

**JUNIATA VALLEY COUNCIL, INC.
BOY SCOUTS OF AMERICA**

FINANCIAL STATEMENTS

**For the Years Ended
December 31, 2018
and
December 31, 2017**

**JUNIATA VALLEY COUNCIL, INC.
BOY SCOUTS OF AMERICA
FINANCIAL STATEMENTS
December 31, 2018 and 2017**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Juniata Valley Council, Inc.
Boy Scouts of America
Reedsville, Pennsylvania

We have audited the accompanying financial statements of Juniata Valley Council, Inc. Boy Scouts of America (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets, statement of functional expenses, and statements of 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.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Juniata Valley Council, Inc. Boy Scouts of America, as of December 31, 2018 and 2017, 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.

CPA Associates

CPA Associates
Certified Public Accountants
Huntingdon, Pennsylvania

June 21, 2019

FINANCIAL STATEMENTS

JUNIATA VALLEY COUNCIL, INC.
BOY SCOUTS OF AMERICA
STATEMENTS OF FINANCIAL POSITION
December 31,

	Operating Fund		Capital Fund		Endowment Fund		Total for All Funds	
	2018	2017	2018	(Restated) 2017	2018	2017	2018	(Restated) 2017
<u>ASSETS</u>								
Current Assets								
Cash	\$ 439,323	\$ 167,454	\$ 275,943	\$ 137,148	\$ 27,150	\$ 24,650	\$ 742,416	\$ 329,252
Accounts receivable	4,405	4,694	- 0 -	- 0 -	- 0 -	- 0 -	4,405	4,694
Grants receivable	- 0 -	- 0 -	- 0 -	110,880	- 0 -	- 0 -	- 0 -	110,880
Pledges receivable	1,186	3,412	73,805	21,000	36,000	1,000	110,991	25,412
Inventory	46,213	46,890	- 0 -	- 0 -	- 0 -	- 0 -	46,213	46,890
Prepaid expenses	13,424	12,856	200	- 0 -	- 0 -	- 0 -	13,624	12,856
Total Current Assets	504,551	235,306	349,948	269,028	63,150	25,650	917,649	529,984
Non-Current Assets								
Property and equipment, net	- 0 -	- 0 -	1,252,396	1,107,690	- 0 -	- 0 -	1,252,396	1,107,690
Interfund loans	48,837	48,837	(48,837)	(48,837)	- 0 -	- 0 -	- 0 -	- 0 -
Long term investments	- 0 -	- 0 -	- 0 -	- 0 -	878,896	964,539	878,896	964,539
Total Non-Current Assets	48,837	48,837	1,203,559	1,058,853	878,896	964,539	2,131,292	2,072,229
TOTAL ASSETS	553,388	284,143	1,553,507	1,327,881	942,046	990,189	3,048,941	2,602,213
<u>LIABILITIES AND NET ASSETS</u>								
Current Liabilities								
Accounts payable	19,090	17,652	380	34,674	- 0 -	- 0 -	19,470	52,326
Notes payable	98,000	84,063	- 0 -	- 0 -	- 0 -	- 0 -	98,000	84,063
Accrued expenses	403	506	- 0 -	- 0 -	- 0 -	- 0 -	403	506
Custodial accounts	126,172	142,542	- 0 -	- 0 -	- 0 -	- 0 -	126,172	142,542
Deferred income	16,954	17,822	- 0 -	- 0 -	- 0 -	- 0 -	16,954	17,822
TOTAL LIABILITIES	260,619	262,585	380	34,674	- 0 -	- 0 -	260,999	297,259
Net Assets								
Without donor restrictions	20,480	21,558	1,162,434	1,076,348	336,224	421,867	1,519,138	1,519,773
With donor restrictions	272,289	- 0 -	390,693	216,859	605,822	568,322	1,268,804	785,181
TOTAL NET ASSETS	292,769	21,558	1,553,127	1,293,207	942,046	990,189	2,787,942	2,304,954
TOTAL LIABILITIES AND NET ASSETS	\$ 553,388	\$ 284,143	\$ 1,553,507	\$ 1,327,881	\$ 942,046	\$ 990,189	\$ 3,048,941	\$ 2,602,213

See accompanying notes and auditor's report

JUNIATA VALLEY COUNCIL, INC.
BOY SCOUTS OF AMERICA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ending December 31,

	Operating Fund		Capital Fund		Endowment Fund		Total for All Funds	
	2018	2017	2018	(Restated)	2018	2017	2018	(Restated)
				2017				2017
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS								
SUPPORT AND REVENUE								
Direct Public Support								
Friends of Scouting	\$ 78,976	\$ 81,755	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 78,976	\$ 81,755
Special events	117,945	111,361	- 0 -	- 0 -	- 0 -	- 0 -	117,945	111,361
Direct benefit costs	(14,868)	(16,715)	- 0 -	- 0 -	- 0 -	- 0 -	(14,868)	(16,715)
Net special events	103,077	94,646	- 0 -	- 0 -	- 0 -	- 0 -	103,077	94,646
Legacies and bequests	20,208	19,623	- 0 -	- 0 -	- 0 -	- 0 -	20,208	19,623
Foundations and trusts	15,251	8,721	- 0 -	- 0 -	- 0 -	- 0 -	15,251	8,721
Other direct support	200	1,125	15,000	158,561	- 0 -	- 0 -	15,200	159,686
Total Direct Public Support	217,712	205,870	15,000	158,561	- 0 -	- 0 -	232,711	364,431
Indirect Public Support								
United Way	70,343	77,090	- 0 -	- 0 -	- 0 -	- 0 -	70,343	77,090
DCED grant	- 0 -	2,737	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	2,737
DCNR grant	- 0 -	- 0 -	32,207	110,880	- 0 -	- 0 -	32,207	110,880
Total Indirect Public Support	70,343	79,827	32,207	110,880	- 0 -	- 0 -	102,550	190,707
Total Support	288,055	285,697	47,207	269,441	- 0 -	- 0 -	335,261	555,138
Revenue								
Sales of supplies	67,604	71,611	- 0 -	- 0 -	- 0 -	- 0 -	67,604	71,611
Cost of goods sold	(45,932)	(49,952)	- 0 -	- 0 -	- 0 -	- 0 -	(45,932)	(49,952)
Net sales of supplies	21,672	21,659	- 0 -	- 0 -	- 0 -	- 0 -	21,672	21,659
Product sales	149,943	156,950	- 0 -	- 0 -	- 0 -	- 0 -	149,943	156,950
Cost of goods sold	(51,973)	(48,640)	- 0 -	- 0 -	- 0 -	- 0 -	(51,973)	(48,640)
Commissions	(48,513)	(45,440)	- 0 -	- 0 -	- 0 -	- 0 -	(48,513)	(45,440)
Net product sales	49,457	62,870	- 0 -	- 0 -	- 0 -	- 0 -	49,457	62,870
Return on investments	91	123	973	464	42,639	35,971	43,703	36,558
Unrealized gain and (loss) on investments	- 0 -	- 0 -	- 0 -	- 0 -	(73,738)	98,274	(73,738)	98,274
Camping revenue	177,336	192,416	- 0 -	- 0 -	- 0 -	- 0 -	177,336	192,416
Activity revenue	32,494	76,252	- 0 -	- 0 -	- 0 -	- 0 -	32,494	76,252
Other revenue and (expense)	11,383	18,490	- 0 -	- 0 -	- 0 -	- 0 -	11,383	18,490
Total Revenue (Expense)	292,433	371,810	973	464	(31,099)	134,245	262,307	506,519
Net assets released from restrictions	- 0 -	- 0 -	45,948	28,712	- 0 -	- 0 -	45,948	28,712
TOTAL SUPPORT AND REVENUE	580,488	657,507	94,128	298,617	(31,099)	134,245	643,516	1,090,369

See accompanying notes and auditor's report

JUNIATA VALLEY COUNCIL, INC.
BOY SCOUTS OF AMERICA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ending December 31,

	Operating Fund		Capital Fund		Endowment Fund		Total for All Funds	
	2018	2017	2018	(Restated)	2018	2017	2018	(Restated)
				2017				2017
EXPENSES								
Program Services	\$ 480,269	\$ 543,278	\$ 45,656	\$ 45,724	\$ - 0 -	\$ - 0 -	\$ 525,925	\$ 589,002
Support Services								
Management and general	58,512	57,670	3,528	3,631	5,544	11,894	67,584	73,195
Fundraising	33,337	44,471	84	- 0 -	- 0 -	- 0 -	33,421	44,471
Total Support Services	91,849	102,141	3,612	3,631	5,544	11,894	101,005	117,666
TOTAL FUNCTIONAL EXPENSES	572,118	645,419	49,268	49,355	5,544	11,894	626,930	706,668
Charter and National Service Fee	9,398	8,634	- 0 -	- 0 -	- 0 -	- 0 -	9,398	8,634
Loss on Fixed Asset Disposal	- 0 -	- 0 -	7,824	- 0 -	- 0 -	- 0 -	7,824	- 0 -
TOTAL EXPENSES & LOSSES	581,516	654,053	57,092	49,355	5,544	11,894	644,152	715,302
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(1,028)	3,454	37,036	249,262	(36,643)	122,351	(636)	375,067
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS								
Contributions	272,289	- 0 -	219,782	90,100	- 0 -	- 0 -	492,072	90,100
Net assets released from restrictions	- 0 -	- 0 -	(45,948)	(28,712)	- 0 -	- 0 -	(45,948)	(28,712)
Endowment fund contributions	- 0 -	- 0 -	- 0 -	- 0 -	37,500	6,120	37,500	6,120
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	272,289	- 0 -	173,834	61,388	37,500	6,120	483,624	67,508
INCREASE (DECREASE) IN TOTAL NET ASSETS	271,261	3,454	210,870	310,650	857	128,471	482,988	442,575
NET ASSETS SUMMARY								
NET ASSETS, BEGINNING OF YEAR								
Without donor restrictions	21,558	35,609	1,076,348	831,612	421,867	323,516	1,519,773	1,190,737
With donor restrictions	- 0 -	- 0 -	216,859	155,471	568,322	562,202	785,181	717,673
Total Net Assets, Beginning of Year	21,558	35,609	1,293,207	987,083	990,189	885,718	2,304,954	1,908,410
Without Donor Restrictions								
Prior Period Adjustment	- 0 -	- 0 -	- 0 -	(46,031)	- 0 -	- 0 -	- 0 -	(46,031)
Transfers	(50)	(17,505)	49,050	41,505	(49,000)	(24,000)	- 0 -	- 0 -
NET ASSETS, END OF YEAR								
Without donor restrictions	20,480	21,558	1,162,434	1,076,348	336,224	421,867	1,519,137	1,519,773
With donor restrictions	272,289	- 0 -	390,693	216,859	605,822	568,322	1,268,805	785,181
Total Net Assets, End of Year	\$ 292,769	\$ 21,558	\$ 1,553,127	\$ 1,293,207	\$ 942,046	\$ 990,189	\$ 2,787,942	\$ 2,304,954

See accompanying notes and auditor's report

JUNIATA VALLEY COUNCIL, INC.
BOY SCOUTS OF AMERICA
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018
(With Comparative Totals for 2017)

	Program Services	Support Services			Total Expenses	
		Management & General	Fundraising	Total Support Services	2018	(Restated) 2017
Expenses						
Employee Compensation						
Salaries	\$ 238,894	\$ 33,994	\$ 9,998	\$ 43,992	\$ 282,886	\$ 276,140
Employee benefits	44,734	8,953	2,633	11,586	56,320	56,923
Payroll benefits	18,882	3,125	919	4,044	22,926	22,044
Total Employee Compensation	302,510	46,072	13,550	59,622	362,132	355,107
Other Expenses						
Professional fees	11,400	2,463	724	3,187	14,587	16,146
Supplies	52,697	607	4,940	5,547	58,244	74,673
Telephone	5,520	882	260	1,142	6,662	6,109
Postage and shipping	3,066	629	485	1,114	4,180	3,625
Occupancy	44,855	1,347	496	1,843	46,698	99,474
Rental and maintenance of equipment	2,938	91	27	118	3,056	4,810
Printing and publications	2,186	109	5,076	5,185	7,371	8,109
Travel	17,419	2,037	1,361	3,398	20,817	29,837
Conference and meetings	1,146	57	17	74	1,220	8,420
Assistance to individuals	1,061	- 0 -	- 0 -	- 0 -	1,061	1,551
Recognition awards	6,768	14	5,213	5,227	11,995	14,441
Insurance	21,014	2,573	757	3,330	24,344	23,427
Other expenses	4,932	6,574	338	6,912	11,844	18,122
Interest	2,757	601	177	778	3,535	1,827
Total Other Expenses	177,759	17,984	19,871	37,855	215,614	310,571
Expenses Before Depreciation	480,269	64,056	33,421	97,477	577,746	665,678
Depreciation	45,656	3,528	- 0 -	3,528	49,184	40,990
Total Functional Expenses	\$ 525,925	\$ 67,584	\$ 33,421	\$ 101,005	\$ 626,930	\$ 706,668

See accompanying notes and auditor's report

JUNIATA VALLEY COUNCIL, INC.
BOY SCOUTS OF AMERICA
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	Operating Fund		Capital Fund		Endowment Fund		Total for All Funds	
	2018	2017	2018	(Restated)	2018	2017	2018	(Restated)
				2017				2017
Cash Flows from Operating Activities:								
Change in Total Net Assets	\$ 271,261	\$ 3,454	\$ 210,870	\$ 310,650	\$ 857	\$ 128,471	\$ 482,988	\$ 442,575
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities								
Depreciation and amortization expense	- 0 -	- 0 -	49,184	40,990	- 0 -	- 0 -	49,184	40,990
Unrealized (gain) or loss investments	- 0 -	- 0 -	- 0 -	- 0 -	73,738	(98,274)	73,738	(98,274)
Contributed services and materials	- 0 -	- 0 -	(5,000)	(151,516)	- 0 -	- 0 -	(5,000)	(151,516)
Loss on disposition of fixed assets	- 0 -	- 0 -	7,824	- 0 -	- 0 -	- 0 -	7,824	- 0 -
(Increase) Decrease in:								
Accounts receivable	289	1,292	- 0 -	- 0 -	- 0 -	- 0 -	289	1,292
Grants receivable	- 0 -	- 0 -	110,880	(110,880)	- 0 -	- 0 -	110,880	(110,880)
Pledges receivable	2,226	(731)	(52,805)	(20,000)	(35,000)	5,000	(85,579)	(15,731)
Prepaid expenses	(569)	28,273	(200)	- 0 -	- 0 -	- 0 -	(769)	28,273
Interfund loan	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -	- 0 -
Inventory	677	(2,747)	- 0 -	- 0 -	- 0 -	- 0 -	677	(2,747)
Increase (Decrease) in:								
Accounts payable	1,438	5,999	(34,294)	34,465	- 0 -	- 0 -	(32,856)	40,464
Accrued expenses	(103)	(4,275)	- 0 -	- 0 -	- 0 -	- 0 -	(103)	(4,275)
Custodial accounts	(16,369)	23,087	- 0 -	- 0 -	- 0 -	- 0 -	(16,369)	23,087
Deferred income	(868)	(46,565)	- 0 -	- 0 -	- 0 -	- 0 -	(868)	(46,565)
Net Cash Provided (Used) by Operating Activities	<u>257,982</u>	<u>7,787</u>	<u>286,459</u>	<u>103,709</u>	<u>39,595</u>	<u>35,197</u>	<u>584,036</u>	<u>146,693</u>
Cash Flows from Investing Activities:								
Purchase of fixed assets	- 0 -	- 0 -	(196,714)	(152,397)	- 0 -	- 0 -	(196,714)	(152,397)
Purchase of investments	- 0 -	- 0 -	- 0 -	- 0 -	(15,792)	(26,712)	(15,792)	(26,712)
Proceeds from redemption of investments	- 0 -	- 0 -	- 0 -	- 0 -	27,697	20,634	27,697	20,634
Net Cash Provided (Used) by Investing Activities	<u>- 0 -</u>	<u>- 0 -</u>	<u>(196,714)</u>	<u>(152,397)</u>	<u>11,905</u>	<u>(6,078)</u>	<u>(184,809)</u>	<u>(158,475)</u>
Cash Flows from Financing Activities:								
Proceeds from short-term borrowings	112,000	117,063	- 0 -	- 0 -	- 0 -	- 0 -	112,000	117,063
Repayment of short-term borrowings	(98,063)	(82,000)	- 0 -	- 0 -	- 0 -	- 0 -	(98,063)	(82,000)
Transfers In (Out)	(50)	(17,505)	49,050	41,505	(49,000)	(24,000)	- 0 -	- 0 -
Net Cash Provided (Used) by Financing Activities	<u>13,887</u>	<u>17,558</u>	<u>49,050</u>	<u>41,505</u>	<u>(49,000)</u>	<u>(24,000)</u>	<u>13,937</u>	<u>35,063</u>
Net Increase (Decrease) in Cash	271,869	25,345	138,795	(7,183)	2,500	5,119	413,164	23,281
Cash, Beginning of Year	<u>167,454</u>	<u>142,109</u>	<u>137,148</u>	<u>144,331</u>	<u>24,650</u>	<u>19,531</u>	<u>329,252</u>	<u>305,971</u>
Cash, End of Year	<u>\$ 439,323</u>	<u>\$ 167,454</u>	<u>\$ 275,943</u>	<u>\$ 137,148</u>	<u>\$ 27,150</u>	<u>\$ 24,650</u>	<u>\$ 742,416</u>	<u>\$ 329,252</u>
Supplemental Information								
Interest paid	\$ 3,535	\$ 1,828	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ 3,535	\$ 1,828
Donated services and materials for capital construction	<u>- 0 -</u>	<u>- 0 -</u>	<u>5,000</u>	<u>151,516</u>	<u>- 0 -</u>	<u>- 0 -</u>	<u>5,000</u>	<u>151,516</u>

See accompanying notes and auditor's report

NOTES TO THE FINANCIAL STATEMENTS

**JUNIATA VALLEY COUNCIL, INC.
BOY SCOUTS OF AMERICA
FINANCIAL STATEMENTS
December 31, 2018 and 2017**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activity

The Juniata Valley Council (#497), Incorporated, Boy Scouts of America (the Council) operates in Reedsville, Pennsylvania, serving young men ages 7-21 and young women ages 14-21 in Juniata, Huntingdon, Mifflin and Centre Counties. The Council has camping facilities located at Seven Mountains Scouting Camp Spring Mills, Pennsylvania. 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 Bylaws, and Rules and Regulations of the Boy Scouts of America, the Scouting program of promoting the ability of boys and girls, young men, and women to do things for themselves and others, training them in Scoutcraft, and teaching them patriotism, courage, self-reliance and kindred virtues, using the methods which are now in common use by the Boy Scouts of America.

The Council's programs are classified as follows:

Cub Scouting: Serves girls and boys in Kindergarten through 5th grade. Cub Scouting is a 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: Scouts BSA serves young women and men ages 11 through age 18. 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 through 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 - or 13 with completion of the eighth grade - through age 20, become mature, responsible, caring adults. Young teens learn leadership skills and participate in challenging outdoor activities including having access to Boy Scout camping properties, a recognition program, and Youth Protection training.

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

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

JUNIATA VALLEY COUNCIL, INC.
BOY SCOUTS OF AMERICA
FINANCIAL STATEMENTS
December 31, 2018 and 2017

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization also prepares financial statements in accordance with the Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (ASC 958-205 and subsections). During 2018, the Council adopted the provisions of Accounting Standards Update (“ASU”) 2016-14: *Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*, which improves the current net asset classification and the related information presented in the financial statements and notes about the Council’s liquidity, financial performance, and cash flows. Accordingly, the accounts of the Council are reported in the following net asset categories:

Net Assets Without Donor Restrictions - Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the board of directors.

Net Assets With Donor Restrictions - Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure, and resources that have donor-imposed restrictions requiring that the principal be maintained in perpetuity but permit the Council to expend the income earned thereon.

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 funds that are in accordance with specified activities or objectives. The accounts of the Council are maintained in three self-balancing fund groups according to their nature and purposes as follows:

Operating Fund – The general operating fund is used to account for the Council’s operating activities.

Capital Fund - The capital fund is used to account for property, buildings, and equipment less any related liabilities, plus any other assets held by the Council that have donor-imposed restrictions to be expended for property, buildings, and equipment and related debt payments. Revenues and expenses related to any capital fundraising campaign are also included in this fund.

Endowment Fund – The endowment fund is normally used to account for gifts and bequests accepted with legal restrictions based on donor stipulation that the principal be maintained intact in perpetuity, until the occurrence of a specified event or for a specified period, and that only income from the investment thereof be expended either for general purposes or for purposes specified by the donor. Investment funds with and without donor restrictions are also included in the endowment fund.

Certain donor-restricted net assets have been restricted by donors to be maintained by the Council in perpetuity.

JUNIATA VALLEY COUNCIL, INC.
BOY SCOUTS OF AMERICA
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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Cash and Cash Equivalents

Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less. The Council maintains deposits in financial institutions that may, at times, exceed federal depository insurance limits. Management believes that the Council 's deposits are not subject to significant credit risk.

Accounts Receivable

Accounts receivable are recorded primarily for product sales and are reported at net realizable value if the amounts are due within one year. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance for doubtful accounts was considered necessary as of December 31, 2018 and 2017.

Pledges Receivable

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 in accordance with the *Contributions Received* section of the FASB ASC.

Inventory

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

Deferred Revenue

The Council recognizes revenues as earned. Amounts received in advance of the period in which service is rendered are recorded as "Deferred Revenue ".

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land, Buildings and Equipment

Property and equipment is stated at cost, or, if acquired by gift, at the estimated fair market value at the date of the gift. Such gifts are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are recorded as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Council reclassifies net assets with donor restrictions that are temporary in nature to net assets without donor restrictions at that time. Depreciation is computed using primarily the straight-line method based on the estimated useful lives of the assets. Fixed asset purchases in excess of \$500 are capitalized and depreciated over their estimated useful lives. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved and any gain or loss is included in the change in net assets.

Construction in progress is stated at cost and consists primarily of costs incurred on the construction of building improvements that have not been completed or placed in service as of the end of the year. No provision for depreciation is made on construction in progress until the assets are complete and placed in service.

Investments

Investments are stated at estimated fair value. The fair value of the investments in the BSA Commingled Endowment Fund LP have been calculated using the net asset value (NAV) of the Council's ownership in the partners' capital in the Statements of Financial Position. Realized and unrealized gains and losses, interest, and dividends on investments are recorded as net assets without donor restriction unless such amounts are restricted by the donor or by law. Any investments with donor imposed restrictions are recorded as net assets with donor restrictions. Investments received as gifts are recorded at their estimated fair value at the date of the gift. Investments are classified based on their original maturities. Investments with original maturities of less than 12 months are classified as short-term investments. All of the Council's investments are in the Endowment Fund and are considered long-term.

Compensated Absences

No provision for compensated absences is recorded in the Statements of Financial Position. While the Council handbook allows for a carryover of up to 5 days into the next calendar year, all eligible employees used their vacation by year end.

Functional Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the 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 Council providing those services. These allocations are updated every few years and are based on the results of a time study of staff. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payments of the charter and national service fees to the National Council are not allocated as functional expenses.

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NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Custodial Accounts

Custodial accounts represent amounts held by the Council as custodian for registration fees for member units, amounts on deposit for affiliated Scouting associations for their future use, and amounts on deposit by member units for purchases of uniforms and supplies.

Income Taxes

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service Code and comparable state law as a charitable organization, whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Council currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. The Council has adopted the provisions of the FASB Accounting Standards Codification ASC 740-10-25. The Council does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. For the years ended December 31, 2018 and 2017, there were no interest or penalties recorded or included in its financial statements.

The Council files its form 990 in the U.S. federal jurisdiction. The organization is generally no longer subject to examination by the Internal Revenue Service for years before 2014.

Donated Materials and Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long lived assets with explication 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 reports as restricted support. 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 either require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services.

For the years ended December 31, 2018 and 2017, the Council recognized within the financial statements donated materials and services of \$5,000 and \$151,516, respectively, and are reported within other direct support and capitalized as construction in progress on the Statements of Financial Position and Statements of Activities and Changes in Net Assets.

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NOTE B – LIQUIDITY AND AVAILABILITY OF FUNDS

The Council’s financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2018	2017
Cash - Operating Fund	\$ 163,544	\$ 166,819
Accounts Receivable - Operating Fund	4,405	4,694
Pledges Receivable - Operating Fund	1,186	3,412
Total financial assets as of year end	<u>169,135</u>	<u>174,925</u>
Appropriation from endowment for general expenditure in subsequent year	<u>24,000</u>	<u>24,000</u>
Total financial assets available to meet general expenditures within the next 12 months	<u>\$ 193,135</u>	<u>\$ 198,925</u>

The Council’s endowment fund consists of donor-restricted endowment. The Council has a board approved total return spending policy that allows the operating fund to receive and recognize investment earnings originating from the endowment fund (See NOTE N).

As part of the Council’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Council has committed a line of credit in the maximum amount of \$100,000 (See NOTE E), which it could draw upon.

NOTE C - CONCENTRATION OF CREDIT RISK

The Council maintains its cash and investments at various financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures cash balances held in banks up to \$250,000 per entity. At various times during the year, the Council's cash balance may exceed FDIC limits.

The Council monitors the cash balance and tries to keep this risk to a minimum. In the opinion of management, this does not represent an unusual risk. For the years ended December 31, 2018 and 2017 the Council had \$492,416 and \$79,252 in excess of FDIC insured limits respectively.

The Council provides services to youth in Mifflin, Juniata, Huntingdon, and Centre Counties and receives its support from those same counties. Consequently, the Council's ability to collect receivables and pledges may vary based upon fluctuations in the Central Pennsylvania economy.

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NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2018 and 2017:

	Useful Lives	2018	2017
Land		\$ 71,414	\$ 71,414
Land Improvements	10-40 Years	161,437	225,202
Buildings	40 Years	1,620,707	1,077,453
Furniture and Fixtures	5-7 Years	45,935	171,667
Vehicles	5-7 Years	395	47,930
Capital Leases	5 Years	6,000	6,000
Construction in progress		47,674	420,686
Total Property and Equipment		<u>1,953,562</u>	<u>2,020,352</u>
Less Accumulated Depreciation		<u>(701,166)</u>	<u>(912,662)</u>
Property and Equipment - Net		<u>\$ 1,252,396</u>	<u>\$ 1,107,690</u>

Depreciation expense for the years ended December 31, 2018 and 2017 was \$49,184 and \$40,990, respectively.

NOTE E - LINE OF CREDIT

The Council has made arrangements with a local bank for a line of credit with a maximum borrowing capacity of \$100,000 which expires December 31, 2021. The line of credit is collateralized by a UCC filing and a pledge of the Council's business assets. The credit line bears interest at the lending bank's prime rate (5.5% at year ending December 31, 2018 and 4.5% at year ending December 31, 2017) and is payable monthly. The outstanding balance was \$98,000 and \$84,063 for the years ended December 31, 2018 and 2017, respectively.

NOTE F – RECENTLY ISSUED ACCOUNTING STANDARDS

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The Council has adopted the provisions of ASU 2016-14 and has retrospectively applied this standard to the financial statements as of and for the year ending December 31, 2017. The new standards change the following aspects of the Council's financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (NOTE B).

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NOTE F – RECENTLY ISSUED ACCOUNTING STANDARDS (continued)

A summary of the net asset reclassifications driven by the adoption of ASU 2016-14 as of December 31, 2017 is as follows:

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds
As originally stated:				
Net assets, beginning of year				
Unrestricted	\$ 35,609	\$ 831,612	\$ 323,516	\$ 1,190,737
Temporarily restricted	- 0 -	155,471	- 0 -	155,471
Permanently restricted	- 0 -	- 0 -	562,202	562,202
Total net assets, beginning of year	<u>35,609</u>	<u>987,083</u>	<u>885,718</u>	<u>1,908,410</u>
Net assets, end of year				
Unrestricted	21,558	1,119,008	421,867	1,562,433
Temporarily restricted	- 0 -	216,859	- 0 -	216,859
Permanently restricted	- 0 -	- 0 -	568,322	568,322
Total net assets, end of year	<u>21,558</u>	<u>1,335,867</u>	<u>990,189</u>	<u>2,347,614</u>
As restated:				
Net assets, beginning of year				
Without donor restrictions	35,609	831,612	323,516	1,190,737
With donor restrictions	- 0 -	155,471	562,202	717,673
Total net assets, beginning of year	<u>35,609</u>	<u>987,083</u>	<u>885,718</u>	<u>1,908,410</u>
Net assets, end of year				
Without donor restrictions	21,558	1,076,348 *	421,867	1,519,773
With donor restrictions	- 0 -	216,859	568,322	785,181
Total net assets, end of year	<u>\$ 21,558</u>	<u>\$ 1,293,207 *</u>	<u>\$ 990,189</u>	<u>\$ 2,304,954</u>

* Reflects a prior period adjustment made for an error in previously issued financial statements
See details of the adjustment in NOTE I.

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NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

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

	2018			
	Operating Fund	Capital Fund	Endowment Fund	Total
<u>Subject to expenditure for a specific purpose:</u>				
Seven Mountains Scout Camp	\$ 272,289	\$ - 0 -	\$ - 0 -	\$ 272,289
Capital Construction of Kriner Lodge	- 0 -	390,693	- 0 -	390,693
Total purpose restrictions	<u>272,289</u>	<u>390,693</u>	<u>- 0 -</u>	<u>662,982</u>
<u>Endowment:</u>				
Perpetual	- 0 -	- 0 -	605,822	605,822
Total net assets with donor donor restrictions	<u>\$ 272,289</u>	<u>\$ 390,693</u>	<u>\$ 605,822</u>	<u>\$ 1,268,804</u>

	2017			
	Operating Fund	Capital Fund	Endowment Fund	Total
<u>Subject to expenditure for a specific purpose:</u>				
Seven Mountains Scout Camp	\$ - 0 -	\$ - 0 -	\$ - 0 -	\$ - 0 -
Capital Construction of Kriner Lodge	- 0 -	216,859	- 0 -	216,859
Total purpose restrictions	<u>- 0 -</u>	<u>216,859</u>	<u>- 0 -</u>	<u>216,859</u>
<u>Endowment:</u>				
Perpetual	- 0 -	- 0 -	568,322	568,322
Total net assets with donor donor restrictions	<u>\$ - 0 -</u>	<u>\$ 216,859</u>	<u>\$ 568,322</u>	<u>\$ 785,181</u>

NOTE H – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets in the amount of \$45,948 and \$28,712, respectively, were released from donor restrictions during 2018 and 2017 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors as identified in Note G. These net assets released were donated by other direct contributions.

	2018	2017
<u>Satisfaction of use restrictions:</u>		
Capital Construction		
Kurtz Cabin	\$ - 0 -	\$ 28,645
Kriner Lodge	<u>45,948</u>	<u>67</u>
Total net assets realised from restrictions	<u>\$ 45,948</u>	<u>\$ 28,712</u>

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NOTE I – PRIOR PERIOD ADJUSTMENT

The financial statements for year ending December 31, 2017, have been restated in order to account for a fixed asset that had been duplicated and carried for many past years. The effects of the restatement are as follows:

	<u>As Previously Reported</u>	<u>As Restated</u>
Buildings and property, net	\$ 1,150,350	\$ 1,107,690
Net assets without donor restrictions	1,119,008	1,076,348
Depreciation expense	44,361	40,990

NOTE J - LONG TERM INVESTMENTS

Long-term investments consisted of the following:

Trust Account	<u>2018</u>	<u>2017</u>
BSA Commingled Endowment Fund	<u>878,896</u>	<u>964,539</u>
Total Long Term Investments	<u>\$ 878,896</u>	<u>\$ 964,539</u>

The Council’s investments are managed by the BSA Commingled Endowment Fund, LP ("BSA Fund"). The purpose of the BSA Fund is to serve as a high-quality, low-cost alternative for the BSA, BSA local councils, and qualified affiliates to invest their endowment funds. As such, the BSA Fund is a permanent fund, with safety and preservation of capital primary considerations. Accordingly, the BSA Fund’s asset allocation is sufficiently diversified to maintain risk at a prudent level with a long-term target return sufficient to cover a 4.5 percent annual spending rate plus fund expenses plus an allowance for inflation, while preserving the buying power of the corpus. BSA Asset Management, LLC is the General Partner.

The Fund uses the Net Asset Value (NAV) to determine the fair value of all the underlying investments which: (a) do not have a readily determinable fair value and (b) prepare their investees financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Fund Management has implemented Accounting Standard Update 2015-07, Fair Value Measurement (Topic 820) governing NAV as a practical expedient which recommends that these investments not be included in a fair value hierarchy footnote. The BSA Fund is valued at the number of units held by the Council and the Fund's unit value. As of December 31, 2018, the Council held 519.8024 units at \$1,690.8538 per unit.

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

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NOTE J - LONG TERM INVESTMENTS (continued)

The following schedule summarizes the investment return in the Statements of Activities and Changes in Net Assets for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest & dividend income	\$ 14,942	\$ 15,337
Net realized/unrealized gains and (losses)	<u>(46,041)</u>	<u>118,908</u>
Total investment return	<u>\$ (31,099)</u>	<u>\$ 134,245</u>

Investment fees for the years ended December 31, 2018 and 2017 were \$5,544 and \$5,894, respectively.

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

	<u>2018</u>	<u>2017</u>
Investment return recorded:		
Within net assets with donor restrictions	\$ - 0 -	\$ - 0 -
Within net assets without donor restrictions	<u>(31,009)</u>	<u>134,245</u>
Total investment return	<u>\$ (31,009)</u>	<u>\$ 134,245</u>

Other investment income is earned from short-term investments and earnings from testamentary trusts.

Classification of investment income is in accordance with the Boy Scouts of America's policy.

NOTE K - LEASE OBLIGATIONS

The Council leased office equipment for a three-year term ending during 2017. There are no future required operating lease payments at December 31, 2017.

Total expense for the years ended December 31, 2018 and 2017 was \$525 and \$1,576, respectively.

NOTE L - DEFINED BENEFIT 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 Local Council Inc. The plan name is *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 the contributions made by employees) was approximately \$15,251 and \$14,772 in 2018 and 2017 respectively and covered current service cost. The actuarial information for the plan as of February 1, 2017, indicates that it is in compliance with ERISA regulations regarding funding.

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NOTE M - HEALTH CARE PLAN

The Council's employees participate in a health care plan provided by the National Council. The Council pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2018 and 2017, the Council remitted approximately \$26,744 and \$28,356, respectively, on behalf of its employees to the National Council related to the health care plan.

NOTE N - ENDOWMENT FUND

The Council's endowment fund includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Council has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (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 of 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.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Council considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) and accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Council has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measure required under law. In accordance with SPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the Council and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Council; and the investment policies of the Council.

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NOTE N - ENDOWMENT FUND (continued)

Endowment net assets consisted of the following at December 31, 2018:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds, perpetual in duration-original gift amount	\$ - 0 -	\$ 605,822	\$ 605,822
Board-designated endowment funds	336,224	- 0 -	336,224
Total endowment net assets	<u>\$ 336,224</u>	<u>\$ 605,822</u>	<u>\$ 942,046</u>

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets-beginning of year	\$ 421,867	\$ 568,322	\$ 990,189
Investment return:			
Investment income	14,942	- 0 -	14,942
Net realized and unrealized gains (losses)	(46,041)	- 0 -	(46,041)
Investment expenses	(5,544)	- 0 -	(5,544)
Total investment returns	<u>(36,643)</u>	<u>- 0 -</u>	<u>(36,643)</u>
Donor-restricted endowment funds, perpetual in duration-original gift amount	- 0 -	37,500	37,500
Appropriation of endowment assets for expenditure	<u>(49,000)</u>	<u>- 0 -</u>	<u>(49,000)</u>
Endowment net assets-end of year	<u>\$ 336,224</u>	<u>\$ 605,822</u>	<u>\$ 942,046</u>

Endowment net assets consisted of the following at December 31, 2017:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds, perpetual in duration-original gift amount	\$ - 0 -	\$ 568,322	\$ 568,322
Board-designated endowment funds	421,867	- 0 -	421,867
Total endowment net assets	<u>\$ 421,867</u>	<u>\$ 568,322</u>	<u>\$ 990,189</u>

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NOTE N - ENDOWMENT FUND (continued)

Changes in endowment net assets for the year ended December 31, 2017 are as follows:

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Endowment net assets-beginning of year	\$ 323,516	\$ 562,202	\$ 885,718
Investment return:			
Investment income	15,337	- 0 -	15,337
Net realized and unrealized gains (losses)	118,908	- 0 -	118,908
Investment expenses	<u>(5,894)</u>	<u>- 0 -</u>	<u>(5,894)</u>
Total investment returns	128,351	- 0 -	128,351
Donor-restricted endowment funds, perpetual in duration-original gift amount	- 0 -	6,120	6,120
Write-off of uncollectible pledge	(6,000)	- 0 -	(6,000)
Appropriation of endowment assets for expenditure	<u>(24,000)</u>	<u>- 0 -</u>	<u>(24,000)</u>
Endowment net assets-end of year	<u>\$ 421,867</u>	<u>\$ 568,322</u>	<u>\$ 990,189</u>

Return Objectives and Risk Parameters

The Councils has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that it will earn a base return of 4.0 percent of the original principal, expressed in dollars, above the trailing three-year average of the Consumer Price Index. Asset allocations should be targeted to produce expected returns consistent with this target using long term historical returns of assets classes as a guide. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council has a board approved total return spending policy that allows the operating fund to receive and recognize investment earnings originating from the endowment fund. For the fiscal years ending December 31, 2018 and 2017, the board approved a spending plan not to exceed 6% of the average market value of investments. The average market value is calculated as an average of the previous twelve quarters' balances. The amounts transferred for the fiscal years ending December 31, 2018 and 2017 were \$49,000 and \$24,000 respectively. This is consistent with the Council's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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NOTE O - PRIOR PERIOD INFORMATION

The 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. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

NOTE P - SUBSEQUENT EVENTS

These financial statements considered subsequent events through June 21, 2019, the date the financial statements were available to be issued.