240,670
Activity revenue	149,513	-	-	149,513	143,210	-	-	143,210
Other revenue	55,257	-	7	55,264	55,520	8,283	9	63,812
Total Revenue	<u>2,020,906</u>	<u>-</u>	<u>206,559</u>	<u>2,227,465</u>	<u>2,106,227</u>	<u>8,283</u>	<u>(457,266)</u>	<u>1,657,244</u>
Net assets released from restrictions	<u>23,061</u>	<u>-</u>	<u>-</u>	<u>23,061</u>	<u>11,123</u>	<u>3,063</u>	<u>6,315</u>	<u>20,501</u>
Total Public Support and Revenue	<u>2,706,122</u>	<u>3,368</u>	<u>206,559</u>	<u>2,916,049</u>	<u>2,887,476</u>	<u>29,738</u>	<u>(450,951)</u>	<u>2,466,263</u>
EXPENSES								
Program services	2,500,159	369,790	-	2,869,949	2,363,876	357,905	-	2,721,781
Management and general	314,063	13,205	-	327,268	294,167	10,055	-	304,222
Fundraising	399,485	10,272	-	409,757	261,340	7,988	-	269,328
Total Functional Expenses	<u>3,213,707</u>	<u>393,267</u>	<u>-</u>	<u>3,606,974</u>	<u>2,919,383</u>	<u>375,948</u>	<u>-</u>	<u>3,295,331</u>
Charter and national service fees	<u>34,662</u>	<u>-</u>	<u>-</u>	<u>34,662</u>	<u>36,780</u>	<u>-</u>	<u>-</u>	<u>36,780</u>
Total Expenses	<u>3,248,369</u>	<u>393,267</u>	<u>-</u>	<u>3,641,636</u>	<u>2,956,163</u>	<u>375,948</u>	<u>-</u>	<u>3,332,111</u>
Change in Unrestricted Net Assets	<u>\$ (542,247)</u>	<u>\$(389,899)</u>	<u>\$ 206,559</u>	<u>\$ (725,587)</u>	<u>\$ (68,687)</u>	<u>\$(346,210)</u>	<u>\$(450,951)</u>	<u>\$ (865,848)</u>

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Changes in Net Assets *(continued)*

	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
Changes in Temporarily Restricted Net Assets								
PUBLIC SUPPORT AND REVENUE								
Direct Support								
Friends of Scouting contributions	\$ 3,493	\$ -	\$ -	\$ 3,493	\$ 10,063	\$ -	\$ -	\$ 10,063
Capital campaign	-	-	1,053	1,053	-	-	3,298	3,298
Other direct support	-	-	-	-	1,089	-	-	1,089
Total Direct Support	3,493	-	1,053	4,546	11,152	-	3,298	14,450
Revenue								
Investment income	-	-	-	-	-	-	1,687	1,687
Total Public Support and Revenue	3,493	-	1,053	4,546	11,152	-	4,985	16,137
Net assets released from restrictions	(23,061)	-	-	(23,061)	(11,123)	(3,063)	(6,315)	(20,501)
Change in Temporarily Restricted Net Assets	\$ (19,568)	\$ -	\$ 1,053	\$ (18,515)	\$ 29	\$ (3,063)	\$ (1,330)	\$ (4,364)
Changes in Permanently Restricted Net Assets								
PUBLIC SUPPORT AND REVENUE								
Direct Support								
Other direct support	\$ -	\$ -	\$ 17,300	\$ 17,300	\$ -	\$ -	\$ 13,205	\$ 13,205
Total Public Support and Revenue	-	-	17,300	17,300	-	-	13,205	13,205
Change in Permanently Restricted Net Assets	\$ -	\$ -	\$ 17,300	\$ 17,300	\$ -	\$ -	\$ 13,205	\$ 13,205

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Changes in Net Assets *(continued)*

	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
Net Assets, Beginning of Year								
Unrestricted	\$ 245,103	\$6,010,869	\$5,830,034	\$12,086,006	\$336,534	\$6,244,335	\$ 6,370,985	\$12,951,854
Temporarily restricted	32,565	-	129,726	162,291	32,536	3,063	131,056	166,655
Permanently restricted	-	-	3,497,467	3,497,467	-	-	3,484,262	3,484,262
Total Net Assets, Beginning of Year	<u>277,668</u>	<u>6,010,869</u>	<u>9,457,227</u>	<u>15,745,764</u>	<u>369,070</u>	<u>6,247,398</u>	<u>9,986,303</u>	<u>16,602,771</u>
Change in								
Unrestricted net assets (page 3)	(542,247)	(389,899)	206,559	(725,587)	(68,687)	(346,210)	(450,951)	(865,848)
Temporarily restricted net assets (page 4)	(19,568)	-	1,053	(18,515)	29	(3,063)	(1,330)	(4,364)
Permanently restricted net assets (page 4)	-	-	17,300	17,300	-	-	13,205	13,205
Change in Net Assets Before Transfers	(561,815)	(389,899)	224,912	(726,802)	(68,658)	(349,273)	(439,076)	(857,007)
Transfers	(26,135)	243,410	(217,275)	-	(22,744)	112,744	(90,000)	-
Change in Net Assets	<u>(587,950)</u>	<u>(146,489)</u>	<u>7,637</u>	<u>(726,802)</u>	<u>(91,402)</u>	<u>(236,529)</u>	<u>(529,076)</u>	<u>(857,007)</u>
Net Assets, End of Year								
Unrestricted	(323,279)	5,864,380	5,819,318	11,360,419	245,103	6,010,869	5,830,034	12,086,006
Temporarily restricted	12,997	-	130,779	143,776	32,565	-	129,726	162,291
Permanently restricted	-	-	3,514,767	3,514,767	-	-	3,497,467	3,497,467
Total Net Assets, End of Year	<u>\$ (310,282)</u>	<u>\$5,864,380</u>	<u>\$9,464,864</u>	<u>\$15,018,962</u>	<u>\$277,668</u>	<u>\$6,010,869</u>	<u>\$ 9,457,227</u>	<u>\$15,745,764</u>

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Functional Expenses

	Year Ended December 31, 2016					Year Ended December 31, 2015				
	Support Services				Total Expenses	Support Services				Total Expenses
	Program Services	Management & General	Fundraising	Total Support Services		Program Services	Management & General	Fundraising	Total Support Services	
EMPLOYEE COMPENSATION										
Salaries	\$1,180,187	\$170,053	\$132,263	\$302,316	\$1,482,503	\$1,132,291	\$163,233	\$126,959	\$290,192	\$1,422,483
Employee benefits	150,030	31,824	24,751	56,575	206,605	132,513	27,683	21,531	49,214	181,727
Payroll taxes	113,920	15,613	12,141	27,754	141,674	105,630	13,879	10,795	24,674	130,304
Employee related expense	11,021	2,388	1,858	4,246	15,267	34,990	1,107	860	1,967	36,957
Total Employee Compensation	<u>1,455,158</u>	<u>219,878</u>	<u>171,013</u>	<u>390,891</u>	<u>1,846,049</u>	<u>1,405,424</u>	<u>205,902</u>	<u>160,145</u>	<u>366,047</u>	<u>1,771,471</u>
OTHER EXPENSES										
Professional fees	12,689	29,497	109,209	138,706	151,395	14,243	30,776	15,849	46,625	60,868
Supplies	460,764	4,115	19,444	23,559	484,323	452,797	4,443	23,956	28,399	481,196
Telephone	24,963	4,076	3,170	7,246	32,209	19,786	3,555	2,765	6,320	26,106
Postage and shipping	7,424	1,648	1,281	2,929	10,353	7,300	1,930	1,501	3,431	10,731
Occupancy	173,950	7,929	6,168	14,097	188,047	194,231	11,752	9,141	20,893	215,124
Rent and maintenance of equipment	52,674	5,683	4,421	10,104	62,778	10,138	2,683	2,087	4,770	14,908
Printing and publications	10,359	1,474	1,146	2,620	12,979	16,860	2,568	1,997	4,565	21,425
Travel	62,261	6,239	4,851	11,090	73,351	69,051	7,203	5,603	12,806	81,857
Conferences and meetings	21,854	4,540	3,531	8,071	29,925	12,423	3,288	2,558	5,846	18,269
Specific assistance to individuals	66,311	8,061	6,270	14,331	80,642	45,529	2,278	1,772	4,050	49,579
Recognition awards	4,505	-	-	-	4,505	4,523	688	535	1,223	5,746
Interest expense	6,568	1,740	1,352	3,092	9,660	2,032	538	418	956	2,988
Insurance	133,391	12,498	9,722	22,220	155,611	123,762	10,097	7,853	17,950	141,712
Other expenses	49,565	9,406	60,024	69,430	118,995	52,418	7,550	26,171	33,721	86,139
Total Other Expenses	<u>1,087,278</u>	<u>96,906</u>	<u>230,589</u>	<u>327,495</u>	<u>1,414,773</u>	<u>1,025,093</u>	<u>89,349</u>	<u>102,206</u>	<u>191,555</u>	<u>1,216,648</u>
Expenses before Depreciation	2,542,436	316,784	401,602	718,386	3,260,822	2,430,517	295,251	262,351	557,602	2,988,119
Depreciation of buildings and equipment	<u>327,513</u>	<u>10,484</u>	<u>8,155</u>	<u>18,639</u>	<u>346,152</u>	<u>291,264</u>	<u>8,971</u>	<u>6,977</u>	<u>15,948</u>	<u>307,212</u>
Total Functional Expenses	<u>\$2,869,949</u>	<u>\$ 327,268</u>	<u>\$ 409,757</u>	<u>\$ 737,025</u>	<u>\$3,606,974</u>	<u>\$2,721,781</u>	<u>\$ 304,222</u>	<u>\$ 269,328</u>	<u>\$ 573,550</u>	<u>\$3,295,331</u>

See notes to consolidated financial statements

Westchester-Putnam Council, Inc.
Boy Scouts of America

Consolidated Statements of Cash Flows

	Year Ended December 31, 2016				Year Ended December 31, 2015			
	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
CASH FLOWS FROM OPERATING ACTIVITIES								
Change in net assets	\$(587,950)	\$(146,489)	\$ 7,637	\$ (726,802)	\$ (91,402)	\$(236,529)	\$ (529,076)	\$ (857,007)
Adjustments to reconcile change in net assets to net cash from operating activities								
Depreciation	-	346,152	-	346,152	-	307,212	-	307,212
(Gain) loss on investments	-	-	(607,862)	(607,862)	-	-	69,903	69,903
Contributions restricted for long-term use	-	-	(18,353)	(18,353)	-	-	(16,503)	(16,503)
Change in beneficial interest in gift annuity	-	-	401	401	-	-	430	430
Changes in operating assets and liabilities								
Receivables	75,990	4,068	4,223	84,281	53,559	10,182	16,202	79,943
Inventory	(12,439)	-	-	(12,439)	(3,821)	-	-	(3,821)
Prepaid and deferred activity expense	(76,095)	-	-	(76,095)	(25,642)	-	-	(25,642)
Interfund accounts	124,727	(123,704)	(1,023)	-	(13,855)	14,628	(773)	-
Accounts payable and accrued expenses	207,038	120	-	207,158	21,246	1,215	-	22,461
Custodial accounts	18,998	-	-	18,998	(25,317)	-	-	(25,317)
Deferred income and other liabilities	91,526	-	-	91,526	(7,823)	-	-	(7,823)
Net Cash from Operating Activities	<u>(158,205)</u>	<u>80,147</u>	<u>(614,977)</u>	<u>(693,035)</u>	<u>(93,055)</u>	<u>96,708</u>	<u>(459,817)</u>	<u>(456,164)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Sale of investments	-	-	1,725,817	1,725,817	-	-	670,518	670,518
Purchase of investments	-	-	(1,127,633)	(1,127,633)	-	-	(280,015)	(280,015)
Capital acquisitions	-	(29,458)	-	(29,458)	-	(107,098)	-	(107,098)
Net Cash from Investing Activities	<u>-</u>	<u>(29,458)</u>	<u>598,184</u>	<u>568,726</u>	<u>-</u>	<u>(107,098)</u>	<u>390,503</u>	<u>283,405</u>
CASH FLOWS FROM FINANCING ACTIVITIES								
Repayment of loans	-	(63,311)	-	(63,311)	-	(26,989)	-	(26,989)
Borrowings on loan payable	67,000	-	-	67,000	-	-	-	-
Contributions restricted for endowments	-	-	18,353	18,353	-	-	16,503	16,503
Net Cash from Financing Activities	<u>67,000</u>	<u>(63,311)</u>	<u>18,353</u>	<u>22,042</u>	<u>-</u>	<u>(26,989)</u>	<u>16,503</u>	<u>(10,486)</u>
Net Change in Cash and Cash Equivalents	(91,205)	(12,622)	1,560	(102,267)	(93,055)	(37,379)	(52,811)	(183,245)
CASH AND CASH EQUIVALENTS								
Beginning of year	447,218	14,037	3,321	464,576	540,273	51,416	56,132	647,821
End of year	<u>\$ 356,013</u>	<u>\$ 1,415</u>	<u>\$ 4,881</u>	<u>\$ 362,309</u>	<u>\$ 447,218</u>	<u>\$ 14,037</u>	<u>\$ 3,321</u>	<u>\$ 464,576</u>
SUPPLEMENTAL CASH FLOW INFORMATION								
Cash paid during year for interest	\$ -	\$ 9,660	\$ -	\$ 9,660	\$ -	\$ 2,988	\$ -	\$ 2,988
Acquisition and financing of equipment	-	156,000	-	156,000	-	98,516	-	98,516
See notes to consolidated financial statements								

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

1. Organization

The Westchester-Putnam Council, Inc., Boy Scouts of America (the "Council") operates in the counties of Westchester and Putnam, New York. The Council has two camping facilities, Durland Scout Reservation and Curtis S. Read Scout Reservation. The Council is a not-for-profit organization devoted to promoting, within the territory covered by the charter from time to time granted it by the Boy Scouts of America and in accordance with the Congressional Charter, Bylaws, and Rules and Regulations of the Boy Scouts of America, the Scouting program of promoting the ability of boys, young men and women to do things for themselves and others, training them in Scoutcraft and teaching them patriotism, courage, and self-reliance, and kindred virtues, using the methods which are now in common use by the Boy Scouts of America.

The Council's programs are classified as follows:

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

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

Boy Scouting – With the Scout Oath and Scout Law as guides, and the support of parents and religious and neighborhood organizations, Scouts develop an awareness and appreciation of their role in their community and become well-rounded young men through the advancement of the program. Scouts progress in rank through achievements, gain additional knowledge and responsibilities and earn merit badges that introduce a lifelong hobby or a rewarding career.

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

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

Learning for Life – Program to enable young people to become responsible individuals by teaching positive character traits, career development, leadership, and life skills so that they can make ethical choices and achieve their full potential.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Council has voting control and an economic interest in Trust Funds (identified below) which results in the accounts of the Trust Funds being consolidated with those of the Council in the accompanying consolidated financial statements. All intercompany transactions have been eliminated in consolidation. The Council and the Trust Funds are herein referred to as the Organization.

Financial Statement Presentation

To ensure observance of limitations and restrictions placed on the use of available resources, the Organization's accounts 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.

These consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the standards for not-for-profit organizations. Under U.S. GAAP, the Organization 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.

Trust Funds

The Council is trustee under three different Trust Funds which are included in the endowment fund. Descriptions of the funds are as follows:

Fund A – Council:

Fund A was formed in 1974 with distributions designated to support the Council's administrative and operating expenses.

Fund B – Camping:

Fund B was established in 1994 with distributions designated to support camping operations and capital improvements.

Durland Fund:

The Durland Fund was established in 1982 with distributions designated for the support of Camp Durland, a.k.a. Durland Scout Reservation and other uses as determined by the Executive Board.

Westchester-Putnam Council, Inc.
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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

Cash and Cash Equivalents

The Organization considers all highly liquid debt instruments with a maturity of three months or less at the time of purchase and which are utilized for operations to be cash equivalents.

Inventory

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

Fair Value Measurements of Financial Instruments

The Organization follows U.S. GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 assets have the highest reliability and include assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable data. Level 3 inputs are unobservable and are used to the extent that observable inputs do not exist.

The Organization follows U.S. GAAP guidance which removed the requirements to categorize within the fair value hierarchy alternative investments where fair value is measured using the Net Asset Value ("NAV") per share as a practical expedient.

Investments and Income

Investments are carried at fair value. The fair value of alternative investments has been estimated using the NAV as reported by the management of the respective alternative investment fund. Purchases and sales of securities are recorded on a trade-date basis. The realized and unrealized gains and losses are included in the change in net assets in the consolidated statements of changes in net assets.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Land, Buildings, and Equipment, and Depreciation

Land, buildings, and equipment are stated at cost or, if acquired by gift, at estimated fair value at the date of the gift. Construction in progress represents costs incurred on the construction of assets that have not been completed or placed in service as of the end of the year. The Council capitalizes expenditures for buildings, improvements, equipment, etc. with a cost in excess of \$1,000. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

<u>Category</u>	<u>Years</u>
Land improvements	10-35
Buildings	5-35
Furniture, fixtures and equipment	5
Motor vehicles	3-5

Impairment of Long-Lived Assets

The Council 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 undiscounted future cash flows from the use of the asset is less than the carrying amount of that asset. The Council has not recognized any impairment of long-lived assets during 2016 and 2015.

Contributions

Pledges receivable for contributions 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. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated cash flows. The discount recorded is computed using discount factors that approximate the risk and expected timing of future contribution payments. The discount is amortized to contribution revenue over the estimated collection period.

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 statements of changes in net assets as assets released from restrictions.

Deferred Income

Deferred income consists of monies received for camping and other activities which will be held in future years. The income is recognized when the activity takes place.

Westchester-Putnam Council, Inc.
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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Donated Materials and Services

Noncash donations are recorded as contributions at their fair value as of the date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying consolidated 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 consolidated financial statements.

Functional Expenses

The Council allocates its expenses on a functional basis among its program and supporting services based primarily on time study estimates. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Council providing those services. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payment of the charter fee to the National Council is not allocated as a functional expense.

Income Taxes

The Council and Trust Funds are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("Code") as charitable organizations whereby only unrelated business income, as defined by section 509(a)(1) of the Code, is subject to federal income tax. The Council and Trust Funds currently have no unrelated business income. Accordingly, no provision for income taxes has been recorded.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2013.

Prior Year Information

Certain information in the 2015 consolidated financial statements has been reclassified for comparative purposes to conform to the presentation in the 2016 consolidated financial statements.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is June 6, 2017.

Westchester-Putnam Council, Inc.
Boy Scouts of America

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

3. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. Cash held in financial institutions may exceed the federal depository insurance coverage limits during the year. Investments are exposed to various risks such as world events, and interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value will occur in the near term and that such changes could materially affect the amounts in the consolidated statement of financial position.

4. Receivables

Pledges receivable consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Friends of Scouting	\$ 25,551	\$ 73,726
Second Century Campaign	39,501	46,569
Less allowance for doubtful accounts	<u>(4,622)</u>	<u>(2,631)</u>
	<u>\$ 60,430</u>	<u>\$ 117,664</u>

Pledges receivable are scheduled to be collected as follows as of December 31:

	<u>2016</u>	<u>2015</u>
Pledges receivable in less than one year	\$ 65,052	\$ 90,721
Pledges receivable in one to five years	<u>-</u>	<u>31,200</u>
Total Pledges Receivable	65,052	121,921
Discount to present value	-	(1,626)
Allowance for doubtful accounts	<u>(4,622)</u>	<u>(2,631)</u>
	<u>\$ 60,430</u>	<u>\$ 117,664</u>

Pledges receivable scheduled to be collected in more than one year were discounted using a rate of 5% as of December 31, 2015.

Other receivables consisted of the following as of December 31:

	<u>2016</u>	<u>2015</u>
Popcorn sales and various camping fees	\$ 39,765	\$ 60,398
Employee advances	<u>498</u>	<u>6,912</u>
	<u>\$ 40,263</u>	<u>\$ 67,310</u>

Bad debt expense totaled \$52,711 and \$20,300 in 2016 and 2015 and is reflected in other expenses in the consolidated statement of functional expenses.

Westchester-Putnam Council, Inc.
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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

5. Investments

The assets of the Trust Funds are managed so as to provide the highest total return consistent with prudent investment practices, providing for long-term returns sufficient to cover the return requirements of the spending formula. The investment policy is intended to allow for sufficient flexibility in the management process to capture investment opportunities, yet provide parameters that will ensure prudence and care in the execution of the investment program.

The Organization's spending policy allows the operating fund to receive and recognize investment earnings originating from the Endowment Fund. Budgeted needs are planned from a total return spending formula targeted at not more than five percent multiplied by the average market value for the twelve contiguous calendar quarters ending September 30th of the year preceding the subject fiscal year.

Investments at fair value categorized by the fair value hierarchy consisted of the following as of December 31:

	2016	2015
Level 1 Inputs		
Money market funds	\$ -	\$ 12,775
Equity mutual funds	-	430,853
Fixed income mutual funds	-	405,665
Real estate mutual funds	-	128,251
Total Investments - Level 1 Inputs	-	977,544
BSA Commingled Endowment Fund, L.P. measured at NAV	9,406,587	8,419,365
Total Investments	\$ 9,406,587	\$ 9,396,909

BSA Commingled Endowment Fund, L.P. ("BSA Fund") - Investments held by the BSA Fund are valued by the custodian 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 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 Organization's unit value. The objective of the fund is to invest in fixed income, equity, and other securities for the purpose of generating investment returns for the partners. The partnership agreement provides that any partner may request a withdrawal of all or any portion of their capital account once each month.

Westchester-Putnam Council, Inc.
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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

5. Investments (continued)

Investment income is summarized as follows for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 176,007	\$ 186,941
Net gain (loss) on investments	607,862	(69,903)
Investment expenses	<u>(40,973)</u>	<u>(44,122)</u>
	<u>\$ 742,896</u>	<u>\$ 72,916</u>

6. Land, Buildings and Equipment

Land, buildings and equipment are summarized as follows as of December 31:

	<u>2016</u>	<u>2015</u>
Land		
Council Headquarters	\$ 250,000	\$ 250,000
Durland Scout Reservation	939,432	939,432
Curtis S. Read Scout Reservation	171,698	171,698
Cortland	2,875	2,875
Land Improvements		
Durland Scout Reservation	104,698	99,413
Curtis S. Read Scout Reservation	475,513	475,513
Buildings		
Council Headquarters	1,220,583	1,220,583
Durland Scout Reservation	3,742,056	3,742,056
Curtis S. Read Scout Reservation	2,668,928	2,665,560
Furniture, fixtures and equipment	735,281	731,088
Motor vehicles	747,768	624,320
Construction in progress	<u>4,612</u>	<u>-</u>
	11,063,444	10,922,538
Less accumulated depreciation	<u>5,058,712</u>	<u>4,757,112</u>
	<u>\$ 6,004,732</u>	<u>\$ 6,165,426</u>

7. Loan Payable

In March 2016, the Council entered into a revolving line of credit loan agreement to borrow up to \$250,000. The loan bears interest at a variable rate and matures on May 16, 2018. Interest rate at December 31, 2016 was 3.5%. The line is secured by the assets of the Council. The amount owed by the Council under this line of credit was \$67,000 at December 31, 2016.

Westchester-Putnam Council, Inc.
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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

8. Notes Payable

Notes payable of the Capital Fund at December 31 consist of various vehicle loans with interest rates varying from 0% to 4.24% per annum.

Maturities of notes payable are as follows for the years ending December 31:

2017	\$ 61,795
2018	53,185
2019	45,081
2020	39,869
2021	35,294
Thereafter	<u>14,106</u>
	<u>\$ 249,330</u>

9. Endowment Funds

The Organization maintains various donor-restricted and board-designated funds whose purpose is to provide long-term support for its charitable programs. In classifying such funds for financial statement purposes as either permanently restricted, temporarily restricted or unrestricted net assets, the Executive Board looks to explicit directions of the donor where applicable and the provisions of the laws of the New York State Uniform Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA includes provisions that differ from previous law, including the elimination of the historic dollar value rule with respect to endowment spending, establishment of new standards governing the expenditure and modification of restrictions on endowment funds and revision of the prudence standard for the management and investment of endowment funds.

Endowment Fund activity is summarized as follows for the year ended December 31, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net investments * - beginning	\$ 5,830,034	\$ 89,003	\$ 3,481,256	\$ 9,400,293
Contributions	-	1,783	-	1,783
Pledges receivable collected	-	20,000	1,201	21,201
Interest and dividends, net of fees	83,748	51,287	-	135,035
Capital appreciation	376,994	230,868	-	607,862
Appropriation for expenditures	(332,640)	(203,705)	-	(536,345)
Transfers	(217,275)	-	-	(217,275)
Reclass of excess expenditures	<u>78,457</u>	<u>(78,457)</u>	-	-
Net investments - ending	5,819,318	110,779	3,482,457	9,412,554
Pledge receivable	-	20,000	16,500	36,500
Beneficial interest in gift annuity	-	-	15,810	15,810
Net assets - end of year	<u>\$ 5,819,318</u>	<u>\$ 130,779</u>	<u>\$ 3,514,767</u>	<u>\$ 9,464,864</u>

Westchester-Putnam Council, Inc.
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Notes to Consolidated Financial Statements
December 31, 2016 and 2015

9. Endowment Funds (continued)

Endowment fund activity is summarized as follows for the year ended December 31, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net investments * - beginning	\$ 6,370,985	\$ 74,131	\$ 3,466,756	\$ 9,911,872
Contributions	-	-	13,205	13,205
Pledges receivable collected	-	19,510	1,295	20,805
Interest and dividends, net of fees	91,799	51,020	-	142,819
Capital depreciation	(44,931)	(24,972)	-	(69,903)
Appropriation for expenditures	(339,704)	(188,801)	-	(528,505)
Transfers	(90,000)	-	-	(90,000)
Reclass of excess expenditures	(158,115)	158,115	-	-
Net investments - ending	<u>5,830,034</u>	<u>89,003</u>	<u>3,481,256</u>	<u>9,400,293</u>
Pledges receivable	-	40,723	-	40,723
Beneficial interest in gift annuity	-	-	16,211	16,211
Net assets - end of year	<u>\$ 5,830,034</u>	<u>\$ 129,726</u>	<u>\$ 3,497,467</u>	<u>\$ 9,457,227</u>

* Including Endowment Fund cash and inter-fund accounts

10. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31:

	<u>2016</u>	<u>2015</u>
Friends of Scouting	\$ 9,997	\$ 27,168
Capital and Endowment projects	125,833	124,790
Programs	<u>7,946</u>	<u>10,333</u>
	<u>\$ 143,776</u>	<u>\$ 162,291</u>

Net assets released from restrictions were as follows for the years ended December 31:

	<u>2016</u>	<u>2015</u>
Friends of Scouting	\$ 20,061	\$ 8,123
Capital and Endowment projects	-	9,063
Programs	<u>3,000</u>	<u>3,315</u>
	<u>\$ 23,061</u>	<u>\$ 20,501</u>

**Westchester-Putnam Council, Inc.
Boy Scouts of America**

Notes to Consolidated Financial Statements
December 31, 2016 and 2015

11. Permanently Restricted Net Assets

Permanently restricted net assets consist of Endowment Fund assets to be held in perpetuity pursuant to donor restrictions. Generally, the income from the assets can be used to support the Council's general activities; however, a certain portion of the income is restricted to specific uses pursuant to donor restrictions.

Permanently restricted net assets are available for the following purposes at December 31:

	2016	2015
Permanent endowment, with earnings restricted for various programs and purposes	\$ 185,218	\$ 170,218
Permanent endowment, with no restrictions on the use of income	3,329,549	3,327,249
	\$ 3,514,767	\$ 3,497,467

12. Employee Benefit Plans

Retirement Plan

The National Council has a qualified defined benefit pension plan (the "plan") administered at the National Service Center that covers employees of the National Council and local councils, including the Westchester-Putnam Council, Inc. Boy Scouts of America. 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. Pension expense (excluding employees' contributions) for 2016 and 2015 was \$71,528 and \$62,682, respectively, and covered current service costs. The actuarial information for the plan as of February 1, 2015 indicates that it is in compliance with ERISA regulations regarding funding.

Thrift Plan

The Council has established a Thrift Plan covering substantially all employees of the Council. Participants in the Thrift Plan may elect to make voluntary before tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Internal Revenue Code of 1986, as amended. The Council has elected to match employee contributions to the Thrift Plan up to 50 percent of contributions from each participant, limited to 3 percent of each employee's gross pay compensation. The Council contributed \$11,917 and \$11,412 to the Thrift Plan in 2016 and 2015.

Healthcare Plan

The Council's employees participate in a healthcare plan provided by the National Council. The Council pays a portion for the employees, and the employees pay the remaining cost for any of their dependents participating in the plan. Healthcare expense incurred by the Council for 2016 and 2015 was \$103,947 and \$90,157.

Westchester-Putnam Council, Inc.
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Notes to Consolidated Financial Statements
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13. Special Events, Sale of Supplies and Product Sales

The Council conducted various special events during 2016 and 2015 that focused on industry related dinners, golf, shooting events and a Bowl-O-Ree. Net revenue from these events was as follows for the years ended December 31:

	2016	2015
Gross revenue	\$ 397,159	\$ 393,031
Direct expense	<u>(107,772)</u>	<u>(98,521)</u>
Special Events, Net of Direct Benefit Costs	<u>\$ 289,387</u>	<u>\$ 294,510</u>

Sales of products that the Boy Scouts sell as a fundraiser were as follows for the years ended December 31:

	2016	2015
Gross sales of products	\$ 436,324	\$ 450,869
Unit commissions	(147,460)	(152,620)
Direct costs	<u>(148,146)</u>	<u>(159,926)</u>
Sale of Products, Net of Cost of Sales	<u>\$ 140,718</u>	<u>\$ 138,323</u>

14. Scout Shop

The Council outsources its Hawthorne Scout Shop operations to the National Council. The Council receives 8% of gross sales as rent which amounted to \$51,807 and \$48,144 in 2016 and 2015. This is reported within other revenue in the consolidated statements of changes in net assets.

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