



**CENTRAL NORTH CAROLINA COUNCIL
BOY SCOUTS OF AMERICA, INC.**

AUDITED FINANCIAL STATEMENTS

December 31, 2016 and 2015

**CENTRAL NORTH CAROLINA COUNCIL
BOY SCOUTS OF AMERICA, INC.**

Albemarle, North Carolina

Audited

Financial Statements

For The Years Ended

December 31, 2016 and 2015

*** * * * ***

CONTENTS

	<u>Page No.</u>
Independent Auditors' Report	3-4
Financial Statements	
Statements of Financial Position	5
Statements of Activities and Changes in Net Assets	6 - 9
Statement of Functional Expenses.....	10
Statements of Cash Flows	11
Notes to Financial Statements	12 - 24



POTTER & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
**Central North Carolina Council
Boy Scouts of America, Inc.**

Report on the Financial Statements

We have audited the accompanying financial statements of **Central North Carolina Council Boy Scouts of America, Inc.** (a non-profit organization), which comprise the statements of financial position as of December 31, 2016 and 2015 and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Central North Carolina Council Boy Scouts of America, Inc.** as of December 31, 2016 and 2015, 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.

Potts + Company, P.A.

May 30, 2017

Concord, North Carolina

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 693,384	\$ 503,926	\$ 1,121,032	\$ 1,381,364	\$ -	\$ -	\$ 1,814,416	\$ 1,885,290
Accounts receivable	4,591	5,424	-	-	-	75,000	4,591	80,424
Due from operating fund	-	-	165,000	-	-	-	165,000	-
Pledges receivable, net	153,648	213,353	182,447	75,754	-	-	336,095	289,107
Inventory	61,412	72,980	-	-	-	-	61,412	72,980
Deferred activity expense	29,821	-	-	-	-	-	29,821	-
Prepaid expenses	29,728	4,477	-	-	-	-	29,728	4,477
Short-term investments	-	-	283,471	282,775	-	-	283,471	282,775
Total Current Assets	972,584	800,160	1,751,950	1,739,893	-	75,000	2,724,534	2,615,053
Property and Equipment								
Land, buildings, improvements and equipment	-	-	5,462,698	5,051,089	-	-	5,462,698	5,051,089
Less accumulated depreciation	-	-	(2,267,261)	(2,111,130)	-	-	(2,267,261)	(2,111,130)
Property and Equipment, Net	-	-	3,195,437	2,939,959	-	-	3,195,437	2,939,959
Long-term pledges receivable, net	-	-	-	476,626	-	-	-	476,626
Long-term investments	-	-	-	-	1,683,533	1,533,620	1,683,533	1,533,620
Total Noncurrent Assets	-	-	3,195,437	3,416,585	1,683,533	1,533,620	4,878,970	4,950,205
Total Assets	\$ 972,584	\$ 800,160	\$ 4,947,387	\$ 5,156,478	\$ 1,683,533	\$ 1,608,620	\$ 7,603,504	\$ 7,565,258
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts payable	\$ 37,665	\$ 26,739	\$ 2,858	\$ -	\$ -	\$ -	\$ 40,523	\$ 26,739
Accrued expenses	3,981	4,443	-	-	-	-	3,981	4,443
Due to capital fund	165,000	-	-	-	-	-	165,000	-
Deferred income	43,005	7,093	-	-	-	-	43,005	7,093
Custodian accounts	254,288	244,674	-	-	-	-	254,288	244,674
Total Current Liabilities	503,939	282,949	2,858	-	-	-	506,797	282,949
Total Liabilities	503,939	282,949	2,858	-	-	-	506,797	282,949
Net Assets								
Unrestricted	300,297	284,268	3,218,566	2,770,266	67,097	27,437	3,585,960	3,081,971
Temporarily restricted	168,348	232,943	1,725,963	2,386,212	484,980	459,455	2,379,291	3,078,610
Permanently restricted	-	-	-	-	1,131,456	1,121,728	1,131,456	1,121,728
Total Net Assets	468,645	517,211	4,944,529	5,156,478	1,683,533	1,608,620	7,096,707	7,282,309
Total Liabilities and Net Assets	\$ 972,584	\$ 800,160	\$ 4,947,387	\$ 5,156,478	\$ 1,683,533	\$ 1,608,620	\$ 7,603,504	\$ 7,565,258

See Accompanying Notes to Financial Statements.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Totals	
	2016	2015	2016	2015	2016	2015	2016	2015
Changes in Unrestricted Net Assets:								
Direct Public Support								
Contributions - Friends of Scouting	\$ 544,079	\$ 616,953	\$ -	\$ -	\$ -	\$ -	\$ 544,079	\$ 616,953
Project sales contributions	46,663	25,000	-	-	-	-	46,663	25,000
Capital campaign	-	-	50,000	-	-	-	50,000	-
Special events, gross	98,325	75,759	-	-	-	-	98,325	75,759
Less costs of direct benefits	(41,118)	(27,672)	-	-	-	-	(41,118)	(27,672)
Special events-net	57,207	48,087	-	-	-	-	57,207	48,087
Foundations and trusts	74,500	18,580	-	-	-	-	74,500	18,580
Legacies and bequests	32,505	1,960	-	-	-	-	32,505	1,960
Other direct	402	884	25,444	18,772	-	-	25,846	19,656
Total Direct Support	755,356	711,464	75,444	18,772	-	-	830,800	730,236
Indirect Public Support								
United Way	122,684	117,596	-	-	-	-	122,684	117,596
Other indirect	-	1,072	-	-	-	-	-	1,072
Total Public Support	878,040	830,132	75,444	18,772	-	-	953,484	848,904
Revenue								
Sales of supplies, gross	36,773	33,319	-	-	-	-	36,773	33,319
Less cost of sales	(29,465)	(29,224)	-	-	-	-	(29,465)	(29,224)
Sales of supplies, net	7,308	4,095	-	-	-	-	7,308	4,095
Product sales, gross	439,285	539,612	-	-	-	-	439,285	539,612
Less cost of sales	(81,319)	(127,797)	-	-	-	-	(81,319)	(127,797)
Less commissions	(175,361)	(203,269)	-	-	-	-	(175,361)	(203,269)
Product sales, net	182,605	208,546	-	-	-	-	182,605	208,546
Camping revenue	296,647	270,742	-	-	-	-	296,647	270,742
Activity revenue	118,970	135,469	-	-	-	-	118,970	135,469
Investment income, net of fees	34,286	15,288	2,368	2,416	6,797	6,039	43,451	23,743
Other income	43,511	63,944	64,004	8,500	-	-	107,515	72,444
Gain (loss) on investments	-	-	-	-	32,863	(41,048)	32,863	(41,048)
Total Revenue	683,327	698,084	66,372	10,916	39,660	(35,009)	789,359	673,991
Total Public Support and Revenue	1,561,367	1,528,216	141,816	29,688	39,660	(35,009)	1,742,843	1,522,895
Net assets released from restrictions	230,293	167,997	403,819	174,397	-	-	634,112	342,394
Total Unrestricted Revenues	1,791,660	1,696,213	545,635	204,085	39,660	(35,009)	2,376,955	1,865,289

See Accompanying Notes to Financial Statements.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Totals	
	2016	2015	2016	2015	2016	2015	2016	2015
Expenses								
Program services	\$ 1,341,198	\$ 1,412,759	\$ 229,874	\$ 177,117	\$ -	\$ -	\$ 1,571,072	\$ 1,589,876
Support Services:								
Management and general	48,992	59,592	703	1,020	-	-	49,695	60,612
Fundraising	188,942	147,168	31,758	32,040	-	-	220,700	179,208
Total Supporting Services	237,934	206,760	32,461	33,060	-	-	270,395	239,820
Total Program and Supporting Services	1,579,132	1,619,519	262,335	210,177	-	-	1,841,467	1,829,696
Charter and National Service Fee	31,499	34,366	-	-	-	-	31,499	34,366
Total Expenses	1,610,631	1,653,885	262,335	210,177	-	-	1,872,966	1,864,062
Increase (Decrease) in Unrestricted Net Assets	\$ 181,029	\$ 42,328	\$ 283,300	\$ (6,092)	\$ 39,660	\$ (35,009)	\$ 503,989	\$ 1,227

See Accompanying Notes to Financial Statements.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2016 and 2015

	Operating Funds		Capital Funds		Endowment Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Changes in Temporarily Restricted Net Assets:								
Direct Support								
Friends of Scouting	\$ 102,614	\$ 167,239	\$ -	\$ -	\$ -	\$ -	\$ 102,614	\$ 167,239
Foundations and trusts	5,000	5,000	-	-	-	-	5,000	5,000
Capital Campaign, net of allowance	-	-	(256,430)	23	-	-	(256,430)	23
Total Direct Support	107,614	172,239	(256,430)	23	-	-	(148,816)	172,262
Other Revenue								
United Way	58,084	58,054	-	-	-	-	58,084	58,054
Investment income, net of fees	-	-	-	-	(1,046)	10,973	(1,046)	10,973
Gain (loss) on investments	-	-	-	-	26,571	(36,272)	26,571	(36,272)
Total	58,084	58,054	-	-	25,525	(25,299)	83,609	32,755
Reclassifications								
Net assets released from restrictions	(230,293)	(167,997)	(403,819)	(174,397)	-	-	(634,112)	(342,394)
Increase (Decrease) in Temporarily Restricted Net Assets	(64,595)	62,296	(660,249)	(174,374)	25,525	(25,299)	(699,319)	(137,377)
Changes in Permanently Restricted Net Assets								
Direct Support								
Legacies and bequests	-	-	-	-	-	-	-	-
Other Direct Support	-	-	-	-	9,728	193,508	9,728	193,508
Total Direct Support	-	-	-	-	9,728	193,508	9,728	193,508
Reclassifications								
Net assets released from restrictions	-	-	-	-	-	-	-	-
Increase (Decrease) in Permanently Restricted Net Assets	-	-	-	-	9,728	193,508	9,728	193,508
Increase (Decrease) in Total Net Assets	\$ 116,434	\$ 104,624	\$ (376,949)	\$ (180,466)	\$ 74,913	\$ 133,200	\$ (185,602)	\$ 57,358

See Accompanying Notes to Financial Statements

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2016 and 2015

	Operating Funds		Capital Funds		Endowment Fund		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Increase (Decrease) in Total Net Assets								
Unrestricted net assets	\$ 181,029	\$ 42,328	\$ 283,300	\$ (6,092)	\$ 39,660	\$ (35,009)	\$ 503,989	\$ 1,227
Temporarily restricted net assets	(64,595)	62,296	(660,249)	(174,374)	25,525	(25,299)	(699,319)	(137,377)
Permanently restricted net assets	-	-	-	-	9,728	193,508	9,728	193,508
Total Increase (Decrease) in Net Assets	116,434	104,624	(376,949)	(180,466)	74,913	133,200	(185,602)	57,358
Net Assets at Beginning of Year								
Unrestricted net assets	284,268	206,501	2,770,266	2,811,797	27,437	12,446	3,081,971	3,030,744
Temporarily restricted net assets	232,943	170,647	2,386,212	2,560,586	459,455	534,754	3,078,610	3,265,987
Permanently restricted net assets	-	-	-	-	1,121,728	928,220	1,121,728	928,220
Total Net Assets, Beginning of Year	517,211	377,148	5,156,478	5,372,383	1,608,620	1,475,420	7,282,309	7,224,951
Adjustments to Net Assets								
Unrestricted Net Assets	-	-	-	-	-	50,000	-	50,000
Temporarily Restricted Net Assets	-	-	-	-	-	(50,000)	-	(50,000)
Permanently Restricted Net Assets	-	-	-	-	-	-	-	-
Total Adjustments to Net Assets	-	-	-	-	-	-	-	-
Transfers (net)	(165,000)	35,439	165,000	(35,439)	-	-	-	-
Net Assets at End of Year								
Unrestricted Net Assets	300,297	284,268	3,218,566	2,770,266	67,097	27,437	3,585,960	3,081,971
Temporarily Restricted Net Assets	168,348	232,943	1,725,963	2,386,212	484,980	459,455	2,379,291	3,078,610
Permanently Restricted Net Assets	-	-	-	-	1,131,456	1,121,728	1,131,456	1,121,728
Total Net Assets, End of Year	\$ 468,645	\$ 517,211	\$ 4,944,529	\$ 5,156,478	\$ 1,683,533	\$ 1,608,620	\$ 7,096,707	\$ 7,282,309

See Accompanying Notes to Financial Statements.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2016 and 2015

	<u>Supporting Services</u>				<u>Total Expenses</u>	
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>		
	<u>Service</u>	<u>& General</u>			<u>Supporting</u>	<u>2016</u>
Employee Compensation						
Salaries	\$ 610,386	\$ 25,427	\$ 63,568	\$ 88,995	\$ 699,381	\$ 698,063
Employee benefits	112,689	5,241	13,103	18,344	131,033	138,369
Payroll taxes	47,335	1,947	4,869	6,816	54,151	57,055
Employee related expenses	9,477	441	1,102	1,543	11,020	22,302
Total Salaries and Related Benefits	779,887	33,056	82,642	115,698	895,585	915,789
Other Expenses						
Professional fees	18,447	802	32,005	32,807	51,254	51,920
Supplies	176,337	924	4,327	5,251	181,588	218,985
Telephone	19,856	765	1,913	2,678	22,534	22,579
Postage	7,285	339	1,582	1,921	9,206	11,518
Occupancy	130,759	1,927	4,818	6,745	137,504	136,610
Equipment rental & maintenance	53,061	1,874	4,685	6,559	59,620	16,660
Printing and publications	18,269	64	2,235	2,299	20,568	27,279
Field and travel	34,743	1,540	4,172	5,712	40,455	39,017
Conferences, meetings & training	11,012	351	928	1,279	12,291	13,482
Specific assistance	53,519	2,303	5,758	8,061	61,580	20,287
Recognition awards	26,500	980	42,240	43,220	69,720	62,287
General insurance	64,877	3,730	4,915	8,645	73,522	74,703
Miscellaneous other	7,313	337	26,722	27,059	34,372	58,658
Total Other Expenses	621,978	15,936	136,300	152,236	774,214	753,985
Expenses Before Depreciation	1,401,865	48,992	218,942	267,934	1,669,799	1,669,774
Depreciation	169,207	703	1,758	2,461	171,668	159,922
Total Functional Expenses	\$ 1,571,072	\$ 49,695	\$ 220,700	\$ 270,395	\$ 1,841,467	\$ 1,829,696
Functional Expense Percentages	85.32%	2.70%	11.99%	14.78%	100.00%	

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2015

	Operating Fund		Capital Fund		Endowment Fund		Totals	
	2016	2015	2016	2015	2016	2015	2016	2015
Cash Flows from Operating Activities	\$ 116,434	\$ 104,624	\$ (376,949)	\$ (180,466)	\$ 74,913	\$ 133,200	\$ (185,602)	\$ 57,358
Increase (decrease) in net assets								
Adjustments to reconcile change in net assets to net cash provided by operating activities:								
Depreciation	-	-	171,668	159,922	-	-	171,668	159,922
Net (gain) loss on property and equipment disposals	-	-	(5,177)	-	-	-	(5,177)	-
Unrealized (gain) loss on investments	-	-	(696)	-	(114,830)	128,163	(115,526)	128,163
Investment income reinvested	-	-	-	-	(42,603)	(38,954)	(42,603)	(38,954)
(Increase) decrease in current assets:								
Accounts receivable	833	(3,975)	-	233,513	75,000	(75,000)	75,833	(78,975)
Pledges receivable	59,705	(51,916)	369,933	-	-	-	429,638	181,597
Inventory	11,568	33,919	-	-	-	-	11,568	33,919
Prepaid expenses	(25,251)	12,944	-	-	-	-	(25,251)	12,944
Deferred activity expenses	(29,821)	-	-	-	-	-	(29,821)	-
Increase (decrease) in current liabilities:								
Accounts payable	10,926	28,818	2,858	-	-	-	13,784	28,818
Accrued expenses	(462)	4,335	-	-	-	-	(462)	4,335
Custodian accounts	9,614	(4,709)	-	-	-	-	9,614	(4,709)
Deferred income	35,912	1,873	-	-	-	-	35,912	1,873
Net (gain) loss on investments	-	-	-	(35,439)	55,396	(26,005)	55,396	(26,005)
Interfund transfers	-	35,439	-	-	-	-	-	-
Net Cash Provided by (Used in) Operating Activities	189,458	161,352	161,637	177,530	47,876	121,404	398,971	460,286
Cash Flows from Investing Activities								
Investment in property and equipment	-	-	(427,146)	(109,452)	-	-	(427,146)	(109,452)
Proceeds from sale of fixed assets	-	-	5,177	-	-	-	5,177	-
Investment sales	-	-	-	9,612	34,124	15,929	34,124	25,541
Investment purchases	-	-	-	-	(82,000)	(137,333)	(82,000)	(137,333)
Net Cash Provided by (Used in) Investing Activities	-	-	(421,969)	(99,840)	(47,876)	(121,404)	(469,845)	(221,244)
Cash Flows from Financing Activities								
Interfund loans	-	(60,000)	-	60,000	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	-	(60,000)	-	60,000	-	-	-	-
Net (Decrease) Increase in Cash and Cash Equivalents	189,458	101,352	(260,332)	137,690	-	-	(70,874)	239,042
Beginning Cash and Cash Equivalents	503,926	402,574	1,381,364	1,243,674	-	-	1,885,290	1,646,248
Ending Cash and Cash Equivalents	\$ 693,384	\$ 503,926	\$ 1,121,032	\$ 1,381,364	\$ -	\$ -	\$ 1,814,416	\$ 1,885,290

See Accompanying Notes to Financial Statements.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Council

The Central North Carolina Council Boy Scouts of America is a not-for-profit Council devoted to promoting, within the territory covered by the charter from time to time granted to it by the Boy Scouts of America and in accordance with the Congressional Charter, Bylaws, and Rules and Regulations of the Boy Scouts of America, the Scouting program of advancing the ability of boys and 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 methods which are now in common use by the Boy Scouts of America.

The Council is affiliated with the National Council Boy Scouts of America, Inc., with service to young men ages 7 – 20 and young women ages 14 - 20. The Council operates in Albemarle, North Carolina and offers guidance, direction, and support to the local Boy Scout units in the counties of Anson, Cabarrus, Montgomery, Richmond, Rowan, Stanly and Union, North Carolina in accordance with the BSA Mission Statement.

The Central North Carolina Council's programs are classified as follows:

Tigers

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

Cub Scouting

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

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

Varsity Scouting

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

Venturing

Venturing is a program which provides experiences to help young men and women, ages 14 – or 13 with the completion of the eighth grade – through 20, become mature, responsible, caring adults. Young people can learn leadership skills and participate in challenging outdoor activities, including having access to Boy Scout camping properties, a recognition program, and Youth Protection training.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Learning for Life

Learning for Life is a program that enables 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 primary sources of revenue are contributions and United Way allocations.

The Council's website address is www.centralncCouncilbsa.com

Basis of Accounting

The financial statements of the Central North Carolina Council Boy Scouts of America, Inc. (Council) have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States. Accordingly, the accounts of the Council are reported in the following net asset categories:

Unrestricted Net Assets

Unrestricted net assets represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the board of directors.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions that are restricted by the donor as to purpose or time of expenditure.

Permanently Restricted Net Assets

Permanently restricted net assets represent resources that have donor-imposed restrictions requiring that the principal be maintained in perpetuity but permit the nonprofit Council (NPO) to expend the income earned thereon.

Fund Accounting and Financial Statement Presentation

To ensure observance of certain limitations and restrictions placed on the use of resources, the accounts of the Council are maintained in accordance with the principles of fund accounting. Accordingly, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities and objectives.

The Council also prepares financial statements in accordance with FASB Accounting Standards Codification (ASC) 958-205 and subsections. Under these standards, the Council is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Council is required to present a statement of cash flows.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Council is a not-for-profit Council exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable Council 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.

In accordance with ASC 740-10, the Council has evaluated its tax positions for all open tax years. Based on the evaluation of the Council's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2016 and 2015. The Council is not currently under audit nor has the Council been contacted by the Internal Revenue Service.

Investments

Investments consist primarily of assets invested in mutual funds. The Council accounts for investments in accordance with FASB ASC 958-320 and subsections. This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the statement of financial position. Fair value of mutual funds is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the statement of activities and changes in net assets.

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

Investment Policy

The overall objective of the Council's Endowment Investment Committee is to emphasize long-term growth of capital, consistent with prudent investment practices. Funds shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims. Investment of funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. One or more investment managers of varying styles and philosophies may be retained to attain the Trust's objectives. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return. The primary investment objective is to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index. Understanding that risk is present in all types of securities and investment styles, the Investment Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet objectives. The secondary investment objective is to achieve a balanced return of income and modest growth of principal.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded primarily for product sales and are stated at estimated realizable value. 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, 2016 and 2015.

Inventory

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

Property and Equipment

Purchased property and equipment are carried at cost. Donated assets are recorded at their estimated fair market value at the date of donation. It is the Council's policy to capitalize assets with a cost or donated value of \$1,000 or more. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Land, building, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets ranging from 5 to 30 years.

Building	20 – 30 years
Land Improvements	20 years
Improvements	8 – 15 years
Furniture and equipment	5 – 10 years
Vehicles	5 years

Depreciation expense for the years ended December 31, 2016 and 2015 was \$171,668 and \$159,922, respectively.

Estimates

The preparation of the 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.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Council reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Council received \$23,994 and \$0 in donated equipment for the years ended December 31, 2016 and 2015, respectively.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Council's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Contributions

Pledges receivable for contributions are recognized upon notification of a donor's unconditional promise to give to the Council. An allowance for uncollectible promises to give is recorded based on an analysis of collection histories and on reviews of the credit worthiness of major donors. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities and changes in net assets as assets released from restrictions.

Functional Expenses

The costs of providing the various programs and supporting services 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. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payment of the charter fee to the National Council is not allocated as a functional expense.

Subsequent Events

Management has evaluated subsequent events through May 30, 2017, the date the financial statements were available to be issued.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 2 - ENDOWMENT FUND

As of December 31, 2016 and 2015, the Council's endowment consists of two individual funds established for a variety of purposes. Its endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles 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.

The Council's Board has interpreted the North Carolina Prudent Management of Institutional Funds Act ("NCPMIFA") 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 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 NCPMIFA. In accordance with NCPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Council and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Council
- (7) The investment policies of the Council

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Council has a policy of appropriating for distribution each year up to 5 percent of annual earnings as determined by the Board. In establishing this policy, the Council considered the long-term expected return on its endowment. Accordingly, over the long-term, the Council expects the current spending policy to allow its endowment to grow at a modest rate. 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.

Return Objectives and Risk Parameters

The Council 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). Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results of long-term growth of principal while avoiding excessive risk.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 2 - ENDOWMENT FUND (Continued)

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. Changes in the endowment net assets (deficit) for the years ended December 31, 2016 and 2015 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Fund net assets, December 31, 2014	\$ 12,446	\$ 534,754	\$ 928,220	\$ 1,475,420
Investment return	6,039	10,973	-	17,012
Contributions	-	-	193,508	193,508
Transfers	50,000	(50,000)	-	-
Change in fair value of beneficial interest in perpetual trust and cash surrender value of life insurance	<u>(41,048)</u>	<u>(36,272)</u>	<u>-</u>	<u>(77,320)</u>
Endowment Fund net assets, December 31, 2015	27,437	459,455	1,121,728	1,608,620
Investment return	6,797	(1,046)	-	5,751
Contributions	-	-	9,728	9,728
Change in fair value of beneficial interest in perpetual trust and cash surrender value of life insurance	<u>32,863</u>	<u>26,571</u>	<u>-</u>	<u>59,434</u>
Endowment Fund net assets, December 31, 2016	<u>\$ 67,097</u>	<u>\$ 484,980</u>	<u>\$ 1,131,456</u>	<u>\$ 1,683,533</u>

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor or NCPMIFA requires the Council to retain as permanently restricted. Deficiencies of this nature result from unfavorable market fluctuations and would be included in unrestricted net assets. There were no deficiencies at December 31, 2016 or 2015.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
 December 31, 2016 and 2015

NOTE 3 - NET ASSETS AND RESTRICTIONS

Substantially all of the restrictions on net assets at the end of 2016 and 2015 are related to funds raised through the ongoing capital campaigns to help prepare the Council for future Scouting needs, charitable trusts of which the Council is a beneficiary, and United Way Services funding for the next year.

Temporarily restricted net assets are available for the following purposes at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Endowment funds subject to a time restriction by explicit donor stipulation or by NCPMIFA:		
With purpose restrictions: Gift	\$ -	\$ -
With purpose restrictions: Other	484,980	459,455
Capital campaign	1,725,963	2,386,212
General operations	168,348	232,943
	<u>\$ 2,379,291</u>	<u>\$ 3,078,610</u>

Permanently restricted net assets consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Permanently restricted endowment gifts required to be retained either by explicit donor stipulations or by NCPMIFA:		
General endowments	\$ 1,011,607	\$ 1,002,861
Cash surrender value of life insurance	119,849	118,867
	<u>\$ 1,131,456</u>	<u>\$ 1,121,728</u>

NOTE 4 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions during 2016 and 2015 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by donors.

Net assets released in the operating fund consisted of the following:

	<u>2016</u>	<u>2015</u>
Friends of Scouting	\$ 167,239	\$ 108,230
United Way	58,054	59,767
Foundations	5,000	-
	<u>\$ 230,293</u>	<u>\$ 167,997</u>

Net assets released in the capital fund consisted of the following:

	<u>2016</u>	<u>2015</u>
Completed construction	\$ 403,819	\$ 174,397
	<u>\$ 403,819</u>	<u>\$ 174,397</u>

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and writes off, as necessary, all balances that will not be collected. Management's assessment of pledges outstanding as of year-end concluded that uncollectible amounts on balances outstanding will be immaterial.

Pledges receivable at December 31, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Friends of Scouting	\$ 196,329	\$ 244,175
Capital Campaign	630,527	743,329
United Way	58,083	58,054
Subtotal	<u>884,939</u>	<u>1,045,558</u>
Less: Allowance for uncollectible pledges receivable	<u>(548,844)</u>	<u>(279,825)</u>
Pledges receivable, net	<u>\$ 336,095</u>	<u>\$ 765,733</u>
	<u>2016</u>	<u>2015</u>
Pledges receivable, due in:		
Less than one year	\$ 439,402	\$ 340,329
Two to five years	<u>445,537</u>	<u>705,229</u>
Total pledges receivable	<u>\$ 884,939</u>	<u>\$ 1,045,558</u>

NOTE 6 - INVESTMENTS

Investments at December 31, 2016 and 2015 are comprised of the following:

	<u>2016</u>		<u>2015</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Short-term investments:				
Certificate of deposit	\$ 283,471	\$ 283,471	\$ 282,775	\$ 282,775
Long-term investments:				
Cash and money funds	48,328	48,328	44,884	44,884
Mutual and Exchange Traded Funds	1,278,375	1,476,734	1,250,581	1,330,993
Beneficial interest in perpetual trust	38,622	38,622	38,875	38,875
Cash value of life insurance	119,849	119,849	118,867	118,867
	<u>\$ 1,768,645</u>	<u>\$ 1,967,004</u>	<u>\$ 1,735,982</u>	<u>\$ 1,816,394</u>

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 6 - INVESTMENTS (Continued)

Investment returns in the statement of activities and changes in net assets are as follows for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest, dividends and capital distributions	\$ 53,225	\$ 44,620
Investment fees	(10,820)	(9,904)
Net realized and unrealized gains (losses)	<u>59,434</u>	<u>(77,320)</u>
	<u>\$ 101,839</u>	<u>\$ (42,604)</u>
	<u>2016</u>	<u>2015</u>
Unrestricted	\$ 76,314	\$ (17,305)
Temporarily restricted	<u>25,525</u>	<u>(25,299)</u>
	<u>\$ 101,839</u>	<u>\$ (42,604)</u>

Income from interest and dividends on investments and realized and unrealized gains and losses on the sales of investments (Investment Income, Gains and Losses) are recorded initially in the Endowment Fund. Distributions of Investment Income, Gains and Losses from the Endowment Fund are recorded as income by the Operating Fund in the period in which the distributions are made in accordance with the Council's spending policy.

NOTE 7 - SUMMARY OF FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.).
- Level 3: Significant unobservable inputs (including the Council's own assumptions in determining the fair value of investments).

The inputs and methodology used for valuing the Council's financial assets and liabilities are not indicators of the risks associated with those instruments.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 7 - SUMMARY OF FAIR VALUE EXPOSURE (Continued)

The following table provides fair value measurement information for financial assets measured at fair value on a recurring basis as of December 31, 2016 and 2015:

<u>Description</u>	2016 Investments in Securities & Life Insurance Policies	2015 Investments in Securities & Life Insurance Policies
Level 1: Quoted prices	\$ 1,563,684	\$ 1,414,752
Level 2: Other significant observable inputs	-	-
Level 3: Significant unobservable inputs	119,849	118,867
Total fair value	<u>\$ 1,683,533</u>	<u>\$ 1,533,619</u>

The following methods and assumptions were used to estimate the fair values of the assets and liabilities in the table above:

Level 1: Fair Value Measurements

Investments in Securities

The fair value of the Council's investments in mutual funds, exchange traded funds and money funds are based on quoted market prices.

Level 3: Fair Value Measurements

Investment in Life Insurance Policies

The fair value of the Council's life insurance policies has been established utilizing cash surrender value of the policies as provided by the issuer.

Level 3 Investment Rollforward

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 118,867	\$ 134,796
Net realized and unrealized gain (loss) included in earnings	982	(15,929)
Balance, end of year	<u>\$ 119,849</u>	<u>\$ 118,867</u>

NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment purchased are stated at cost or estimated historical cost. Donated assets are at fair market value. The appraised fair market value of Camp John J. Barnhardt land, buildings and structures, and equipment as of April 22, 1975, was \$1,055,000. Depreciation of land improvements, buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets.

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 8 - PROPERTY AND EQUIPMENT (Continued)

The costs or assigned values at December 31 were:

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 2,366,654	\$ 2,198,421
Furniture, fixtures and equipment	675,744	675,744
Land	627,051	627,051
Land improvements	1,071,939	809,586
Leasehold improvements	400,739	400,739
Vehicles	178,096	193,633
Construction-in-progress	<u>142,475</u>	<u>145,915</u>
Total assets	5,462,698	5,051,089
Less: accumulated depreciation	<u>(2,267,261)</u>	<u>(2,111,130)</u>
Net assets	<u>\$ 3,195,437</u>	<u>\$ 2,939,959</u>

NOTE 9 - LEASES

The Council was party to a lease for a building for the scout shop for Cabarrus County through July 2016. Rent expense totaled \$24,325 in 2016 and \$24,655 for 2015. The Council also leases office equipment under three monthly operating leases. Lease payments totaled \$8,635 for 2016 and \$5,434 for 2015. The following table represents the minimum lease payments under non-cancellable leases for the years ending December 31:

2017	\$ 8,497
2018	8,497
2019	7,855
2020	7,213
2021	<u>4,357</u>
Total	<u>\$ 36,419</u>

NOTE 10 - UNITED WAY SUPPORT (PER ALLOCATION)

The Council's operating support and revenue for the years ended December 31, 2016 and 2015 from United Way agencies is as follows:

	<u>2016</u>	<u>2015</u>
Rowan County	\$ 81,500	\$ 81,183
United Way of Central Carolinas	91,017	92,750
Various Other	<u>8,251</u>	<u>1,717</u>
	<u>\$ 180,768</u>	<u>\$ 175,650</u>

The above contributions from United Way agencies are classified in the 2016 and 2015 statement of activities and changes in net assets as follows:

	<u>2016</u>	<u>2015</u>
Unrestricted	\$ 122,684	\$ 117,596
Temporarily restricted (time restriction)	<u>58,084</u>	<u>58,054</u>
	<u>\$ 180,768</u>	<u>\$ 175,650</u>

CENTRAL NORTH CAROLINA COUNCIL BOY SCOUTS OF AMERICA, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 11 - EMPLOYEE BENEFIT PLANS

Retirement Plan

The Boy Scouts of America has a qualified defined benefit multi-employer retirement plan (the "Plan") administered at the National Office that covers employees of the National Council and local Councils, including the Central North Carolina local area Council. The Plan covers all employees who have completed one year of service and who have agreed to make contributions. Eligible employees contribute 2% of compensation and the Council contributes an additional 6.75% to the Plan. Pension expense (excluding the contributions made by employees) for the years ending December 31, 2016 and 2015 was \$31,091 and \$35,338, respectively and covered current service cost.

The Plan is a multi-employer plan and the individual information for each employer is not available. The actuarial information for the multi-employer Plan as of February 1, 2016, indicates that it is in compliance with ERISA regulations regarding funding. The assumed rate of return used in determining actuarial values of present accumulated benefits was 7%. The actuarial information stated that there was a change from the prior year in actuarial assumptions. The actuarial valuation includes all Plan amendments as of February 1, 2016.

Healthcare Plan

The Council's employees participate in a healthcare plan provided by the National Council. The Council pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the year ended December 31, 2016 and 2015, the Council remitted approximately \$78,547 and \$86,736, respectively, on behalf of its employees to the National Council related to the healthcare plan.

NOTE 12 - RISK AND UNCERTAINTIES

The Council places its cash on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) provides coverage up to \$250,000 for substantially all depository accounts. During the year, the Council from time to time may have had amounts on deposit in excess of insured limits. At December 31, 2016, the Council had \$1,607,023 in excess of federally insured amounts.

NOTE 13 - RELATED PARTY TRANSACTIONS

The Council has deposits and accounts with a financial institution in which the Vice President of Finance for the Council is an employee.

NOTE 14 - SCOUT SHOP

The National Council operates a Scout shop within the Cabarrus County area. The National Council manages the Scout shop and pays the Council an 8 percent commission on gross sales. The commissions earned (before expenses) by the Council during 2016 and 2015 amounted to approximately \$25,100 and \$25,294, respectively, which are included in other revenue in the statement of activities and changes in net assets.