

**NORTHERN NEW JERSEY COUNCIL,
BOY SCOUTS OF AMERICA, INC.**

*FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS*

DECEMBER 31, 2017

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**Executive Board
Northern New Jersey Council,
Boy Scouts of America, Inc.
Oakland, New Jersey**

We have audited the accompanying financial statements of the Northern New Jersey Council, Boy Scouts of America, Inc. (the “*Council*”), which comprise statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and 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 of 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 organization’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 organization’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northern New Jersey Council, Boy Scouts of America, Inc. as of December 31, 2017, and the changes in its net assets, statement of functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Executive Board
Northern New Jersey Council,
Boy Scouts of America, Inc.**

Report on Summarized Comparative Information

We have previously audited the Northern New Jersey Council, Boy Scouts of America, Inc. financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information on pages 17 through 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Tait, Weller & Baker LLP

**Iselin, New Jersey
May 22, 2018**

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2017 With Summarized Information For 2016

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2017 Total All Funds</u>	<u>2016 Total All Funds</u>
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 170,195	\$ 134,956	\$ -	\$ 305,151	\$ 594,213
Accounts receivable	84,156	8,023	-	92,179	94,109
Contributions receivable (<i>Note 2</i>)	120,442	-	64,474	184,916	211,699
Inventories	40,585	-	-	40,585	38,966
Prepaid and other	53,204	-	-	53,204	155,179
Due from (to) other Funds	<u>7,319</u>	<u>(7,319)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current assets	<u>475,901</u>	<u>135,660</u>	<u>64,474</u>	<u>676,035</u>	<u>1,094,166</u>
Noncurrent Assets					
Other assets	-	-	35,409	35,409	40,732
Long-term investments, at fair value (<i>Note 3</i>)	-	136,498	7,284,828	7,421,326	6,831,737
Land, buildings and equipment, net (<i>Note 4</i>)	<u>-</u>	<u>3,215,208</u>	<u>-</u>	<u>3,215,208</u>	<u>3,328,775</u>
Total non-current assets	<u>-</u>	<u>3,351,706</u>	<u>7,320,237</u>	<u>10,671,943</u>	<u>10,201,244</u>
Total assets	<u>\$ 475,901</u>	<u>\$ 3,487,366</u>	<u>\$ 7,384,711</u>	<u>\$ 11,347,978</u>	<u>\$ 11,295,410</u>
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 71,416	\$ -	\$ -	\$ 71,416	\$ 289,777
Custodian accounts	232,484	1,648	-	234,132	191,460
Other current liabilities	<u>57,951</u>	<u>-</u>	<u>-</u>	<u>57,951</u>	<u>245,716</u>
Total current liabilities	<u>361,851</u>	<u>1,648</u>	<u>-</u>	<u>363,499</u>	<u>726,953</u>
Net Assets (<i>Note 6</i>)					
Unrestricted	(31,584)	3,228,152	5,156,887	8,353,455	7,997,158
Temporarily restricted net assets	145,634	250,966	942,153	1,338,753	1,333,765
Permanently restricted net assets	<u>-</u>	<u>6,600</u>	<u>1,285,671</u>	<u>1,292,271</u>	<u>1,237,534</u>
Total net assets	<u>114,050</u>	<u>3,485,718</u>	<u>7,384,711</u>	<u>10,984,479</u>	<u>10,568,457</u>
Total liabilities and net assets	<u>\$ 475,901</u>	<u>\$ 3,487,366</u>	<u>\$ 7,384,711</u>	<u>\$ 11,347,978</u>	<u>\$ 11,295,410</u>

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2017 With Summarized Information For 2016

	Operating Fund	Capital Fund	Endowment Fund	2017 Total All Funds	2016 Total All Funds
Change in unrestricted net assets					
Public support and revenue					
Direct contributions					
Friends of Scouting	\$ 478,654	\$ -	\$ -	\$ 478,654	\$ 507,849
Foundations and trusts	131,950	46,823	-	178,773	86,899
Special events	471,132	-	-	471,132	373,540
Less: Direct benefit costs	(104,210)	-	-	(104,210)	(79,120)
Scoutreach	-	-	-	-	15,000
Legacies	2,154	-	-	2,154	8,398
Other contributions	<u>105,765</u>	<u>35,333</u>	<u>-</u>	<u>141,098</u>	<u>70,728</u>
Total direct contributions	<u>1,085,445</u>	<u>82,156</u>	<u>-</u>	<u>1,167,601</u>	<u>983,294</u>
Indirect public support					
United Way	<u>1,791</u>	<u>-</u>	<u>-</u>	<u>1,791</u>	<u>3,517</u>
Total indirect public support	<u>1,791</u>	<u>-</u>	<u>-</u>	<u>1,791</u>	<u>3,517</u>
Other revenue					
Product sales, gross	1,070,636	-	-	1,070,636	957,837
Less: Product costs	(294,090)	-	-	(294,090)	(230,569)
Less: Commission paid to scout units	<u>(411,473)</u>	<u>-</u>	<u>-</u>	<u>(411,473)</u>	<u>(351,024)</u>
Net product sales	365,073	-	-	365,073	376,244
Endowment income	337,142	-	-	337,142	324,394
Camping	1,357,823	-	-	1,357,823	1,375,589
Scouting activities	616,885	-	-	616,885	245,317
Investment income	-	2,056	-	2,056	3,189
Miscellaneous	<u>220,574</u>	<u>-</u>	<u>-</u>	<u>220,574</u>	<u>216,494</u>
Total other revenue	<u>2,897,497</u>	<u>2,056</u>	<u>-</u>	<u>2,899,553</u>	<u>2,541,227</u>
Net assets released from restrictions (Note 6)	<u>146,541</u>	<u>58,630</u>	<u>8,265</u>	<u>213,436</u>	<u>136,754</u>
Total public support and revenue	<u>4,131,274</u>	<u>142,842</u>	<u>8,265</u>	<u>4,282,381</u>	<u>3,664,792</u>
Expenses					
Program services	<u>3,308,300</u>	<u>228,125</u>	<u>6,080</u>	<u>3,542,505</u>	<u>3,528,282</u>
Supporting services					
Management and general	324,074	48,720	532	373,326	164,066
Fund raising	<u>424,743</u>	<u>32,687</u>	<u>988</u>	<u>458,418</u>	<u>477,797</u>
Total supporting services	<u>748,817</u>	<u>81,407</u>	<u>1,520</u>	<u>831,744</u>	<u>641,863</u>
Affiliation dues and fees	<u>58,189</u>	<u>-</u>	<u>-</u>	<u>58,189</u>	<u>55,556</u>
Total expenses	<u>4,115,306</u>	<u>309,532</u>	<u>7,600</u>	<u>4,432,438</u>	<u>4,225,701</u>
Net support (expenses)	15,968	(166,690)	665	(150,057)	(560,909)
Other Changes					
Investment return in excess (deficit) of amounts designated for current operations (Note 3)	-	-	506,354	506,354	(53,435)
Loss on sale of vehicles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,050)</u>
Increase (decrease) in unrestricted net assets	<u>15,968</u>	<u>(166,690)</u>	<u>507,019</u>	<u>356,297</u>	<u>(618,394)</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – (Continued)

Year Ended December 31, 2017 With Summarized Information For 2016

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>2017 Total All Funds</u>	<u>2016 Total All Funds</u>
Changes in temporarily restricted net assets					
Support and revenue					
Direct contributions					
Friends of Scouting	\$ 111,615	\$ -	\$ -	\$ 111,615	\$ 156,520
Foundations and trusts	19,260	-	-	19,260	-
Other contributions	1,400	10,700	-	12,100	37,380
Change in value of split-interest agreements	-	-	2,942	2,942	(1,160)
Net assets released from restrictions (<i>Note 6</i>)	<u>(146,541)</u>	<u>(58,630)</u>	<u>(8,265)</u>	<u>(213,436)</u>	<u>(136,754)</u>
Total support and revenue	<u>(14,266)</u>	<u>(47,930)</u>	<u>(5,323)</u>	<u>(67,519)</u>	<u>55,986</u>
Other changes					
Investment return in excess (deficit) of amounts designated for current operations (<i>Note 3</i>)	<u>-</u>	<u>-</u>	<u>72,507</u>	<u>72,507</u>	<u>(7,729)</u>
Increase (decrease) in temporarily restricted net assets	<u>(14,266)</u>	<u>(47,930)</u>	<u>67,184</u>	<u>4,988</u>	<u>48,257</u>
Changes in permanently restricted net assets					
Support and revenue					
Contributions	-	-	49,400	49,400	21,183
Legacies	-	-	-	-	31,745
Investment return in excess (deficit) of amounts designated for current operations (<i>Note 3</i>)	<u>-</u>	<u>-</u>	<u>5,337</u>	<u>5,337</u>	<u>1,520</u>
Total support and revenue	<u>-</u>	<u>-</u>	<u>54,737</u>	<u>54,737</u>	<u>54,448</u>
Increase in permanently restricted net assets	<u>-</u>	<u>-</u>	<u>54,737</u>	<u>54,737</u>	<u>54,448</u>
Increase (decrease) in total net assets	<u>1,702</u>	<u>(214,620)</u>	<u>628,940</u>	<u>416,022</u>	<u>(515,689)</u>
Net assets, beginning of year					
Unrestricted	(47,552)	3,403,552	4,641,158	7,997,158	8,615,552
Temporarily restricted	159,900	298,896	874,969	1,333,765	1,285,508
Permanently restricted	<u>-</u>	<u>6,600</u>	<u>1,230,934</u>	<u>1,237,534</u>	<u>1,183,086</u>
Total net assets, beginning of year	<u>112,348</u>	<u>3,709,048</u>	<u>6,747,061</u>	<u>10,568,457</u>	<u>11,084,146</u>
Transfers					
Unrestricted	<u>-</u>	<u>(8,710)</u>	<u>8,710</u>	<u>-</u>	<u>-</u>
Net assets, end of year					
Unrestricted	(31,584)	3,228,152	5,156,887	8,353,455	7,997,158
Temporarily restricted	145,634	250,966	942,153	1,338,753	1,333,765
Permanently restricted	<u>-</u>	<u>6,600</u>	<u>1,285,671</u>	<u>1,292,271</u>	<u>1,237,534</u>
Total net assets, end of year	<u>\$ 114,050</u>	<u>\$ 3,485,718</u>	<u>\$ 7,384,711</u>	<u>\$ 10,984,479</u>	<u>\$ 10,568,457</u>

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017 With Summarized Information For 2016

	SUPPORTING SERVICES				Affiliation Fee	2017 Total Functional Expenses	2016 Total Functional Expenses
	Program Services	Management And General	Fund Raising	Total			
Employee compensation							
Salaries	\$ 1,354,411	\$ 217,352	\$ 145,822	\$ 363,174	\$ -	\$ 1,717,585	\$ 1,659,638
Employee benefits and related expense	194,814	39,476	26,485	65,961	-	260,775	284,318
Payroll taxes	<u>130,816</u>	<u>17,555</u>	<u>11,778</u>	<u>29,333</u>	-	<u>160,149</u>	<u>176,010</u>
Total employee compensation	<u>1,680,041</u>	<u>274,383</u>	<u>184,085</u>	<u>458,468</u>	-	<u>2,138,509</u>	<u>2,119,966</u>
Other expenses							
Professional fees	113,939	21,533	41,980	63,513	-	177,452	155,998
Supplies	414,524	2,964	52,392	55,356	-	469,880	447,133
Telephone	23,636	1,935	1,298	3,233	-	26,869	25,881
Postage and shipping	8,243	1,250	4,883	6,133	-	14,376	17,366
Occupancy	553,786	11,453	7,806	19,259	-	573,045	409,086
Machine rental and maintenance	34,560	6,330	6,216	12,546	-	47,106	46,263
Printing and publications	24,889	3,329	16,551	19,880	-	44,769	62,387
Auto and travel	197,053	11,866	11,485	23,351	-	220,404	180,574
Conference and meetings	23,781	2,916	37,677	40,593	-	64,374	78,384
Specific assistance to individuals	57,439	-	-	-	-	57,439	96,096
Recognition awards	47,484	1,282	64,177	65,459	-	112,943	74,072
Insurance	114,933	11,657	7,820	19,477	-	134,410	124,728
Miscellaneous	6,188	1,299	7,872	9,171	-	15,359	11,952
Affiliation fee	-	-	-	-	<u>58,189</u>	<u>58,189</u>	<u>55,556</u>
Total other expenses	<u>1,620,455</u>	<u>77,814</u>	<u>260,157</u>	<u>337,971</u>	<u>58,189</u>	<u>2,016,615</u>	<u>1,785,476</u>
Total expenses before depreciation	3,300,496	352,197	444,242	796,439	58,189	4,155,124	3,905,442
Depreciation	<u>242,009</u>	<u>21,129</u>	<u>14,176</u>	<u>35,305</u>	-	<u>277,314</u>	<u>320,259</u>
Total functional expenses - 2017	<u>\$ 3,542,505</u>	<u>\$ 373,326</u>	<u>\$ 458,418</u>	<u>\$ 831,744</u>	<u>\$ 58,189</u>	<u>\$ 4,432,438</u>	
Total functional expenses - 2016	<u>\$ 3,528,282</u>	<u>\$ 164,066</u>	<u>\$ 477,797</u>	<u>\$ 641,863</u>	<u>\$ 55,556</u>		<u>\$ 4,225,701</u>

The accompanying notes are an integral part of the financial statements.

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2017 With Summarized Information For 2016

	Operating Fund	Capital Fund	Endowment Fund	2017 Total All Funds	2016 Total All Funds
Cash flows from operations					
Changes in net assets	\$ 1,702	\$(214,620)	\$ 628,940	\$ 416,022	\$ (515,689)
Adjustments to reconcile net assets to net cash and cash equivalents provided by (used by) operating activities					
Depreciation expense	-	277,314	-	277,314	320,259
(Gain) loss on sale of investments	-	-	(193,024)	(193,024)	94,362
Loss on sale of vehicles	-	-	-	-	4,050
Unrealized (gains) losses on investments	-	1,238	(599,517)	(598,279)	(262,184)
(Increase) decrease in assets and increase (decrease) in liabilities					
Accounts receivable	9,953	(8,023)	-	1,930	(51,499)
Contributions receivable and other	66,573	-	(39,790)	26,783	(44,101)
Inventories	(1,619)	-	-	(1,619)	6,667
Prepaid expenses and other	101,975	-	5,323	107,298	(116,510)
Accounts payable	(202,557)	(15,804)	-	(218,361)	212,186
Custodial accounts	41,024	1,648	-	42,672	(560)
Other current liabilities	(187,765)	-	-	(187,765)	215,679
Due from other funds	2,959	3,916	(6,875)	-	-
Total adjustments	<u>(169,457)</u>	<u>260,289</u>	<u>(833,883)</u>	<u>(743,051)</u>	<u>378,349</u>
Net cash provided by (used by) operating activities	<u>(167,755)</u>	<u>45,669</u>	<u>(204,943)</u>	<u>(327,029)</u>	<u>(137,340)</u>
Cash provided by (used by) investing activities					
Purchases of investments	-	5,481	(1,577,612)	(1,572,131)	(4,230,877)
Proceeds from sales of investments	-	-	1,773,845	1,773,845	4,488,845
Purchase of building and equipment	-	(163,747)	-	(163,747)	(81,184)
Proceeds from sale of vehicles	-	-	-	-	8,000
Net cash provided by (used in) investing activities	<u>-</u>	<u>(158,266)</u>	<u>196,233</u>	<u>37,967</u>	<u>184,784</u>
Cash provided by (used by) financing activities					
Transfers in (out)	-	(8,710)	8,710	-	-
Net increase (decrease) in cash and cash equivalents	(167,755)	(121,307)	-	(289,062)	47,444
Cash and cash equivalents, beginning of year	<u>337,950</u>	<u>256,263</u>	<u>-</u>	<u>594,213</u>	<u>546,769</u>
Cash and cash equivalents, end of year	<u>\$ 170,195</u>	<u>\$ 134,956</u>	<u>\$ -</u>	<u>\$ 305,151</u>	<u>\$ 594,213</u>

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

The Northern New Jersey Council, Boy Scouts of America, Inc. (the “*Council*”) was formed under a charter from the Boy Scouts of America. The Council operates in the counties of Bergen, Essex, Hudson and Passaic.

The Northern New Jersey Council, Boy Scouts of America, Inc., is a not-for-profit organization devoted to the Scouting program of promoting the ability of boys and young men and women to do 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 operates the Scouting program within the territory covered by the charter annually granted it by the Boy Scouts of America (the “*BSA*”) and in accordance with the Bylaws, and Rules and Regulations of the Boy Scouts of America. The charter has most recently been renewed in April of 2018.

The Council’s programs are classified as follows:

Cub Scouts – A BSA program for Kindergarten to fifth grade boys, ages 5 to 10.

Boy Scouting – A BSA program for 10 1/2 to 17-year-old boys.

Venturing – A BSA co-ed program reaching young men and women from 14 to 20 years old.

Learning for Life – Various programs offered through the Learning for Life Corp. for males and females from kindergarten through 12th grade. Programs offered through schools or through public and private places of employment.

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

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class or by expense category. 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 audited financial statements for the year ended December 31, 2016 from which the summarized information was derived.

USE OF ESTIMATES

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

NET ASSETS

A description of the net asset categories is as follows:

Unrestricted – unrestricted assets are resources available to the Council to support activities within its charter and mission.

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2017

Temporarily Restricted – a temporary restriction allows the Council to use the donated asset as specified, and the restriction is satisfied by the passage of time or the utilization of the asset as specified by the donor.

Permanently Restricted – a permanent restriction consists of the principal amount of gifts and bequests accepted with the donor stipulation that the principal be retained intact. Income from such funds is available for spending by the Operating Fund.

The following major fund groups are included within the classifications of net assets:

Operating Fund – represents unrestricted resources that are available for the Council's operations.

Capital Fund – includes all property and equipment used by the Council, including gifts designated or restricted for camp property.

Endowment Fund – represents resources in which the Board of Directors intends to keep the principal intact. At the Board's discretion, money can be appropriated to other funds, subject to the restrictions established by the donors.

CASH EQUIVALENTS

The Council considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

INVESTMENTS

Investments are recorded at fair value with the resulting gains and losses reported in the statement of activity as changes in unrestricted net assets unless the use of the assets or proceeds from the sale of assets is limited by donor imposed restrictions.

INVENTORIES

Inventories of merchandise, which relate primarily to camp trading post merchandise, are carried at the lower of cost or market, using the first-in, first-out valuation method.

LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment are stated at cost or, if acquired by gift, at the estimated fair value at the date of the gift. Assets are recorded at lower of carrying value or net realizable value. Depreciation is provided over the estimated useful lives of the related assets using the straight-line method as follows: Buildings and improvements – 10-40 years; land improvements – 10-30 years; furniture, fixtures and equipment – 5-10 years; leasehold improvements – 5-20 years; and automobiles and other vehicle equipment – 3-10 years.

CONTRIBUTIONS

The Council records unconditional promises to give as a receivable and revenue in the year pledged, net of the discount to present value of the future cash flows, for gifts expected to be received in more than one year. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as “*net assets released from restrictions.*”

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2017

Restricted contributions are reported as unrestricted support if the restrictions are met in the same reporting period as the gift is received.

The Council follows the policy of reporting expirations of donor restrictions on the contributions of cash or other assets received for the acquisition of long lived assets when the assets are acquired and placed into service.

DONATED MATERIALS AND SERVICES

Donated securities, materials and equipment are recorded in the financial statements at their estimated fair value on the date of receipt. The Council reports the donations as unrestricted support, unless explicit donor stipulations specify how the assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

A substantial number of volunteers have donated significant amounts of their time to assist in the operation of the Council. The value of these contributed services is not recorded in the accompanying financial statements as these services do not require specialized skills and are not susceptible to objective measurement or valuation.

INCOME TAX

The Council is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) 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.

Management has reviewed the tax positions for each of the open tax years (2014 – 2016) and those expected to be taken in the Council's 2017 tax return and has concluded that there are no significant uncertain tax positions that require recognition in the financial statements.

CONCENTRATIONS OF CREDIT AND OTHER RISK

The Council receives donations from a diverse number of organizations and individuals located predominantly in the Northern New Jersey area and as such, support is generally affected by the economic conditions in the surrounding area. In addition, the Council occasionally maintains bank deposits in excess of federally insured limits and investment holdings with a registered broker-dealer in excess of Securities Investor Protection Corporation (SIPC) insurance limits. These risks are managed by monitoring the financial institutions in which bank deposits are made and securities held. SIPC insurance does not protect against changes in market values of securities.

FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities has been reported on a functional basis in the statement of activities based upon the allocation of costs among the programs and supporting services benefited.

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2017

NEW ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU will be applied on a retrospective basis beginning with the Council's December 31, 2018 financial statements. While the ASU will change the presentation of the Council's financial statements, it is not expected to alter the Council's reported financial position.

(2) CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are included in the financial statements as contributions receivable of the appropriate net asset category. As all contributions are deemed collectible, there is no provision for uncollectible contributions receivable at December 31, 2017 and 2016.

Unconditional promises to give at December 31, 2017 are expected to be realized within one year.

(3) INVESTMENTS

At December 31, 2017 and 2016, investments consisted of the following:

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Short-Term Investments	\$ 245,196	\$ 245,196	\$ 321,227	\$ 321,227
Common Stock	1,015,731	1,243,928	1,065,247	1,122,475
Mutual Funds				
Bond	3,243,259	3,360,857	2,900,175	2,861,778
Equity	<u>2,066,606</u>	<u>2,571,345</u>	<u>2,292,833</u>	<u>2,526,257</u>
Total investments	<u>\$6,570,792</u>	<u>\$7,421,326</u>	<u>\$6,579,482</u>	<u>\$6,831,737</u>

As of December 31, 2017 and 2016, net unrealized gains were \$850,534 and \$252,255, respectively.

Total investment return on the long-term investments of the endowment for 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Interest and dividends – net of expenses of \$41,241 and \$50,721	\$ 128,799	\$ 96,674
Realized gains (losses)	193,024	(94,362)
Unrealized appreciation	<u>599,517</u>	<u>262,438</u>
	921,340	264,750
Investment return designated for current operations	<u>(337,142)</u>	<u>(324,394)</u>
Investment return (deficit) net of amounts designated for operations	<u>\$ 584,198</u>	<u>\$ (59,644)</u>

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2017

Investment return (deficit) net of amounts designated for operations is classified as follows:

	<u>2017</u>	<u>2016</u>
Unrestricted	\$497,470	\$ (53,435)
Temporary Restricted	86,057	(7,729)
Permanently Restricted	<u>671</u>	<u>1,520</u>
	<u>\$584,198</u>	<u>\$ (59,644)</u>

The Council Board of Directors, in accordance with state law, has an approved spending rate of up to 5% of the market value of its endowment investments to ensure preservation and growth of the corpus and to provide for a constant stream of income. For the years ended December 31, 2017 and 2016, the actual spending rate was 5.0% and 4.7%, respectively. Beginning in 2017, the market value of investments to which the spending rate is applied was changed by the Executive Committee to the average market value of endowment assets on September 30 of each of the five previous years. In 2016, the spending rate was based on the market value of the endowment investments as of October 31st of the previous year.

The spending rate is allocated proportionately among the unrestricted board-designated and permanently restricted endowment funds. The accumulated earnings on the permanently restricted endowment funds are classified as temporarily restricted net assets until appropriated for expenditure. To the extent that accumulated earnings on permanently restricted endowments are insufficient to cover the appropriation, unrestricted net assets are charged for the deficiency.

As of December 31, 2017 and 2016, accumulated investment losses of \$327,906 and \$430,789, respectively, related to the permanently restricted net assets were recorded in the unrestricted category since total losses exceeded accumulated endowment income.

The Council utilizes various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Council has the ability to access.
- Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instruments on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Council's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2017

The summary of inputs used to value the Council’s investments as of December 31, 2017 and 2016 is as follows:

	2017			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short-Term Investments	\$ 245,196	\$ 245,196	\$ -	\$ -
Common Stock	1,243,928	1,243,928	-	-
Mutual Funds				
Bond	3,360,857	3,360,857	-	-
Equity	<u>2,571,345</u>	<u>2,571,345</u>	-	-
Totals	<u>\$ 7,421,326</u>	<u>\$ 7,421,326</u>	<u>\$ -</u>	<u>\$ -</u>

	2016			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Short-Term Investments	\$ 321,227	\$ 321,227	\$ -	\$ -
Common Stock	1,122,475	1,122,475	-	-
Mutual Funds				
Bond	2,861,778	2,861,778	-	-
Equity	<u>2,526,257</u>	<u>2,526,257</u>	-	-
Totals	<u>\$ 6,831,737</u>	<u>\$ 6,831,737</u>	<u>\$ -</u>	<u>\$ -</u>

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2017 and 2016.

(4) LAND, BUILDINGS AND EQUIPMENT

At December 31, 2017 and 2016, land, buildings and equipment consist of the following:

	<u>2017</u>	<u>2016</u>
Land	\$ 950,279	\$ 950,279
Land improvements	675,022	661,426
Buildings	7,129,086	7,122,350
Furniture, fixtures and equipment	1,451,206	1,434,364
Automotive and aquatic equipment	454,936	452,246
Leasehold improvements	703,124	703,124
Construction-in-progress	<u>157,946</u>	<u>34,063</u>
	11,521,599	11,357,852
Less: accumulated depreciation	<u>8,306,391</u>	<u>8,029,077</u>
	<u>\$ 3,215,208</u>	<u>\$ 3,328,775</u>

The Council presently owns the following properties: The Council Service Center, Camp No-Be-Bo-Sco, Camp Turrell, Floodwood Scout Reservation and Camp Conklin.

Additionally, the Council leases three properties used for camping activities: Camp Alpine (owned by the Palisades Interstate Park Commission), Camp Yaw Paw (owned by the Yaw Paw Foundation) and Camp Lewis (owned by the State of New Jersey, Department of Environmental Protection, Division of Parks and Forestry).

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2017

(5) NOTES PAYABLE

The Council has a line of credit collateralized by certain of its investment accounts. The line of credit has an interest rate equal to the weekly LIBOR plus 2.25%. During 2018, the Council is replacing the line of credit and currently has a commitment that it intends to close. The committed line of credit bears an interest rate equal to the Wall Street Journal Prime Rate minus 0.5%.

(6) NET ASSETS

Temporarily restricted net assets at December 31, 2017 and 2016 are available for the following purposes:

	<u>2017</u>	<u>2016</u>
Camp Operations and Improvements		
Mohican Trust	\$ 847,963	\$ 781,141
Campership Fund	15,962	14,704
Scholarships for Junior Leader Training (Berisso Fund)	1,902	1,752
Nieman Challenge	10,343	9,528
NYLT Scholarship	278	256
Sand Pond Society – No-Be-Bo-Sco renovations	247,310	259,646
Pfizer – No-Be-Bo-Sco renovations	2,881	25,000
Cope Course	775	5,250
Yaw Paw Foundation – Yaw Paw renovations	-	9,000
Achelis & Bodman Foundation	19,260	-
Staff Development Future Years	1,000	-
Camperships Future Years	400	-
Other		
Brown	43,655	40,215
Pooled Investment Fund	17,207	15,598
Split-interest agreements	18,202	25,134
Time restrictions	<u>111,615</u>	<u>146,541</u>
	<u>\$ 1,338,753</u>	<u>\$ 1,333,765</u>

Net assets of \$213,436 and \$136,754 were released from donor restrictions as of December 31, 2017 and 2016, respectively, by meeting the restricted purposes.

Permanently restricted net assets consist of contributions for which the principal is to remain intact and the income earned from the principal is used for camping and general operations of the Council.

Endowment net asset composition by type of fund as of December 31, 2017 and 2016:

	<u>2017</u>			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment and other funds	\$ -	\$ 942,153	\$ 1,285,671	\$ 2,227,824
Board-designated endowment funds	<u>5,156,887</u>	<u>-</u>	<u>-</u>	<u>5,156,887</u>
Total funds	<u>\$ 5,156,887</u>	<u>\$ 942,153</u>	<u>\$ 1,285,671</u>	<u>\$ 7,384,711</u>

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2017

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Donor-restricted endowment and other funds	\$ -	\$ 874,969	\$ 1,230,934	\$ 2,105,903
Board-designated endowment funds	<u>4,641,158</u>	-	-	<u>4,641,158</u>
Total funds	<u>\$4,641,158</u>	<u>\$ 874,969</u>	<u>\$ 1,230,934</u>	<u>\$ 6,747,061</u>

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

The Council has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), adopted by the state of New Jersey, 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 Council classifies as permanently restricted net assets: (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 in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Council in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, 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
- The investment policies of the Council

Changes in Endowment Net Assets for the Years Ended December 31, 2017 and 2016:

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, Beginning of year	\$ 4,641,158	\$ 874,969	\$ 1,230,934	\$ 6,747,061
Investment income	107,476	15,986	5,337	128,799
Realized/unrealized gains on investments	694,176	98,365	-	792,541
Contributions/other changes	-	2,942	49,400	52,342
Transfer from capital fund	8,710	-	-	8,710
Split-interest agreement maturity	8,265	(8,265)	-	-
Amounts appropriated for expenditure	(295,298)	(41,844)	-	(337,142)
Expenses	<u>(7,600)</u>	<u>-</u>	<u>-</u>	<u>(7,600)</u>
Endowment net assets, End of year	<u>\$ 5,156,887</u>	<u>\$ 942,153</u>	<u>\$ 1,285,671</u>	<u>\$ 7,384,711</u>

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2017

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, Beginning of year	\$ 4,784,438	\$ 883,858	\$ 1,176,486	\$ 6,844,782
Investment income	82,626	12,528	1,520	96,674
Realized/unrealized gains on investments	146,294	21,782	-	168,076
Contributions/other changes	-	(1,160)	52,928	51,768
Transfer to capital fund	(80,000)	-	-	(80,000)
Amounts appropriated for expenditure	(282,355)	(42,039)	-	(324,394)
Expenses	<u>(9,845)</u>	<u>-</u>	<u>-</u>	<u>(9,845)</u>
Endowment net assets, End of year	<u>\$ 4,641,158</u>	<u>\$ 874,969</u>	<u>\$ 1,230,934</u>	<u>\$ 6,747,061</u>

(7) COMMITMENTS AND CONTINGENCIES

COMMITMENTS

The Council leases office equipment under an operating lease expiring in December 2022. Future minimum lease payments under this operating lease at December 31, 2017 are as follows:

2018	\$ 10,524
2019	10,524
2020	6,146
2021	5,748
2022	<u>5,748</u>
	<u>\$ 38,690</u>

LITIGATION

The Council is a defendant in lawsuits involving claims for damages of the type normally associated with its business. Management is of the opinion that the resolution of such lawsuits will not have a material effect on the Council's financial position or results of operations.

(8) RETIREMENT PLAN

The Boy Scouts of America has a defined benefit multiemployer retirement plan that covers eligible employees of the Council and is administered by the National Council. Eligible employees contribute 2 percent of compensation and the Council contributes an additional 7 percent to the plan. Retirement plan expense for the years ending December 31, 2017 and 2016 was \$86,733 and \$85,469.

(9) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 22, 2018, have been evaluated in the preparation of the financial statements.

SUPPLEMENTAL INFORMATION

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

SCHEDULE OF CAMPS REVENUES AND EXPENSES

Year Ended December 31, 2017 With Summarized Information For 2016

	<u>No-Be-Bo-Sc</u>	<u>Floodwood</u>	<u>Alpine</u>	<u>Camp Yaw Paw</u>	<u>Lewis</u>	<u>Turrell</u>	<u>Camp Conklin</u>	<u>District Day Camps</u>	<u>2017 Total</u>	<u>2016 Total</u>
Camping revenues										
Camping fees	\$ 681,012	\$ 90,640	\$ 3,290	\$ 199,956	\$ 72,350	\$ 237,723	\$ -	\$ 13,163	\$ 1,298,134	\$ 1,335,435
Trading post sales – net of \$71,975 in costs	34,383	2,473	-	2,812	(691)	6,306	-	-	45,283	35,661
Other revenue (subsidies, other)	<u>7,555</u>	<u>460</u>	<u>-</u>	<u>2,450</u>	<u>784</u>	<u>3,157</u>	<u>-</u>	<u>-</u>	<u>14,406</u>	<u>4,493</u>
Total camping revenues	<u>722,950</u>	<u>93,573</u>	<u>3,290</u>	<u>205,218</u>	<u>72,443</u>	<u>247,186</u>	<u>-</u>	<u>13,163</u>	<u>1,357,823</u>	<u>1,375,589</u>
Camping expenses*										
Salaries and related costs	197,779	29,681	-	54,707	25,578	87,540	-	-	395,285	397,355
Professional fees	753	17,228	-	5,247	5,324	1,921	-	-	30,473	26,069
Supplies	42,471	3,210	185	3,711	5,292	13,735	-	2,549	71,153	73,054
Food	127,922	14,470	-	4,358	17,813	35,851	-	-	200,414	195,454
Occupancy and related costs	108,132	17,108	944	23,702	38,845	38,448	1,235	167	228,581	273,237
Travel	18,602	4,870	-	57,223	2,346	4,808	-	-	87,849	88,809
Camperships	6,814	122	-	894	1,623	2,957	-	-	12,410	20,380
Miscellaneous	<u>24,574</u>	<u>14,054</u>	<u>-</u>	<u>14,075</u>	<u>10,075</u>	<u>16,862</u>	<u>1,628</u>	<u>1,902</u>	<u>83,170</u>	<u>75,137</u>
Total camping expenses	<u>527,047</u>	<u>100,743</u>	<u>1,129</u>	<u>163,917</u>	<u>106,896</u>	<u>202,122</u>	<u>2,863</u>	<u>4,618</u>	<u>1,109,335</u>	<u>1,149,495</u>
Camping revenues over expenses (expenses over revenues) – 2017	<u>\$ 195,903</u>	<u>\$ (7,170)</u>	<u>\$ 2,161</u>	<u>\$ 41,301</u>	<u>\$ (34,453)</u>	<u>\$ 45,064</u>	<u>\$ (2,863)</u>	<u>\$ 8,545</u>	<u>\$ 248,488</u>	
Camping revenues over expenses (expenses over revenues) – 2016	<u>\$ 147,290</u>	<u>\$ 7,849</u>	<u>\$ 3,314</u>	<u>\$ 67,853</u>	<u>\$ (28,245)</u>	<u>\$ 26,455</u>	<u>\$ (2,788)</u>	<u>\$ 4,366</u>		<u>\$ 226,094</u>

* Expenses shown above are direct camping expenses or allocated direct camping expenses. Amounts do not include any management and general or fund raising expenses.

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

SUMMARY OF CHANGES IN NET ASSETS

Year Ended December 31, 2017

	<u>Balance December 31, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2017</u>
Temporarily Restricted Net Assets				
Mohican Trust - <i>Camping</i>	\$ 781,141	\$ 66,822	\$ -	\$ 847,963
Campership Fund	14,704	1,258	-	15,962
Scholarships for Junior Leader Training (Berisso Fund)	1,752	150	-	1,902
Nieman Challenge	9,528	815	-	10,343
NYLT Scholarship	256	22	-	278
Sand Pond Society – No-Be-Bo-Sco Renovations	259,646	10,700	23,036	247,310
Pfizer - No-Be-Bo-Sco renovations	25,000	-	22,119	2,881
Cope Course	5,250	-	4,475	775
Yaw Paw Foundation – Yaw Paw Renovations	9,000	-	9,000	-
Achelis & Bodman Foundation	-	19,260	-	19,260
Staff Development Future Years	-	1,000	-	1,000
Camperships Future Years	-	400	-	400
Brown	40,215	3,440	-	43,655
Pooled Investment Fund	15,598	1,609	-	17,207
Split-Interest Agreements	25,134	1,333	8,265	18,202
Time restrictions	<u>146,541</u>	<u>111,615</u>	<u>146,541</u>	<u>111,615</u>
Total temporarily restricted net assets	<u>\$ 1,333,765</u>	<u>\$ 218,424</u>	<u>\$ 213,436</u>	<u>\$ 1,338,753</u>
Permanently Restricted Net Assets				
Purpose – Specified:				
Pedone (College Scholarships)	\$ 40,709	\$ 5,337	\$ -	\$ 46,046
OK Taylor (Camping Operations)	50,909	2,442	2,442	50,909
Wilson (Camperships)	106,317	5,101	5,101	106,317
Cullimose (Council Training)	67,191	3,224	3,224	67,191
Wehren (Camperships)	<u>10,000</u>	<u>480</u>	<u>480</u>	<u>10,000</u>
	<u>275,126</u>	<u>16,584</u>	<u>11,247</u>	<u>280,463</u>
Purpose – General Operations:				
Hudson	86,392	4,145	4,145	86,392
Passaic	7,000	336	336	7,000
Clark	10,000	480	480	10,000
Mitchell	368,242	17,677	17,677	368,242
JE West	233,432	60,600	11,200	282,832
Thompson	5,000	240	240	5,000
Essex	6,600	317	317	6,600
1910 Society	50,000	2,399	2,399	50,000
Other	<u>195,742</u>	<u>9,391</u>	<u>9,391</u>	<u>195,742</u>
	<u>962,408</u>	<u>95,585</u>	<u>46,185</u>	<u>1,011,808</u>
Total permanently restricted net assets	<u>\$ 1,237,534</u>	<u>\$ 112,169</u>	<u>\$ 57,432</u>	<u>\$ 1,292,271</u>
Other (included w/unrestricted net assets)				
Carmen and Yogi Berra	<u>\$ 372,145</u>	<u>\$ 21,123</u>	<u>\$ 21,123</u>	<u>\$ 372,145</u>

NORTHERN NEW JERSEY COUNCIL, BOY SCOUTS OF AMERICA, INC.

SUMMARY OF CHANGES IN NET ASSETS – (Continued)

Year Ended December 31, 2017

	<u>Allocation of Endowment Return of Temporarily and Permanently Restricted Net Assets</u>
Total investment return	\$ 921,340
Investment return designated for current operations	<u>(337,142)</u>
	584,198
Investment gains allocated to unrestricted net assets	(506,354)*
Investment gains allocated to temporarily restricted net assets	(72,507)
Investment gains reinvested to permanently restricted net assets	<u>(5,337)</u>
	<u>\$ -</u>

* *Includes investment losses on permanently restricted net assets charged to unrestricted net assets.*