SAM HOUSTON AREA COUNCIL
BOY SCOUTS OF AMERICA

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CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE

YEARS ENDED DECEMBER 31, 2020 AND 2019

AND INDEPENDENT AUDITOR'S REPORT

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY

TABLE OF CONTENTS

MELTON & MELTON, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of
Sam Houston Area Council Boy Scouts of America and Subsidiary

Opinion

We have audited the consolidated financial statements of Sam Houston Area Council Boy Scouts of America and Subsidiary (the "Council"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, the related consolidated statement of functional expenses for the year ended December 31, 2020, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Council as of December 31, 2020 and 2019, 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 the Council 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 the Council'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council'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 have previously audited the Council's 2019 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated September 9, 2020. In our opinion, the summarized comparative information presented in the consolidated statement of functional expenses for the year ended December 31, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Melton + Melton, L.L.P.

Houston, Texas
May 7, 2021

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2020	2019	2020	2019	2020	2019	2020	2019
ASSETS								
Current Assets:								
Cash	$ 9,006,597	$ 7,797,138	$ -	$ -	$ -	$ -	$ 9,006,597	$ 7,797,138
Short-term investments	452,548	393,819	5,752,733	18,155,905	-	-	6,205,281	18,549,724
Accounts receivable	116,013	230,902	8,000	90,166	113,581	157,257	237,594	478,325
Contributions receivable	373,767	573,728	115,520	550,770	-	47,732	489,287	1,172,230
Inventories	63,387	33,865	-	-	-	-	63,387	33,865
Prepaid expenses	209,675	92,571	-	-	-	-	209,675	92,571
Total current assets	10,221,987	9,122,023	5,876,253	18,796,841	113,581	204,989	16,211,821	28,123,853
Noncurrent Assets:								
Contributions receivable	65,871	94,544	18,051	443,562	5,162,120	4,927,835	5,246,042	5,465,941
Property, net	-	-	74,885,557	68,453,428	-	-	74,885,557	68,453,428
Intangibles	-	-	1,200,000	1,200,000	-	-	1,200,000	1,200,000
Long-term investments	-	-	9,771	11,857	82,860,882	77,070,438	82,870,653	77,082,295
Cash surrender value of life insurance	-	-	-	-	245,774	231,760	245,774	231,760
Total noncurrent assets	65,871	94,544	76,113,379	70,108,847	88,268,776	82,230,033	164,448,026	152,433,424
Total Assets	**$ 10,287,858**	**$ 9,216,567**	**$ 81,989,632**	**$ 88,905,688**	**$ 88,382,357**	**$ 82,435,022**	**$ 180,659,847**	**$ 180,557,277**
LIABILITIES AND NET ASSETS								
Current Liabilities:								
Accounts payable	$ 236,647	$ 242,970	$ 66,125	$ 6,338,278	$ -	$ -	$ 302,772	$ 6,581,248
Accrued expenses	236,130	487,800	33,321	30	111,456	-	380,907	487,830
Payroll taxes withheld	-	24	-	-	-	-	-	24
Custodial accounts	1,934,775	2,374,210	-	140,585	-	-	1,934,775	2,514,795
Deferred activity income	9,104	8,523	-	-	-	-	9,104	8,523
Deferred camp income	57,656	88,515	-	-	-	-	57,656	88,515
Deferred other income	82,926	78,936	-	-	-	-	82,926	78,936
Other current liabilities	84,291	5,077	-	-	-	-	84,291	5,077
Total current liabilities	2,641,529	3,286,055	99,446	6,478,893	111,456	-	2,852,431	9,764,948
Net Assets:								
Without donor restrictions	6,874,587	4,817,610	67,768,295	64,034,538	14,770,383	18,334,394	89,413,265	87,186,542
With donor restrictions	771,742	1,112,902	14,121,891	18,392,257	73,500,518	64,100,628	88,394,151	83,605,787
Total net assets	7,646,329	5,930,512	81,890,186	82,426,795	88,270,901	82,435,022	177,807,416	170,792,329
Total Liabilities and Net Assets	**$ 10,287,858**	**$ 9,216,567**	**$ 81,989,632**	**$ 88,905,688**	**$ 88,382,357**	**$ 82,435,022**	**$ 180,659,847**	**$ 180,557,277**

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS
For the Years Ended December 31, 2020 and 2019

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2020	2019	2020	2019	2020	2019	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:								
Support and revenues:								
Direct support:								
Friends of Scouting	$ 1,772,741	$ 2,108,372	$ -	$ -	$ -	$ -	$ 1,772,741	$ 2,108,372
Capital campaign	-	-	493,052	320,943	-	-	493,052	320,943
Special events, gross	194,162	464,865	-	-	-	-	194,162	464,865
Less: Cost of direct benefit	79,677	133,247	-	-	-	-	79,677	133,247
Net special events	114,485	331,618	-	-	-	-	114,485	331,618
Foundations and trusts	373,400	478,543	-	-	-	-	373,400	478,543
Other direct	244,166	452,695	-	24,325	-	9,010	244,166	486,030
Total direct support	2,504,792	3,371,228	493,052	345,268	-	9,010	2,997,844	3,725,506
Indirect support:								
United Way	789,197	825,055	-	-	-	-	789,197	825,055
Governmental grant (Note 10)	1,287,718	-	-	-	-	-	1,287,718	-
Total indirect support	2,076,915	825,055	-	-	-	-	2,076,915	825,055
Total support	4,581,707	4,196,283	493,052	345,268	-	9,010	5,074,759	4,550,561
Revenues (losses):								
Sale of supplies, gross	1,511	4,224	-	-	-	-	1,511	4,224
Less: Cost of goods sold	682	1,616	-	-	-	-	682	1,616
Net sale of supplies	829	2,608	-	-	-	-	829	2,608
Product sales, gross	1,910,003	3,734,653	-	-	-	-	1,910,003	3,734,653
Less: Cost of goods sold	423,285	1,145,502	-	-	-	-	423,285	1,145,502
Less: Commissions paid to units	592,540	1,251,460	-	-	-	-	592,540	1,251,460
Net product sales	894,178	1,337,691	-	-	-	-	894,178	1,337,691
Investment return, net	33,201	24,245	44,316	419,672	1,712,999	1,082,871	1,790,516	1,526,788
Spending policy allocation	-	2,694,056	300,000	1,032,376	(300,000)	(3,726,432)	-	-
Camping	246,927	563,195	-	-	-	-	246,927	563,195
Activities	179,014	732,079	-	-	-	-	179,014	732,079
Gain on sale of property	-	-	-	14,945,994	-	-	-	14,945,994
Other revenue	324,008	589,595	9,273	80,096	-	-	333,281	669,691
Total revenues (losses)	1,678,157	5,943,469	353,589	16,478,138	1,412,999	(2,643,561)	3,444,745	19,778,046

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS (CONTINUED)
For the Years Ended December 31, 2020 and 2019

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2020	2019	2020	2019	2020	2019	2020	2019
Net assets released from restrictions (see Note 12):								
Satisfaction of program restrictions	$ 167,785	$ 527,523	$ -	$ -	$ -	$ -	$ 167,785	$ 527,523
Expiration of time restrictions	607,746	738,318	-	-	-	-	607,746	738,318
Satisfaction of property acquisition restrictions	-	-	4,673,866	2,755,036	-	-	4,673,866	2,755,036
Satisfaction of investment income restrictions	-	-	-	-	300,000	2,753,766	300,000	2,753,766
Total net assets released from restrictions	775,531	1,265,841	4,673,866	2,755,036	300,000	2,753,766	5,749,397	6,774,643
Other reclassifications of net assets (see Note 12):								
Restriction of property	-	-	-	(2,307,646)	-	-	-	(2,307,646)
Restriction of other direct support	-	-	-	-	(756,714)	(37,408)	(756,714)	(37,408)
Restriction of investment income	-	-	(300,000)	(932,376)	-	-	(300,000)	(932,376)
Total other reclassifications of net assets	-	-	(300,000)	(3,240,022)	(756,714)	(37,408)	(1,056,714)	(3,277,430)
Total support and revenues	7,035,395	11,405,593	5,220,507	16,338,420	956,285	81,807	13,212,187	27,825,820
Expenses:								
Program services	8,077,179	9,692,018	1,437,623	1,070,976	96,755	52,096	9,611,557	10,815,090
Support services:								
Management and general	485,348	482,460	19,152	23,472	5,829	15,628	510,329	521,560
Fundraising	739,461	803,467	29,975	55,367	8,872	4,776	778,308	863,610
Total functional expenses	9,301,988	10,977,945	1,486,750	1,149,815	111,456	72,500	10,900,194	12,200,260
Charter and national service fees	85,270	83,800	-	-	-	-	85,270	83,800
Total expenses	9,387,258	11,061,745	1,486,750	1,149,815	111,456	72,500	10,985,464	12,284,060
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(2,351,863)	343,848	3,733,757	15,188,605	844,829	9,307	2,226,723	15,541,760
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:								
Support and revenues (losses):								
Direct support:								
Friends of Scouting	191,079	397,701	-	-	-	-	191,079	397,701
Capital campaign	-	-	103,500	296,707	-	-	103,500	296,707
Special events, gross	-	4,000	-	-	-	-	-	4,000
Less: Cost of direct benefit	-	-	-	-	-	-	-	-
Net special events	-	4,000	-	-	-	-	-	4,000
Foundations and trusts	3,152	9,262	-	-	-	-	3,152	9,262
Other direct	4,932	401,359	-	-	486,737	808,463	491,669	1,209,822
Change in split-interest agreement	447	517	-	-	-	-	447	517
Legacies and bequests	-	-	-	-	239,003	484,616	239,003	484,616
Total direct support	199,610	812,839	103,500	296,707	725,740	1,293,079	1,028,850	2,402,625

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND
CHANGES IN NET ASSETS (CONTINUED)
For the Years Ended December 31, 2020 and 2019

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2020	2019	2020	2019	2020	2019	2020	2019
Indirect support:								
Investment return, net	$ -	$ -	$ -	$ -	$ 8,217,436	$ 8,383,007	$ 8,217,436	$ 8,383,007
United Way	234,761	271,410	-	-	-	-	234,761	271,410
Total indirect support	234,761	271,410	-	-	8,217,436	8,383,007	8,452,197	8,654,417
Net assets released from restrictions (total) (see Note 12)	(775,531)	(1,265,841)	(4,673,866)	(2,755,036)	(300,000)	(2,753,766)	(5,749,397)	(6,774,643)
Other reclassifications of net assets (total) (see Note 12)	-	-	300,000	3,240,022	756,714	37,408	1,056,714	3,277,430
Total support and revenues (losses)	(341,160)	(181,592)	(4,270,366)	781,693	9,399,890	6,959,728	4,788,364	7,559,829
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(341,160)	(181,592)	(4,270,366)	781,693	9,399,890	6,959,728	4,788,364	7,559,829
INCREASE (DECREASE) IN TOTAL NET ASSETS	(2,693,023)	162,256	(536,609)	15,970,298	10,244,719	6,969,035	7,015,087	23,101,589
NET ASSETS, beginning of year								
Without donor restrictions	4,817,610	4,473,762	64,034,538	48,883,341	18,334,394	18,287,679	87,186,542	71,644,782
With donor restrictions	1,112,902	1,294,494	18,392,257	17,610,564	64,100,628	57,140,900	83,605,787	76,045,958
Total net assets, beginning of year	5,930,512	5,768,256	82,426,795	66,493,905	82,435,022	75,428,579	170,792,329	147,690,740
Transfers in (out) of net assets without donor restrictions	4,408,840	-	-	(37,408)	(4,408,840)	37,408	-	-
NET ASSETS, end of year								
Without donor restrictions	6,874,587	4,817,610	67,768,295	64,034,538	14,770,383	18,334,394	89,413,265	87,186,542
With donor restrictions	771,742	1,112,902	14,121,891	18,392,257	73,500,518	64,100,628	88,394,151	83,605,787
Total net assets, end of year	**$ 7,646,329**	**$ 5,930,512**	**$ 81,890,186**	**$ 82,426,795**	**$ 88,270,901**	**$ 82,435,022**	**$ 177,807,416**	**$ 170,792,329**

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020
(With Comparative Totals for the Year Ended December 31, 2019)

	Program Services 2020	Support Services: Management & General 2020	Support Services: Fundraising 2020	Support Services: Total Support Services 2020	Total Expenses 2020	Total Expenses 2019
Employee Compensation:						
Salaries	$ 4,573,464	$ 244,123	$ 371,553	$ 615,676	$ 5,189,140	$ 5,785,484
Employee benefits	896,311	49,650	75,568	125,218	1,021,529	1,198,543
Payroll taxes	410,904	22,537	34,303	56,840	467,744	494,630
Employee related expenses	2,002	115	174	289	2,291	29,592
Total employee compensation	5,882,681	316,425	481,598	798,023	6,680,704	7,508,249
Other Expenses:						
Professional fees	409,775	116,545	61,231	177,776	587,551	372,059
Supplies	242,605	724	76,647	77,371	319,976	701,380
Telephone	64,225	3,131	4,764	7,895	72,120	58,385
Postage and shipping	3,761	130	12,292	12,422	16,183	25,219
Occupancy	769,221	26,507	40,344	66,851	836,072	962,986
Rental and maintenance of equipment	104,720	5,298	8,064	13,362	118,082	139,280
Publications and media	30,754	732	12,652	13,384	44,138	97,364
Travel	131,292	5,315	14,226	19,541	150,833	297,764
Local conferences and meetings	17,272	979	1,576	2,555	19,827	76,313
Specific assistance to individuals	11,893	-	-	-	11,893	373,429
Recognition awards	35,620	893	13,716	14,609	50,229	84,153
Insurance	262,352	4,490	6,834	11,324	273,676	356,726
Other expenses	236,595	10,303	15,666	25,969	262,564	162,841
Total other expenses	2,320,085	175,047	268,012	443,059	2,763,144	3,707,899
Total expenses before depreciation	8,202,766	491,472	749,610	1,241,082	9,443,848	11,216,148
Depreciation expense	1,408,791	18,857	28,698	47,555	1,456,346	984,112
Total Functional Expenses	**$ 9,611,557**	**$ 510,329**	**$ 778,308**	**$ 1,288,637**	**$ 10,900,194**	**$ 12,200,260**
Percent of Total Expenses by Function *	**88.18%**	**4.68%**	**7.14%**	**11.82%**		
Time Study Percentages	**86.81%**	**5.23%**	**7.96%**			

* Percentage figures after combining allocated and unallocated expenses

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Cash Flows from Operating Activities:								
Increase (decrease) in total net assets	$ (2,693,023)	$ 162,256	$ (536,609)	$ 15,970,298	$ 10,244,719	$ 6,969,035	$ 7,015,087	$ 23,101,589
Adjustments to reconcile increase (decrease) in total net assets to net cash provided by (used in) operating activities:								
Depreciation	-	-	1,456,346	984,112	-	-	1,456,346	984,112
Amortization of net discounts on bond investments	-	-	-	-	64,335	28,135	64,335	28,135
Gain on sale of property	-	-	-	(14,945,994)	-	-	-	(14,945,994)
Realized and unrealized (gain) loss on investments, net	-	-	63,703	7,113	(6,825,954)	(7,566,138)	(6,762,251)	(7,559,025)
Contributions restricted for long-term purposes	-	-	-	-	(725,740)	(1,293,079)	(725,740)	(1,293,079)
Governmental grant (Note 10)	(1,287,718)	-	-	-	-	-	(1,287,718)	-
Change in assets and liabilities:								
Accounts receivable	114,889	23,975	82,166	(90,166)	43,676	(42,659)	240,731	(108,850)
Contributions receivable	228,634	753,291	860,761	563,225	(186,553)	(425,866)	902,842	890,650
Inventories	(29,522)	10,994	-	-	-	-	(29,522)	10,994
Prepaid expenses	(117,104)	13,026	-	91,268	-	-	(117,104)	104,294
Other assets	-	26,000	-	-	-	-	-	26,000
Cash surrender value of life insurance	-	-	-	-	(14,014)	(32,705)	(14,014)	(32,705)
Accounts payable	(6,323)	41,234	(6,272,153)	5,523,938	-	-	(6,278,476)	5,565,172
Accrued expenses	(251,670)	(648)	33,291	-	111,456	-	(106,923)	(648)
Payroll taxes withheld	(24)	(285)	-	-	-	-	(24)	(285)
Custodial accounts	(498,164)	620,914	(140,585)	-	-	-	(638,749)	620,914
Deferred activity income	581	(22,942)	-	-	-	-	581	(22,942)
Deferred camp income	(30,859)	78,617	-	-	-	-	(30,859)	78,617
Deferred other income	3,990	37,219	-	-	-	-	3,990	37,219
Other current liabilities	79,214	(23,419)	-	(9,970)	-	-	79,214	(33,389)
Net cash provided by (used in) operating activities	(4,487,099)	1,720,232	(4,453,080)	8,093,824	2,711,925	(2,363,277)	(6,228,254)	7,450,779

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
For the Years Ended December 31, 2020 and 2019

	Operating Fund		Capital Fund		Endowment Fund		Total All Funds	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Cash Flows from Investing Activities:								
Proceeds from sale of property	$ -	$ -	$ -	$ 19,933,462	$ -	$ -	$ -	$ 19,933,462
Purchase of property	-	-	(7,888,475)	(22,909,498)	-	-	(7,888,475)	(22,909,498)
Proceeds from sale of investments	-	-	14,157,234	17,471,395	4,969,741	4,061,439	19,126,975	21,532,834
Purchase of investments	-	(89,432)	(1,815,679)	(22,551,775)	(3,998,566)	(3,028,649)	(5,814,245)	(25,669,856)
Net cash provided by (used in) investing activities	-	(89,432)	4,453,080	(8,056,416)	971,175	1,032,790	5,424,255	(7,113,058)
Cash Flows from Financing Activities:								
Proceeds from contributions restricted for long-term purposes	-	-	-	-	725,740	1,293,079	725,740	1,293,079
Proceeds from Paycheck Protection Program loan (Note 10)	1,287,718	-	-	-	-	-	1,287,718	-
Transfers in (out) of net assets without donor restrictions	4,408,840	-	-	(37,408)	(4,408,840)	37,408	-	-
Net cash provided by (used in) financing activities	5,696,558	-	-	(37,408)	(3,683,100)	1,330,487	2,013,458	1,293,079
Net change in cash	1,209,459	1,630,800	-	-	-	-	1,209,459	1,630,800
Cash, beginning of year	7,797,138	6,166,338	-	-	-	-	7,797,138	6,166,338
Cash, end of year	**$ 9,006,597**	**$ 7,797,138**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 9,006,597**	**$ 7,797,138**

(See Notes to Consolidated Financial Statements)

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Local Council, Sam Houston Area Council Boy Scouts of America (the "Council"), headquartered in Houston, Texas, operates in the counties of Austin, Brazos, Burleson, portions of Chambers, Colorado, Fort Bend, Grimes, Harris, Madison, Matagorda, Montgomery, portions of Trinity, Walker, Waller, Washington, and Wharton. The Council has three camping facilities. The Camp Strake Properties Foundation Incorporated (the "Foundation") was established for the benefit of the Council. 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, self-reliance, and kindred virtues, using the methods that are now in common use by the Boy Scouts of America.

Mission – The mission of the Boy Scouts of America is to prepare young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Scout Law.

Scout Oath – On my honor I will do my best to do my duty to God and my country and to obey the Scout Law; to help other people at all times; to keep myself physically strong, mentally awake, and morally straight.

Scout Law – A Scout is trustworthy, loyal, helpful, friendly, courteous, kind, obedient, cheerful, thrifty, brave, clean, and reverent.

Mission Statement of the Council – Leading Youth to Lifelong Values, Service, and Achievement.

Vision Statement of the Council – The Council will reach across the community to serve all ethnicities and youth age groups with a leadership and character-building program that has long-lasting impact.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cub Scouting – 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. Starting in 2018, families can choose to sign up their sons and daughters who are ages 5 to 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.

Scouts BSA – 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 and women ages 10 through 17 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 men and women, ages 14 through 20, become mature, responsible, caring adults. Young people learn leadership skills and participate in challenging outdoor activities, including having access to Boy Scout camping properties, a recognition program, and Youth Protection training.

Exploring – Program that enables 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.

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

Principles of Consolidation

The Council has voting control over and an economic interest in the Foundation, which results in the accounts of the Foundation being consolidated with those of the Council in the consolidated financial statements. All intercompany balances and transactions have been eliminated in the consolidation. The Council and the Foundation are hereinafter collectively referred to as the "Organization."

Prior-Period Information

The consolidated statement of functional expenses includes 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 ("U.S. GAAP"). Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Financial Statement Format

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. GAAP. Also, the Organization prepares its consolidated financial statements in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit Entities*.

The Organization reports net assets, revenue, gains and losses based on the existence or absence of donor-imposed restrictions, as follows:

- **Net assets without donor restrictions -** Net assets that are not subject to donor-imposed restrictions.
- **Net assets with donor restrictions -** Net assets that are subject to donor-imposed restrictions.

Change in Accounting Principle

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The guidance introduced ASC Topic 606 ("ASC 606") that prescribes a new five-step revenue recognition model in which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09, as amended, also required disclosures sufficient to enable users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

The Organization adopted ASC 606, effective January 1, 2019, using the modified retrospective method applying ASC 606 to contracts that were not complete as of the date of initial application. The adoption of ASC 606 resulted in no significant changes to the Organization's revenue recognition and had no effect on net assets as of the date of initial application, January 1, 2019.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Organization 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 three funds based on specified activities or objectives, the Operating Fund, the Capital Fund, and the Endowment Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

Accounts Receivable

Accounts receivable are recorded primarily for product sales and are stated at net realizable value. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. Receivable balances are charged off against the allowance for doubtful accounts when they are considered uncollectible by management. No allowance for doubtful accounts was considered necessary as of December 31, 2020 and 2019.

Inventories

Inventories consist of Scouting and other items available for resale and are stated at the lower of cost or net realizable value. Cost is determined using the average cost method.

Investments

Investments consist primarily of assets invested in mutual funds, debt and equity securities, a limited partnership, and money market and savings accounts. The Organization accounts for investments in accordance with the FASB standard for investments held by not-for-profit entities. This standard requires that investments be measured at fair value in the consolidated statements of financial position. See Note 5 for discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded as earned on the accrual basis. Dividends are recorded on the ex-dividend date. The realized and unrealized gain or loss on investments is reflected in the consolidated statements of activities and changes in net assets. Investment return restricted by a donor is reported as increases or decreases in net assets without donor restrictions if the restrictions are met in the reporting period in which the return is recognized.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment and Spending Policies

The Organization's investment policy intends for the Organization to invest in assets that would produce results exceeding the investment's purchase price and incur a reasonable yield of return, while assuming a moderate level of investment risk. The Organization expects its Endowment Fund, over time, to provide a reasonable rate of return. To satisfy this objective, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on mutual funds and debt and equity securities to achieve its long-term return objectives within prudent risk constraints.

The spending policy of the Organization defines the total funds available from the Endowment Fund in a given year (the distributable income) as up to 5% of the Endowment Fund's average market value over the preceding three years. The Endowment Fund strives to have returns greater than the proposed distribution plus costs that are appropriate and reasonable in relation to the assets, the purposes of the Organization, and the skills available to the Organization. These costs, which are netted out from the market value of the Endowment Fund prior to calculation of a distribution, are related to the audit, investment managers, and the Organization's human resources responsible for the management and growth of the investment fund. If the market value of the Endowment Fund falls to or below the amount of the Endowment Fund's donor-restricted gifts, then the spending policy may be amended in accordance with the guidelines found in the Texas Uniform Prudent Management of Institutional Funds Act ("TXUPMIFA") and may not exceed the actual earnings of the Endowment Fund. The executive committee may amend this spending policy.

Property

Property acquired prior to January 1, 1973 is stated at appraised values as established by officials of the Organization at that time. Property purchased subsequent to January 1, 1973 is recorded at cost. Donated property is recorded at the approximate fair market value of the asset on the date of donation. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The cost of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Proceeds from property disposals are unrestricted, unless restricted by the donor. Property is depreciated using the straight-line method over the estimated useful lives of the assets. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangibles

Intangibles are recorded at cost and consist of 6,000 stream mitigation credits acquired from the Houston-Conroe Mitigation Bank to offset the impact from creating an 18-acre lake on certain property. During 2019, the Organization determined the credits are no longer necessary for the creation of the lake and initiated plans to sell them resulting in the intangibles being held for sale at December 31, 2019. The sale of the credits was not completed in 2019. However, the Organization still has intentions to sell the credits in the future. Accordingly, the credits are no longer held for sale at December 31, 2020.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets (including property and intangibles) for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Organization has not recognized any impairment of long-lived assets during 2020 and 2019.

Revenue Recognition from Contracts with Customers (Excluding Contributions)

As discussed under "Change in Accounting Principle" above, the Organization adopted the provisions of ASC 606 effective January 1, 2019. The Organization accounts for revenue from exchange agreements, i.e., agreements whereby resource providers receive direct commensurate value for assets transferred, in accordance with ASC 606. Under ASC 606, an exchange agreement (contract with a customer) is an agreement which both parties have approved, that creates enforceable rights and obligations, has commercial substance and where payment terms are identified and collectability is probable. Once the Organization has entered into a contract, the contract is evaluated to identify performance obligations. For each performance obligation, revenue is recognized as control of promised goods or services transfers to the customer in an amount that reflects the consideration the Organization expects to receive in exchange for those goods or services. The amount of revenue recognized takes into account variable consideration when applicable. The Organization's contracts contained no significant variable consideration in 2020 and 2019.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service, or a bundle of goods or services, to the customer, and is the unit of accounting under ASC 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's revenues from customers are derived from camping and activity, special events, and sales of products and supplies.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Camping and Activity Revenues

Camping and activity revenues are recognized at a point in time in the period in which the services are provided. Funds received in advance of providing these services are recorded as deferred income until the services are provided.

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the benefits received by the participant at the event. This portion of the gross proceeds is recorded as revenues from contracts at a point in time in the period in which the special event is conducted; the remaining portion is treated as a contribution. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the consolidated statements of activities and changes in net assets. Payments from participants received in advance are deferred until the events occur.

Sales of Products and Supplies

Sales of products and supplies are recognized at a point in time in the period in which title to the items are transferred to the buyer.

Contract Balances

Contract assets relate to the Organization’s right to consideration for products sold or services performed but not billed at the reporting date. There were no contract assets at December 31, 2020 and 2019. Contract liabilities relate to advance consideration received from customers for which revenue has not been recognized. Contract liabilities consist primarily of deferred income from camping and activity and special events and are recorded under current liabilities in the consolidated statements of financial position. Contract liabilities are reduced when the associated revenue from the contract is recognized.

Critical Accounting Estimates

As discussed above, estimates are used to determine the portion of the gross proceeds from special events that are applicable to benefits received by the participants at such events. The Organization adjusts such estimates from time to time to reflect changes in circumstances.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition from Contributions

Contributions receivable are recognized upon notification of a donor's unconditional promise to give to the Organization. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value. An allowance for uncollectible contributions receivable is recorded based on an analysis of collection histories and on reviews of the creditworthiness of major donors. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

Other Reclassifications of Net Assets

Current period donor imposed restrictions on net assets previously reported as net assets without donor restrictions are reclassified from net assets without donor restrictions to net assets with donor restrictions. These reclassifications are reported as other reclassifications of net assets in the consolidated statements of activities and changes in net assets.

Donated Materials and Services

Donated property, investments, and other noncash donations are recorded as contributions at their fair value at their date of donation. The Organization reports the donations as net assets without donor restrictions, 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 net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization 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 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 Organization's program services and its fundraising campaigns, the value of which is not recorded in the consolidated financial statements.

Custodial Accounts

Custodial accounts primarily consist of registration and Boy's Life fees due to the National Council of the Boy Scouts of America (the "National Council"). These fees are received by the Organization from the individual units to be remitted to the National Council. In addition, custodial accounts consist of amounts on deposit for affiliated Scouting associations for their future use, and amounts on deposit by member units for purchases of uniforms and supplies. Accordingly, a liability is presented in the consolidated statements of financial position.

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the consolidated statement of functional expenses. Costs that are not directly associated with providing specific services have been allocated based upon the relative time spent by employees of the Organization providing those services. In accordance with the policy of the National Council, the payment of the charter and national service fees to the National Council are not allocated as functional expenses.

Fund Balance Transfers

Certain cash transfers between funds were made during the year to properly report all funds on a basis consistent with board designations and the Organization's accounting policies.

Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising expense for 2020 and 2019 amounted to approximately $97,000 and $101,000, respectively, and are included in other expenses in the consolidated statement of functional expenses.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"), except on net income derived from unrelated business activities. The Organization is classified as a public charity and currently has no unrelated business income. The Organization is also exempt from state income tax. Accordingly, no provision for income taxes has been recorded.

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the consolidated financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. With few exceptions, the Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2017.

Recent Accounting Pronouncements

Adopted:

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820) to modify disclosure requirements on fair value measurements. Generally, certain previously required disclosures are removed or modified, and other disclosures are added. The adoption of ASU 2018-13, in 2020, was applied retrospectively and did not affect the Organization's consolidated statements of financial position or beginning net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending:

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires the identification of arrangements that should be accounted for as leases by lessees. In general, for operating or financing lease arrangements exceeding a twelve-month term, a right-of-use asset, and a lease obligation will be recognized on the statement of financial position of the lessee while the statement of activities and changes in net assets will reflect lease expense for operating leases and amortization/ interest expense for financing leases. ASU 2016-02, as further amended by ASU 2020-05, is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The guidance is required to be applied by the modified retrospective transition approach.

In September 2020, the FASB issued ASU 2020-07 to recognize contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets and disclose the disaggregated amount of received contributions of nonfinancial assets by type. ASU 2020-07 is effective for annual reporting periods beginning after June 15, 2021, with early adoption permitted. The guidance is applied retrospectively.

Management is currently evaluating the impact the pending ASU's will have on the Organization's consolidated financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FUNDS

The Organization's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020 and 2019, are as follows:

	2020	2019
Cash – Operating Fund, net of certain custodial funds	$ 8,758,619	$7,428,596
Accounts receivable – Operating Fund	116,013	230,902
Contributions receivable – Operating Fund, net of amounts subject to donor restrictions	106,021	281,753
Total financial assets as of year-end	8,980,653	7,941,251
Appropriation from the general endowment for general expenditures in subsequent year	1,568,259	-
Appropriation from quasi-endowment for general expenditures in subsequent year	844,089	3,533,840
Financial assets available to meet general expenditures within the next 12 months	$11,393,001	$11,475,091

The Organization's endowment funds consist of donor-restricted endowments, general endowments, and a quasi-endowment (board-designated funds). Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As described in Note 1, the endowment has a spending rate of five percent. Appropriations of $1,568,259 and $844,089 from the general endowment and the quasi-endowment, respectively, will be available within the next 12 months as of December 31, 2020. Appropriations of $3,533,840 from the quasi-

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FUNDS (CONTINUED)

endowment were available within the next 12 months as of December 31, 2019. No appropriations from the general endowment were available as of December 31, 2019.

As part of the Organization'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. Additionally, the Organization has a quasi-endowment of $14,768,258 and $18,177,136 at December 31, 2020 and 2019. Although the Organization does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

The following table represents an analysis of revenue by the timing of such revenue recognized during the years ended December 31, 2020 and 2019:

	2020	2019
Revenue recognized at a point in time:		
Camping and activity	$ 425,941	$1,295,274
Special events	79,677	133,247
Sales of products and supplies	1,911,514	3,738,877
	$2,417,132	$5,167,398

Accounts Receivable from Contracts with Customers

The following table provides information about accounts receivable from contracts with customers for 2020 and 2019:

	2020	2019
Accounts receivable, beginning of year	$321,068	$254,877
Accounts receivable, end of year	$124,013	$321,068

The Organization recognized no credit losses related to accounts receivable from contracts with customers in 2020 and 2019.

Contract Liabilities

The following table provides information about contract liabilities for 2020 and 2019:

	2020	2019
Deferred income, beginning of the year	$175,974	$ 83,080
Deferred income, end of the year	$149,686	$175,974

NOTE 3 - REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

All contract liabilities were current at both the beginning and the end of the years ended December 31, 2020 and 2019.

NOTE 4 - INVESTMENTS

Investments, at fair value, as of December 31, 2020 and 2019 are comprised of the following:

	2020	2019
Limited partnership - Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP	$ 84,292	$ 462,856
Mutual funds	10,774,050	29,808,219
Debt securities	24,744,172	28,226,050
Equity securities	47,564,486	31,524,938
Money market and savings accounts	5,908,934	5,609,956
	$89,075,934	$95,632,019
Classified as follows in the consolidated statements of financial position:		
Short-term investments	$ 6,205,281	$18,549,724
Long-term investments	82,870,653	77,082,295
	$89,075,934	$95,632,019

The following schedule summarizes the investment return in the consolidated statements of activities and changes in net assets for the years ended December 31, 2020 and 2019:

	2020	2019
Without donor restrictions:		
Interest and dividend income	$ 694,222	$ 922,224
Net realized and unrealized gains (losses)	1,096,294	604,564
	1,790,516	1,526,788
With donor restrictions:		
Interest and dividend income	2,551,479	1,428,546
Net realized and unrealized gains (losses)	5,665,957	6,954,461
	8,217,436	8,383,007
	$10,007,952	$9,909,795

NOTE 4 - INVESTMENTS (CONTINUED)

Income from interest and dividends on investments and realized and unrealized gains and losses on investments ("Investment Income, Gains, and Losses") are mostly recognized and initially recorded in the Endowment Fund. Distributions of Investment Income, Gains, and Losses from the Endowment Fund are recorded as income by the Operating and Capital Funds in the period in which the distributions are made in accordance with the Organization's spending policy (Note 1) and included in the spending policy allocation presented on the consolidated statements of activities and changes in net assets. For 2020 and 2019, investment expenses were $230,413 and $182,543, respectively, and are netted against investment return in the consolidated statements of activities and changes in net assets.

NOTE 5 - SUMMARY OF FAIR VALUE MEASUREMENTS

Various inputs are used in determining the fair value of the Organization's assets and liabilities. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. In addition, U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The three levels of the fair value hierarchy, including the types of assets and liabilities that fall under each category and the valuation methodologies used to measure fair value, are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Debt and equity securities - Valued at the closing market price on the New York Stock Exchange or an active secondary market.

Mutual funds - Valued at net asset value ("NAV") of shares held by the Organization at year-end. NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Money market and savings accounts - Comprised of funds invested in savings accounts at various financial institutions and money market mutual funds. Funds invested in savings accounts are reported at the value of deposited funds and net investment earnings less withdrawals and fees. The money market mutual funds consist primarily of domestic commercial paper and other cash management instruments, such as repurchase agreements and master notes, U.S. government and corporate obligations, and other securities of foreign issuers. The funds seek to maintain a stable NAV of $1.

Level 2 - Inputs to the methodology are other than quoted market prices in active markets that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices that are in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

NOTE 5 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 - Inputs to the valuation methodology are unobservable inputs (i.e., projections, estimates, interpretations, etc.) that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP (“NB Fund”) - Investments held by the NB Fund are in private equity investments and valued at fair value based on the best information available. Securities listed on a securities exchange are valued at the closing price less a discount to reflect legal restrictions associated with the securities, if any. Private interests are valued based on a methodology that begins with the most recent information available from the general partner of the underlying fund or the lead investor of a direct co-investment, and considers subsequent transactions, such as drawdowns or distributions, as well as other reliable information that reports or indicates valuation changes, including realizations and other portfolio company events. The NB Fund’s private equity investments are diversified in large-cap buyout, mid-cap buyout, special situations, and venture capital. The NB Fund is valued at the Organization’s ownership percentage in the NB Fund’s underlying net assets. Redemptions are not permitted during the life of the NB Fund. The return of capital and the realization of gains on investments, if any, will generally occur only upon the partial or complete disposition of an investment by the NB Fund, which is not within the control of the fund’s general partner or advisor. The liquidation period of the NB Fund is unknown.

Beneficial interest in split-interest agreements - Contributions receivable from the Organization’s beneficial interest in split-interest agreements is based on the fair value of the assets held in the trust, as reported by the trustee, multiplied by the Organization’s percentage of trust assets to be received from the trust and a present value discount factor based on beneficiary life expectancies and a stated rate of return in the agreement or the prime rate in effect on the receipt date of the trust. The Organization will never receive the trust assets or have the ability to direct the trustee to redeem them.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The inputs and methodologies used for valuing assets and liabilities are not an indication of the risk associated with those assets and liabilities. There have been no changes in the methodologies used at December 31, 2020 or 2019.

NOTE 5 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables provide fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2020 and 2019:

	December 31, 2020			
Description	Level 1	Level 2	Level 3	Total
Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP	$ -	$ -	$ 84,292	$ 84,292
Mutual funds	10,774,050	-	-	10,774,050
Debt securities	24,744,172	-	-	24,744,172
Equity securities	47,564,486	-	-	47,564,486
Money market and savings accounts	5,908,934	-	-	5,908,934
Total investments	88,991,642	-	84,292	89,075,934
Beneficial interest in split-interest agreements (Notes 8 and 14)	-	-	2,913,380	2,913,380
Total recurring fair value measurements	$88,991,642	$ -	$2,997,672	$91,989,314

	December 31, 2019			
Description	Level 1	Level 2	Level 3	Total
Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP	$ -	$ -	$ 462,856	$ 462,856
Mutual funds	29,808,219	-	-	29,808,219
Debt securities	28,226,050	-	-	28,226,050
Equity securities	31,524,938	-	-	31,524,938
Money market and savings accounts	5,609,956	-	-	5,609,956
Total investments	95,169,163	-	462,856	95,632,019
Beneficial interest in split-interest agreements (Notes 8 and 14)	-	-	2,722,973	2,722,973
Total recurring fair value measurements	$95,169,163	$ -	$3,185,829	$98,354,992

NOTE 5 - SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables present the Organization's Level 3 assets, the valuation techniques used to measure the fair value of those assets, the significant unobservable inputs, and the ranges of values for those inputs.

	2020			
Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Beneficial Interest in Split-Interest Agreements	$2,913,380	Present value of future payments	Life expectancies Discount rates	Various 3.4%-6%
Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP	$ 84,292	Fair value of underlying assets	Closing prices, pricing models, discounted cash flows	Unknown

	2019			
Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Beneficial Interest in Split-Interest Agreements	$ 2,722,973	Present value of future payments	Life expectancies Discount rates	Various 3.4%-6%
Neuberger Berman Crossroads Fund XVIII - Asset Allocation, LP	$ 462,856	Fair value of underlying assets	Closing prices, pricing models, discounted cash flows	Unknown

Management determines the fair value measurement valuation policies and procedures, including those for Level 3 recurring measurements. The Organization's board of directors assesses and approves these policies and procedures. At least annually, management determines if the current valuation techniques used in fair value measurements are still appropriate and evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and third-party information.

The fair values of cash, accounts receivable, and accounts payable approximate their respective carrying values due to the short-term nature of these accounts.

NOTE 6 - PROPERTY

Property at December 31, 2020 and 2019 consists of the following:

	Useful Lives	2020	2019
Land		$13,982,582	$13,978,570
Building, structures, and land improvements	5 - 50 years	69,571,156	22,964,477
Furniture, fixtures, and equipment	2 - 30 years	7,980,650	5,242,635
Construction in progress		1,459,748	42,919,980
		92,994,136	85,105,662
Less: Accumulated depreciation		18,108,579	16,652,234
		$74,885,557	$68,453,428

Land in the amount of approximately $8 million is restricted for use as a camp at December 31, 2020 and 2019. The Organization may sell all or any portion of the land as it deems necessary; however, the sale proceeds must be applied either to acquire replacement property that will be used for the same purpose or for other purposes specifically permitted by the agreement with the donor.

NOTE 7 - PROPERTY HELD FOR SALE

During 2016, the Organization initiated plans to sell the El Rancho Cima Scout Ranch (“Cima”). The decision to sell the camp was based on the financial performance of the camp and significant expenditures required to repair the flooding damages incurred at the camp. In April 2019, the Cima property was sold for approximately $20 million with a realized gain of approximately $15 million.

NOTE 8 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2020 and 2019 consist of the following:

	2020	2019
United Way	$ 234,781	$ 271,410
Friends of Scouting	232,463	439,734
Beneficial interest in split-interest agreements (Note 14)	2,913,380	2,722,973
Other unrestricted promises	7,267	18,974
Restricted to capital campaign	135,520	1,032,002
Restricted to Endowment Fund	4,511,399	4,559,131
Less: Discount for timing of cash flows	(2,267,737)	(2,350,163)
Subtotal	5,767,073	6,694,061
Less: Allowance for uncollectible contributions receivable	(31,744)	(55,890)
Total contributions receivable	$ 5,735,329	$ 6,638,171

NOTE 8 - CONTRIBUTIONS RECEIVABLE (CONTINUED)

	2020	2019
Contributions receivable, due in:		
Less than one year	$ 489,287	$ 1,172,230
One to five years	5,246,042	5,465,941
	$ 5,735,329	$ 6,638,171

The discount for timing of cash flows is computed using the risk-free interest rate applicable to the year in which the contribution is received or the Internal Revenue Service's actuarial mortality table, Table R(2). Risk-free interest rates range from 3.25% to 7.25% and Table R(2) rates range from 0.30 to 0.64.

Allocations from United Way of Greater Houston for $220,560 and $257,342 (designated for general operating purposes for the first three months of 2021 and 2020, respectively) have been recorded in the consolidated financial statements since the amounts were pledged in 2020 and 2019, respectively. The Organization has been notified of an additional allocation from United Way of Greater Houston in 2021 for approximately $565,122. The revenue from the additional allocation will be recorded in 2021 when the firm commitment is received.

NOTE 9 - CONDITIONAL CONTRIBUTION

In April 2016, a donor changed the terms of its initial $5 million matching grant, as a result of board-approved changes to the scope of the Organization's Leaders of Tomorrow campaign. The terms of the revised grant no longer retain the matching requirement, but funding is contingent upon meeting mutually agreed-upon metrics. The revised grant further provides the remaining unfunded portion of the grant ($3,000,000) will be restricted to expanding the Organization's staff to grow Scouting. Through December 31, 2020, the Organization has received $2.5 million of the grant, of which $500,000 was received in 2019. There were no funds received in 2020. Funds totaling approximately $232,000 and $390,000 are restricted at December 31, 2020 and 2019, respectively.

NOTE 10 - PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received proceeds of $1,287,718 under the Paycheck Protection Program ("PPP") administered by a Small Business Administration ("SBA") approved partner. The proceeds were received in the form of a loan which bears interest at 1% per annum and matures in April 2022. Established as part of the CARES Act, the PPP provides forgivable loans to qualifying organizations for certain expenditures, such as payroll and related benefits, rent, and utilities. Prior to December 31, 2020, the Organization applied for loan forgiveness, and in March 2021, the SBA approved the Organization's loan forgiveness application. The loan proceeds were initially recorded as a refundable governmental grant advance. The Organization determined the conditions of the loan to be met upon the occurrence of eligible expenditures and the submission of the loan forgiveness application, which all occurred in 2020. Accordingly, the full amount of the proceeds, $1,287,718, is reported as governmental grant indirect support in 2020 in the consolidated statements of activities and changes in net assets.

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

2020

	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditure for a specific purpose:				
Special events	$ 2,000	$ -	$ -	$ 2,000
Wood Badge/NYLT Scholarships	15,992	-	-	15,992
Sales and onboarding division	231,876	-	-	231,876
Other	7,991	32,966	-	40,957
Building and equipment purchase/ maintenance:				
Bovay Scout ranch - land acquisition	-	358,213	-	358,213
Camp Strake	-	3,064,627	-	3,064,627
Leaders of Tomorrow campaign	-	183,792	-	183,792
Total purpose restrictions	257,859	3,639,598	-	3,897,457
Subject to the passage of time:				
Friends of Scouting	275,191	-	-	275,191
Scouting activities	198,116	-	-	198,116
Exploring activities	22,444	-	-	22,444
United Way designation	14,204	-	-	14,204
Legacies and bequests	3,928	-	-	3,928
Total passage of time restrictions	513,883	-	-	513,883
Perpetual in nature:				
Land use restrictions	-	10,482,293	-	10,482,293
Endowment - subject to endowment spending policy and appropriation:				
General use	-	-	41,787,290	41,787,290
Program activities	-	-	31,713,228	31,713,228
Total subject to endowment spending policy and appropriation:	-	-	73,500,518	73,500,518
Total net assets with donor restrictions	$ 771,742	$ 14,121,891	$ 73,500,518	$ 88,394,151

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

2019	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditure for a specific purpose:				
Special events	$ 4,000	$ -	$ -	$ 4,000
Wood Badge/ NYLT Scholarships	11,060	-	-	11,060
Sales and onboarding division	390,328	-	-	390,328
Other	12,172	27,717	-	39,889
Building and equipment purchase/ maintenance:				
Order of the Arrow	-	140,585	-	140,585
Bovay Scout ranch - land acquisition	-	358,213	-	358,213
Camp Strake	-	4,162,482	-	4,162,482
Fleming Cub World	-	80,292	-	80,292
Leaders of Tomorrow campaign	-	3,140,675	-	3,140,675
Total purpose restrictions	417,560	7,909,964	-	8,327,524
Subject to passage of time:				
Friends of Scouting	420,451	-	-	420,451
Scouting activities	233,078	-	-	233,078
Exploring activities	24,264	-	-	24,264
United Way designation	14,068	-	-	14,068
Legacies and bequests	3,481	-	-	3,481
Total passage of time restrictions	695,342	-	-	695,342
Perpetual in nature:				
Land use restrictions	-	10,482,293	-	10,482,293
Endowment - subject to endowment spending policy and appropriation:				
General use	-	-	35,937,334	35,937,334
Program activities	-	-	28,163,294	28,163,294
Total subject to endowment spending policy and appropriation	-	-	64,100,628	64,100,628
Total net assets with donor restrictions	$ 1,112,902	$ 18,392,257	$ 64,100,628	$ 83,605,787

NOTE 12 - RECLASSIFICATIONS OF NET ASSETS

Net assets were released from donor restrictions during 2020 and 2019 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. Net assets released were related to the following:

	2020	2019
Satisfaction of program restrictions:		
Special events	$ 2,000	$ 15,000
Foundations and trusts	5,000	250
Other direct support	160,785	512,273
Expiration of time restrictions:		
Friends of Scouting	336,338	445,503
United Way	271,408	292,815
Satisfaction of property acquisition restrictions	4,673,866	2,755,036
Satisfaction of investment income restrictions	300,000	2,753,766
	$5,749,397	$6,774,643

Other reclassifications of net assets, resulting from donor restrictions imposed on net assets otherwise without restrictions, were as follows in 2020 and 2019:

	2020	2019
Restriction of other direct support	$ 756,714	$ 37,408
Restriction of property	-	2,307,646
Restriction of investment income	300,000	932,376
	$1,056,714	$3,277,430

The proceeds from the sale of certain property in a prior year are purpose-restricted as $34,000,000 in the Endowment Fund and $28,445,669 in the Capital Fund. In 2014, the agreement with the donor of funds used to acquire the original property was amended to allow the release of approximately $16,063,000 of net assets with donor restrictions to net assets without restrictions in the Endowment Fund. It was further amended to create a new account in the Capital Fund ("Capital Account") for future use of depreciation and improvements, including long-term major maintenance projects, purchase and replacement of major equipment and vehicles, future permanent improvements, and future additional land acquisitions for expansion of the current acreage. The Capital Account is required to be funded, annually, with at least $200,000 of the Organization's spending policy distributable amount from the donor's related account in the Endowment Fund. In 2020 and 2019, the Organization funded the Capital Account with $300,000 and $932,376, respectively, and accordingly, reclassified the funds as net assets with donor restrictions.

NOTE 13 - ENDOWMENT FUND

The purpose of the Organization's Endowment Fund, also called the Investment Fund, is to assist in the financial requirements of the Organization in its delivery of a quality Scout program, in its service to its chartering partners, and in its long-term financial sustainability. The Endowment Fund of the Organization is made up of net assets both with and without donor restrictions, including several individual funds established for a variety of purposes. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions, identified by the Organization's board of directors to be used for future investment and growth, are included in net assets without donor restrictions – board-designated.

The Organization has interpreted TXUPMIFA as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies the following as net assets with donor restrictions - perpetual in duration: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in duration is classified as 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 TXUPMIFA. In accordance with TXUPMIFA, the Organization 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 Organization 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 investments.
(6) Other resources of the Organization.
(7) The investment policies of the Organization.

NOTE 13 - ENDOWMENT FUND (CONTINUED)

Endowment fund net assets consisted of the following at December 31, 2020 and 2019:

2020	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds, perpetual in duration - original gift amount	$ -	$ 31,931,543	$ 31,931,543
Donor-restricted capital/program services funds	-	28,605,306	28,605,306
Cash surrender value of life insurance	-	245,774	245,774
Unpaid contributions	-	5,162,120	5,162,120
Accrued interest receivable	113,581	-	113,581
Accrued expense	(111,456)	-	(111,456)
Accumulated investment gains	-	7,556,904	7,556,904
Accumulated investment losses	-	(1,129)	(1,129)
Board-designated funds	14,768,258	-	14,768,258
Total endowment fund net assets	$ 14,770,383	$ 73,500,518	$ 88,270,901

2019	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted funds, perpetual in duration - original gift amount	$ -	$ 30,688,725	$ 30,688,725
Donor-restricted capital/program services funds	-	28,605,306	28,605,306
Cash surrender value of life insurance	-	231,760	231,760
Unpaid contributions	-	4,975,567	4,975,567
Accrued interest receivable	157,257	-	157,257
Accumulated investment gains	-	1,218,464	1,218,464
Accumulated investment losses	-	(1,619,194)	(1,619,194)
Board-designated funds	18,177,137	-	18,177,137
Total endowment fund net assets	$ 18,334,394	$ 64,100,628	$ 82,435,022

SAM HOUSTON AREA COUNCIL BOY SCOUTS OF AMERICA
AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 13 - ENDOWMENT FUND (CONTINUED)

Changes in endowment fund net assets consisted of the following for the years ended December 31, 2020 and 2019:

2020	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets:			
Balance, beginning of year	$ 18,334,394	$ 64,100,628	$ 82,435,022
Investment return:			
Investment income	553,003	2,551,480	3,104,483
Net realized and unrealized gains (losses)	1,159,996	5,665,956	6,825,952
Donor-restricted funds, perpetual in duration - original gift amount	-	725,740	725,740
Reclassification of Endowment funds	(756,714)	756,714	-
Appropriation of net assets for expenditure	(4,520,296)	(300,000)	(4,820,296)
Balance, end of year	$ 14,770,383	$ 73,500,518	$ 88,270,901

2019	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets:			
Balance, beginning of year	$ 18,287,679	$ 57,140,900	$ 75,428,579
Investment return:			
Investment income	398,694	1,428,545	1,827,239
Net realized and unrealized gains (losses)	611,676	6,954,462	7,566,138
Donor-restricted funds, perpetual in duration - original gift amount	-	1,293,079	1,293,079
Board-designated funds - original gift amount	9,010	-	9,010
Transfers in	-	37,408	37,408
Appropriation of net assets for expenditure	(972,665)	(2,753,766)	(3,726,431)
Balance, end of year	$ 18,334,394	$ 64,100,628	$ 82,435,022

NOTE 13 - ENDOWMENT FUND (CONTINUED)

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or applicable state law requires the Organization to retain as funds of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. At December 31, 2020, funds with an original gift value of $180,035, fair value of $178,907 and deficiency of $1,128 were reported in net assets with donor restrictions. At December 31, 2019, funds with original gift values of $44,660,819, fair values of $43,041,627 and deficiencies of $1,619,192 were reported in net assets with donor restrictions. Deficiencies of this nature result from unfavorable market fluctuations and continued appropriations. The Organization has interpreted the TXUPMIFA and applicable state trust laws to permit spending from underwater endowments in accordance with prudent measures required under law.

NOTE 14 - SPLIT-INTEREST AGREEMENTS

A split-interest agreement is an agreement in which a donor contributes assets directly to the Organization or places them in a trust for the benefit of the Organization and the Organization is not the sole beneficiary of the assets' economic value. The contributed assets are held, invested, and administered by the Organization or a trustee who is responsible for making the required distributions to the beneficiaries. Upon expiration of the agreements, the remaining assets will be distributed to or retained by the Organization.

The Organization is the recipient of various charitable remainder trusts. Under terms of the split-interest agreements, the Organization is to receive a percentage of the trusts' assets upon the death of a beneficiary, as defined in the agreements. Until receipt of the assets from the trusts, the Organization reports the trusts' assets in the Operating or Endowment Fund's net assets with donor restrictions as determined by the Organization's unsolicited gifts policy. Upon receipt of the assets from the trusts, the trusts' assets will be released to net assets without donor restrictions in the applicable fund. Based on the life expectancies of the beneficiaries and the stated rate of return in the agreements or the prime rate in effect on the receipt date of the trust, the present value of the future benefits expected to be received by the Organization from the trusts, combined, was estimated to be approximately $2,913,000 and $2,723,000 at December 31, 2020 and 2019, respectively.

In 2020 and 2019, the Organization recorded changes in the value of the split-interest agreements amounting to approximately $190,000 and $400,000, respectively.

NOTE 15 - ENDOWED FUND AGREEMENT

Endowment Fund

The Organization has established an endowment fund to be permanently held and managed for the long-term use and benefit of a Boy Scout camp, as defined in the agreement (the "Camp"). The fund consists of the grantor's annual grants and unexpended income.

NOTE 15 - ENDOWED FUND AGREEMENT (CONTINUED)

In furtherance of the grantor's mission to support the Boy Scouts, and for as long as the agreement remains in effect, the grantor intends to make annual grants to the endowment fund equal to 25% of the annual qualifying distributions made by the grantor within the meaning of Section 4942 of the IRC and as reported in its annual Form 990 ("Annual Qualifying Distributions").

Non-Endowment Grants

In addition to the endowment grants mentioned above, the grantor intends to make annual non-endowment grants to the Organization equal to 12.5% of the grantor's Annual Qualifying Distributions. Such grants shall be used by the Organization to support the Camp or other projects that further the ideas and goals of the grantor and the Organization, as approved in advance on an annual basis by the board of directors of the grantor.

In March 2019, the grantor restated its original agreement by entering into a new agreement (the "Restated Agreement") with the Organization. The Restated Agreement retains the endowment fund established under the original agreement and the basis for determining the grantor's annual grants. Additionally, the Restated Agreement restricts future additions to the endowment fund, limits the endowment fund to $10 million, and eliminates non-endowment grants. Future distributions from the endowment fund may be made in an amount determined under the Organization's spending policy (Note 1). In 2020 and 2019, the Organization received annual endowment grants, under the Revised Agreement, of approximately $480,000 and $782,000, respectively.

NOTE 16 - 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 Organization. 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 with a hire date prior to December 31, 2018 and who have agreed to make contributions. Effective December 31, 2018, the Plan was closed to all new hires, and Plan benefits were frozen for non-grandfathered participants. Non-grandfathered participants are employees with less than 15 years of service as of January 1, 2019, and whose age plus years of service is less than or equal to 60 years.

In 2019 and 2020, only grandfathered employees and the Organization contributed to the Plan at a rate of 4.25% and 7.75% of employee compensation, respectively. Pension expense (excluding the contributions made by employees) was $156,582 and $116,079 in 2020 and 2019, respectively, and covered current service cost.

NOTE 16 - EMPLOYEE BENEFIT PLANS (CONTINUED)

The Plan is a multi-employer plan, and the individual information for each employer is not available. The actuarial information for the multi-employer plan as of February 1, 2020 indicates that it is in compliance with the Employee Retirement Income Security Act regulations regarding funding. The assumed rate of return used in determining actuarial present values of accumulated benefits at December 31, 2020 and 2019 was 6.50%. The actuarial value includes all Plan amendments as of February 1, 2020. Effective August 1, 2020, the Plan was amended to freeze benefits for the remaining grandfathered participants.

Thrift Plan

The Organization has a thrift plan that covered substantially all of the employees of the Organization through December 31, 2018. Effective January 1, 2019, the plan was amended to cease enrollment and freeze participant benefits. No further employee or employer contributions have been made to the plan.

Savings Plan

Effective January 1, 2019, the Organization participates in a defined contribution plan established by the National Council for the benefit of all eligible employees of the Organization. The plan name is the Boy Scouts of America Match Savings Plan ("Savings Plan"). Eligible employees are automatically enrolled in the Savings Plan with a deferral rate of 3.25% that increases 1% per year up to a maximum of 7.25% of compensation. The Organization matches employee contributions up to 50% of contributions from each participant, limited to 6% of each employee's compensation. The Organization contributed approximately $220,000 and $285,000 to the Savings Plan in 2020 and 2019, respectively.

Health Care Plan

The Organization's employees participate in a health care plan provided by the National Council. The Organization 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, 2020 and 2019, the Organization remitted approximately $583,000 and $611,000, respectively, on behalf of its employees to the National Council related to the health care plan.

NOTE 17 - COMMITMENTS AND CONTINGENCIES

Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist principally of cash at financial institutions. At times, the balances in cash accounts may be in excess of federally insured limits. Management continuously monitors the Organization's balances at financial institutions and invests excess operating cash in short-term investments.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Legal Claims

The Organization is involved in various legal matters arising in the normal course of operations. The Organization does not believe that the ultimate resolution of these matters will have a significant effect on its consolidated financial position.

Operating Leases

The Organization accounts for the lease of office equipment and Scout shops as operating leases. Total rent expense amounted to approximately $329,000 and $322,000 for 2020 and 2019, respectively. These leases will expire on various dates through 2024. As of December 31, 2020, the minimum required future lease payments under these leases are as follows:

For the Year Ending December 31:	
2021	$138,021
2022	130,596
2023	83,290
2024	16,500
	$368,407

COVID-19 Pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization continues to monitor its investment portfolio and its liquidity. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration of the outbreak and its impact on the Organization's donors, customers, employees, and vendors, all of which cannot be currently determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

National Council - Chapter 11 Bankruptcy

The National Council provides the Organization with a charter, program materials and support for administration, as well as sponsoring certain benefit plans for the Organization's employees. Since 1978, the National Council has operated a general liability insurance program ("GLIP") in which the Organization participates. On February 18, 2020, the National Council filed for protection under chapter 11 of the United States Bankruptcy Code. The National Council continues to operate its business and has received bankruptcy court approval to continue its relationship with the local councils, including the benefit and insurance programs noted above. Neither the Organization nor any other local council are currently parties to the bankruptcy proceeding. The National Council has sought to stay litigation against both the National Council and local councils and has proposed a plan of reorganization that would protect local councils from any further legal exposure for abuse claims arising prior to February 18, 2020, subject to a to-be-determined contribution from local councils. The ability of the National Council to confirm such a plan and the size of the potential contribution, if any, from the Organization is unknown. Management of the Organization is unable to assess the effect, if any, the resolution of these matters by the National Council may have on the Organization's operations or its consolidated financial statements.

NOTE 18 - SCOUT SHOPS

The National Council operates five Scout shops within the Houston area. The National Council manages the Scout shops and pays the Organization an 8% commission on gross sales up to $750,000 and 13% on sales in excess of $750,000. The commissions earned (before expenses) by the Organization during 2020 and 2019 amounted to approximately $165,000 and $427,000, respectively, which are included in other revenue in the consolidated statements of activities and changes in net assets.

NOTE 19 - SUBSEQUENT EVENTS

On January 13, 2021, the SBA began accepting applications for second-draw PPP loans ("Second Draw"). The Organization received a Second Draw, which was in the form of a note dated February 9, 2021, in the amount of $1,302,933. The Second Draw bears interest at a rate of 1% per annum and matures on February 9, 2026. Some qualifying expenses under the Second Draw include payroll, rent, utilities, worker protection costs related to COVID-19, and certain supplier costs and expenses for operations. Upon meeting defined criteria in the program, the loan may be forgiven.

Management has evaluated subsequent events through May 7, 2021, the date the consolidated financial statements were available to be issued.