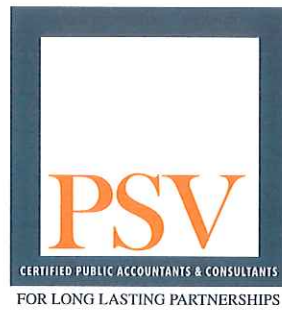


PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
AND
INDEPENDENT AUDITOR'S REPORT

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of,
Puerto Rico Council of Boy Scouts of America, Inc.
Guaynabo, Puerto Rico

Opinion

We have audited the accompanying financial statements of Puerto Rico Council of Boy Scouts of America, Inc. (a non profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Puerto Rico Council of Boy Scouts of America, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Puerto Rico Council of Boy Scouts of America, Inc. as of December 31, 2022 were audited by other auditors whose report dated August 11, 2023 expressed an unmodified opinion on those statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent from Puerto Rico Council of Boy Scouts of America, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Cont'd)

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Puerto Rico Council of Boy Scouts of America, Inc.'s internal control. Accordingly, no such opinion is expressed.



- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Puerto Rico Council of Boy Scouts of America, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

San Juan, Puerto Rico
August 26, 2024

PSV & Co PSC

Stamp E567965 of the P.R.
Society of Certified Public
Accountants has been affixed
to the file copy of this report.



PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS								
Cash and cash equivalents	\$ 41,963	\$ 99,649	\$ -	\$ -	\$ -	\$ -	\$ 41,963	\$ 99,649
Cash restricted	-	-	-	-	66,335	61,928	66,335	61,928
Accounts receivable	74,168	25,294	-	133,509	-	-	74,168	158,803
Prepaid expenses	8,300	27,531	-	-	-	-	8,300	27,531
Total current assets	<u>124,431</u>	<u>152,474</u>	<u>-</u>	<u>133,509</u>	<u>66,335</u>	<u>61,928</u>	<u>190,766</u>	<u>347,911</u>
Land, building and equipment, net	-	-	5,694,371	5,978,734	-	-	5,694,371	5,978,734
Long term investments	-	-	-	-	14,265	13,279	14,265	13,279
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>5,694,371</u>	<u>5,978,734</u>	<u>14,265</u>	<u>13,279</u>	<u>5,708,636</u>	<u>5,992,013</u>
Total assets	<u>\$ 124,431</u>	<u>\$ 152,474</u>	<u>\$ 5,694,371</u>	<u>\$ 6,112,243</u>	<u>\$ 80,600</u>	<u>\$ 75,207</u>	<u>\$ 5,899,402</u>	<u>\$ 6,339,924</u>
LIABILITIES AND NET ASSETS								
Current portion of long term debt	\$ 3,182	\$ 3,309	\$ -	\$ -	\$ -	\$ -	\$ 3,182	\$ 3,309
Accounts payable:								
Trade	92,611	49,059	-	133,509	-	-	92,611	182,568
Other	20,000	-	-	-	-	-	20,000	-
Accrued liabilities	31,339	28,397	-	-	-	-	31,339	28,397
Custodial accounts	58,714	20,607	-	-	-	-	58,714	20,607
Deferred income	26,707	98,471	-	-	-	-	26,707	98,471
Total current liabilities	<u>232,553</u>	<u>199,843</u>	<u>-</u>	<u>133,509</u>	<u>-</u>	<u>-</u>	<u>232,553</u>	<u>333,352</u>
Long term debt	<u>143,352</u>	<u>146,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,352</u>	<u>146,338</u>
Total liabilities	<u>375,905</u>	<u>346,181</u>	<u>-</u>	<u>133,509</u>	<u>-</u>	<u>-</u>	<u>375,905</u>	<u>479,690</u>
NET ASSETS:								
Without donor restrictions	(251,474)	(193,707)	1,182,681	1,182,681	(439,668)	(439,668)	491,539	549,306
With donor restrictions	-	-	4,511,690	4,796,053	520,268	514,875	5,031,958	5,310,928
Total net assets	<u>(251,474)</u>	<u>(193,707)</u>	<u>5,694,371</u>	<u>5,978,734</u>	<u>80,600</u>	<u>75,207</u>	<u>5,523,497</u>	<u>5,860,234</u>
Total liabilities and net assets	<u>\$ 124,431</u>	<u>\$ 152,474</u>	<u>\$ 5,694,371</u>	<u>\$ 6,112,243</u>	<u>\$ 80,600</u>	<u>\$ 75,207</u>	<u>\$ 5,899,402</u>	<u>\$ 6,339,924</u>

SEE NOTES TO FINANCIAL STATEMENTS

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
DECEMBER 31, 2023 AND 2022

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2023	2022	2023	2022	2023	2022	2023	2022
Changes in unrestricted net assets								
Support and revenues								
Friends of scouting	\$ 106,605	\$ 223,531	\$ -	\$ -	\$ -	\$ -	\$ 106,605	\$ 223,531
Special fundraising events	28,222	36,420	-	-	-	-	28,222	36,420
Foundations and trust, net	48,800	71,680	-	-	-	-	48,800	71,680
Other direct support	-	-	-	-	4,406	24,000	4,406	24,000
Total direct support	183,627	331,631	-	-	4,406	24,000	188,033	355,631
Indirect support								
United way	40,376	53,155	-	-	-	-	40,376	53,155
Other indirect support	7,580	14,242	-	-	-	-	7,580	14,242
Government grants	98,193	42,467	-	-	-	-	98,193	42,467
Total indirect support	146,149	109,864	-	-	-	-	146,149	109,864
Revenues								
Sales of supplies	2,410	10,474	-	-	-	-	2,410	10,474
Product sales	156,133	84,616	-	-	-	-	156,133	84,616
Less cost of good sold	72,418	64,653	-	-	-	-	72,418	64,653
Net sales of products	86,125	30,437	-	-	-	-	86,125	30,437
Camping revenue	810,292	591,541	-	-	-	-	810,292	591,541
Activity revenues:								
Activities fees	686,164	262,279	-	-	-	-	686,164	262,279
Other revenue	188,794	43,920	-	-	-	-	188,794	43,920
Total revenue	1,771,375	928,177	-	-	-	-	1,771,375	928,177
Total support and revenue	2,101,151	1,369,672	-	-	4,406	24,000	2,105,557	1,393,672
Expenses								
Program services	880,922	587,977	284,363	289,601	-	-	1,165,285	877,578
Support services:								
Management and general	1,229,578	770,650	-	-	-	-	1,229,578	770,650
Fundraising	37,695	33,165	-	-	-	-	37,695	33,165
Total supporting services	2,148,195	1,391,792	284,363	289,601	-	-	2,432,558	1,681,393
Charter and national service fee	10,723	9,883	-	-	-	-	10,723	9,883
Extraordinary payment (National Claim)	-	233,509	-	-	-	-	-	233,509
Total expenses	2,158,918	1,635,184	284,363	289,601	-	-	2,443,281	1,924,785
Increase (decrease) in unrestricted assets	\$ (57,767)	\$ (265,512)	\$ (284,363)	\$ (289,601)	\$ 4,406	\$ 24,000	\$ (337,724)	\$ (591,113)

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
DECEMBER 31, 2023 AND 2022

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2023	2022	2023	2022	2023	2022	2023	2022
Permanently restricted net assets:								
Direct support								
Revenues:								
Gain (loss) on investments	\$ -	\$ -	\$ -	\$ -	\$ 987	\$ (24,500)	\$ 987	\$ (24,500)
Increase in permanently restricted	-	-	-	-	987	(24,500)	987	(24,500)
Increase (decrease) in total net assets	(57,767)	(265,512)	(284,363)	(289,601)	5,395	(500)	(336,737)	(555,613)
Net assets beginning								
Without donor restrictions	(193,707)	(183,073)	1,182,681	1,182,681	(439,668)	(182,790)	549,306	814,818
With donor restrictions	-	-	4,796,053	5,083,654	514,875	515,575	5,310,928	5,601,029
Total net assets, beginning	(193,707)	(183,073)	5,978,734	6,266,335	75,207	332,585	5,860,234	6,415,847
Transfers								
Net assets, ending	-	256,878	-	-	-	(256,878)	-	-
Without donor restrictions	(251,474)	(193,707)	1,182,681	1,182,681	(439,668)	(439,668)	491,539	549,306
With donor restrictions	-	-	4,511,690	4,796,033	520,268	514,875	5,031,958	5,310,928
Total net assets, ending	\$ (251,474)	\$ (193,707)	\$ 5,694,371	\$ 5,978,734	\$ 80,600	\$ (75,207)	\$ 5,523,497	\$ 5,860,234

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 DECEMBER 31, 2023 AND 2022

Expenses	Program services		Management and General		Fundraising		Total expenses	
	2023	2022	2023	2022	2023	2022	2023	2022
Employee compensation								
Salaries	\$ 233,606	\$ 214,583	\$ 259,562	\$ 238,427	\$ 25,956	\$ 23,843	\$ 519,124	\$ 476,853
Employee benefits	42,613	48,499	35,300	32,426	4,101	4,259	82,014	85,184
Payroll taxes	22,032	17,226	37,896	34,810	3,154	2,759	63,082	54,775
Total employee compensation	<u>298,251</u>	<u>280,308</u>	<u>332,758</u>	<u>305,663</u>	<u>33,211</u>	<u>30,841</u>	<u>664,220</u>	<u>616,812</u>
Other expenses								
Program supplies	98,859	36,155	149,409	54,642	747	273	249,015	91,070
Food	123,742	90,609	187,016	136,941	935	685	311,693	228,235
Occupancy	53,912	47,432	81,478	71,685	407	358	135,797	119,475
Temporary camping services	47,348	25,910	71,560	39,159	358	196	119,266	65,265
Transportation	43,392	15,822	65,579	23,913	328	120	109,299	39,855
Insurance	28,235	28,378	42,673	42,888	213	214	71,121	71,480
Recognition awards	5,443	1,867	8,225	2,821	41	14	13,709	4,702
Specific assistance to individuals	25,319	11,491	38,265	17,367	191	87	63,775	28,945
Conference and meetings	96,469	1,962	145,797	2,965	729	15	242,995	4,942
Telephone	6,027	5,865	9,109	8,863	46	44	15,182	14,772
Interests	1,829	154	2,764	233	14	1	4,607	388
Printing and publications	1,802	1,377	2,724	2,080	14	10	4,540	3,467
Postage and shipping	304	421	460	636	2	3	766	1,060
Rent and maintenance of equipment	38,723	20,328	58,525	30,723	293	154	97,541	51,205
Other expenses	11,267	19,898	33,236	30,071	166	150	44,569	50,119
Total other expenses	<u>582,671</u>	<u>307,669</u>	<u>896,820</u>	<u>464,987</u>	<u>4,484</u>	<u>2,324</u>	<u>1,483,975</u>	<u>774,980</u>
Expenses before depreciation	880,922	587,977	1,229,578	770,650	37,695	33,165	2,148,195	1,391,792
Depreciation	284,365	289,601	-	-	-	-	284,365	289,601
Total functional expenses	<u>\$ 1,165,285</u>	<u>\$ 877,578</u>	<u>\$ 1,229,578</u>	<u>\$ 770,650</u>	<u>\$ 37,695</u>	<u>\$ 33,165</u>	<u>\$ 2,432,558</u>	<u>\$ 1,681,393</u>

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

STATEMENTS OF CASH FLOWS
DECEMBER 31, 2023 AND 2022

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2023	2022	2023	2022	2023	2022	2023	2022
Operating activities:								
Increase (decrease) in total net assets	\$ (57,767)	\$ (265,512)	\$ (284,363)	\$ (289,601)	\$ 5,393	\$ (500)	\$ (336,737)	\$ (555,613)
Adjustments to reconcile cash flows:								
Depreciation	-	-	284,363	289,601	-	-	284,363.00	289,601
Net unrealized (gain) loss on investments	-	-	-	-	-	24,500	-	24,500
(Increase) decrease in net assets:								
Accounts receivable	(48,874)	(19,581)	-	-	-	-	(48,874)	(19,581)
Prepaid expenses	19,231	(25,853)	-	-	-	-	19,231	(25,853)
Increase (decrease) in liabilities:								
Accounts payable:								
Trade	43,552	(10,736)	-	-	-	-	43,552	(10,736)
Other	20,000	-	-	-	-	-	20,000	-
Accrued liabilities	2,942	-	-	-	-	-	2,942	-
Custodial accounts	38,107	2,180	-	-	-	-	38,107	2,180
Deferred income	(71,764)	85,982	-	-	-	-	(71,764)	85,982
Transfers	-	256,878	-	-	-	(256,878)	-	-
Total adjustments	3,194	288,870	284,363	289,601	-	(232,378)	287,557	346,093
Net cash flows provided (used) by operating activities	\$ (54,573)	\$ 23,358	\$ -	\$ -	\$ 5,393	\$ (232,878)	\$ (49,180)	\$ (209,520)
Investing activities:								
Long term investments	-	-	-	-	(986)	256,878	(986)	256,878
Net cash flows used in investing activities	-	-	-	-	(986)	256,878	(986)	256,878
Financing activities:								
Principal payments of long term debt	(3,113)	(253)	-	-	-	-	(3,113)	(253)
Net cash used in financing activities	(3,113)	(253)	-	-	-	-	(3,113)	(253)
Net increase (decrease) in cash	(57,686)	23,105	-	-	4,407	24,000	(53,279)	47,105
Cash and cash restricted, beginning	99,649	76,544	-	-	61,928	37,928	161,577	114,472
Cash and cash restricted, ending	\$ 41,963	\$ 99,649	\$ -	\$ -	\$ 66,335	\$ 61,928	\$ 108,298	\$ 161,577

SEE NOTES TO FINANCIAL STATEMENTS

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Puerto Rico Council of Boy Scouts of America, Inc. (hereinafter "The Council") is a Puerto Rico nonprofit organization created under the laws of the Commonwealth of Puerto Rico on November 18, 1938. The Council is an organization devoted to promoting; within the territory covered by the charter from time to time granted it by the Boy Scouts of America and in accordance with the Congressional Charter, Bylaws, and Rules and Regulations of the Boy Scouts of America; the Scouting program of promoting the ability of boys 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 the methods which are now in common use by the Boy Scouts of America.

To maintain its operations the Council has various fundraising events such as pop-corn sales, summer camp and sales of articles and products, also the Council receives funds from private and public entities that provide support to the program.

The Council's programs are classified as follows:

Lion Scouts - are age 5 or in Kindergarten and the guidebook contains a detailed plan for each month's curriculum and breaks down each section into Family/Den Activities, At-Home Activities and Grand Adventures. The Lion Scout program is for boys and girls who are in kindergarten (or are age 5). Lions earn the Bobcat badge at the end of the year, after completing their other Lion activities. Lions work with their fellow Lion Scouts and each Scout's adult partners. The program is focused on parent planning and delivery with support from the Cub Scout pack using literature specifically designed for the younger age group (the former Lion Scout Adult Guide and Lion Scout Adventure Guide are now a Lion Scout Den Leader).

Tigers - 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 - 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.

Scouts BSA - Scouts BSA is a year-round program for youth 11-17 years old that provides fun, adventure, learning, challenge, and responsibility to help them become the best version of themselves.

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

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Sea Scouting - is a program of the Boy Scouts of America for young men and women for ages 14 to 20. Along with Cub Scouting, Boy Scouting, and Venturing, Sea Scouting provides a program for religious, fraternal, educational, and other community organizations to use for character, citizenship, and mental and personal fitness training for youth. As part of this training, Sea Scouts are expected to develop personal religious values, learn the principles of American heritage and government, and acquire skills that will prepare them to become successful adults.

Families can choose to sign up their sons and daughters who are ages 5-10 for Cub Scouts. Chartered organizations may choose to establish a new girl pack, establish a pack that consists of girl dens and boy dens or remain an all-boy pack. Cub Scout dens will be single gender - all boys or all girls. Using the same curriculum as the (now) former Boy Scouting program, Scouts BSA launched in February 2019, enabling all eligible youth ages 11-17, to earn the Eagle Scout rank. Scouts BSA is single gender - all-girl troops or all-boy troops. This unique approach allows the organization to maintain the integrity of the single-gender model while also meeting the needs of today's families.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 those estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Fund accounting

To ensure observance of limitations and restrictions placed on the use of available resources, the accounts of the Council are maintained in accordance with the principles of fund accounting. Under such principles, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. The accounts of the Council are maintained in three self-balancing fund groups according to their nature and purposes as follows:

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

Capital Fund - The capital fund is used to account for property, buildings, equipment, and legally restricted cash that is to be expended for property, buildings, and equipment and related debt payments. Also, included in this fund are investments either restricted or designated for capital repair and improvements where the income is either restricted or designated for those particular items. Revenues and expenses related to the capital fundraising campaign are also included in this fund.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Fund accounting (Cont'd)

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

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

The Council also prepares financial statements in accordance with the Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (ASC 958-205 and subsections). During 2018, the Council adopted the provisions of Accounting Standard Update (ASU) 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Non-for-Profit Entities, which improves the current net asset classification and the related information presented in the financial statements and notes about the Council's liquidity, financial performance and cash flows.

Accounting for contributions

Contributions receivables are recognized upon notification of a donor's unconditional promise to give to the Organization. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value because that amount results in a reasonable estimate of fair value in accordance with the Contributions Received section of the FASB ASC.

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.

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.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Donated materials and services (Cont'd)

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.

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

Long term investments

Investments consist primarily of marketable equity and debt securities and money market funds. Investments with readily determinable fair values are measured at fair value in the statements of financial position. The fair value of investments in the BSA Commingled Fund have been calculated using the net asset value (NAV) of the Council's ownership in the partners' capital. Interest, dividends, realized and unrealized gains and losses on investments, net of fees, are recorded as investment return in the statements of activities and changes in net assets. Realized gains and losses are determined on a specific identification basis. Realized and unrealized gains and losses, interest, and dividends on investments are recorded as net assets without donor restriction unless such amounts are restricted by the donor or by law. Investments received as gifts are recorded at the estimated fair value at the date of the gift. Investments are classified based on their original maturities. Investments with original maturities of less than 12 months are classified as short-term investments.

Accounts receivable

Accounts receivables are recorded primarily for product sales and are reported to have a net realizable value if the amounts are due within one year. An allowance for doubtful accounts is based on an analysis of expected collection rates determined from experience. No allowance for doubtful accounts was considered necessary as of December 31, 2023, and 2022.

Revenue Recognition

Revenue from Exchange Transactions: The Council recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Council records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending December 31, 2023, and 2022:

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Revenue Recognition (Cont'd)

Product sales (as applicable) -To help Scout packs and troops raise the money they need to fund programs and activities throughout the year, the Council participates in the Trail's End Popcorn program. Scout packs and troops purchase popcorn from the Council, which they then resell to customers. The Scout packs and troops earn a commission that fluctuates between 33% and 35% on each sale they make, which may be used to offset the price of the popcorn they purchase from the Council. The popcorn sale also helps the Council raise money in support of its programs. Popcorn sales to Scout units start in the fall of each year, with the units placing their orders on line through the Trail's End website. The price the Scout unit pays for the popcorn is established by the Council, and each item is individually priced, so no allocation of the transaction price is required. Many BSA units are allowed to purchase popcorn "on account" with payment due later. Per FASB ASU 2014-09, the Council is required to assess the probability of collecting these accounts receivable to determine whether there is a substantive transaction between the council and the unit. In making this collectability assessment, the Council exercises judgment and considers all facts and circumstances, including its knowledge of the customer. The Council uses the Trail's End website to track and manage unit accounts receivable. With popcorn sales, the performance obligation is delivery of the product, which is fulfilled by the Council at predetermined times and locations. Revenue recognition occurs when the product has been delivered. The Council presents separately in its statements of activities and changes in net assets gross revenues from popcorn sales, cost of goods sold, and unit commissions (retained by or paid to the unit).

Scout units have the right to return to the Council any unsold product, subject to a return by a specific date. As of December 31, 2023, and 2022, no probable popcorn returns existed. Accordingly, no liability for probable customer returns was considered necessary.

Camping and Activity revenue - The Council conducts program-related experiences such as Day Camps, Day Hikes, Weekend Overnights, Camporees, and Summer Camps where the performance obligation is delivery of the program. Fees for camps and activities are set by the Council. For resident camps, fees include program supplies, meals, lodging, recognition items, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation.

Activities such as the National Scout Jamboree may include a transportation component in the transaction price. Some special camp programs do incur additional fees (shooting sports, for example), which are separately priced. BSA activities such as Wood Badge may involve program supplies, recognition items, and meals, and are also considered to be one performance obligation. Fees collected in advance of delivery of the camp or activity are initially recognized as liabilities (deferred revenue) and are only recognized in the statements of activities after delivery of the program has occurred.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Revenue Recognition (Cont'd)

Special fundraising event revenue: The Council conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event- the exchange component, and a portion represents a contribution to the Council. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Council. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the Council, are recorded as costs of direct donor benefits in the statement of activities and changes in net assets. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Council. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Council separately presents in its statements of activities and changes in net assets or notes to financial statements] the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Council in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Council follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

Other Revenue: Other revenue consists primarily of rent revenue and is recognized monthly as earned.

Functional allocation of expenses

The cost 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 Boy Scouts of America ("National Council"), the payments of the charter and national service fees to the National Council are not allocated as functional expenses.

Land, Buildings and Equipment

Donated land, buildings and equipment are recorded at their approximate fair market value at the date of donation. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Land, Buildings and Equipment (Cont'd)

The cost and related accumulated depreciation of assets retired or sold are removed from the appropriate asset and depreciation accounts, and the resulting gain or loss is reflected in earnings, except for a gain or loss on assets traded where it is reflected based on the newly acquired asset.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on a straight-line basis.

Impairment of long-lived assets

The Council reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset and its fair value are less than the carrying amount of that asset. The Council has not recognized any impairment of long-lived assets during 2023 and 2022.

Income taxes

Puerto Rico Council of Boy Scouts of America, Inc., is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization is classified as a public charity. The Organization is also exempt from income tax under Section 1101.01 of Act No. 1 of January 31, 2011, of the Puerto Rico Internal Revenue Code of 2011 (formerly Section 1101 of the 1994 Code, as amended).

Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Council currently has no unrelated business income.

The Council assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. Income tax returns for the years ended 2017 and thereafter remain subject to examination by the Department of Treasury.

Restricted cash

At December 31, 2023 and 2022, restricted cash consists of cash received from donor contributions restricted for special and specific projects. The funds are placed into a separate bank account and as payments are made for the specific projects, operating funds are reimbursed through restricted cash.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Concentration of credit risk

Financial instruments, which potentially subject the Council to the concentration of credit risk, consist of cash and accounts receivable. Bank deposits, at times, may exceed federally insured limits; however, management does not foresee significant credit risks on these deposits. In relation to accounts receivable, the Council establishes an allowance for doubtful accounts, if necessary, based on experience and other information. Management believes that no significant concentration of credit risk exists with respect to these financial instruments in excess of the amount for which a provision has been established.

Fair Value Measurement

The FASB established a framework for measuring fair value and disclosing fair value measurements to financial statement users. Fair value is the price that would be received to sell an asset or paid to transfer a liability (referred to as the "exit price") in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for specific assets or liabilities at the measurement dates. The fair value should be based on assumptions that market participants would use, including consideration of nonperformance risk.

In determining fair value, the Council uses various valuation approaches. The FASB established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Council. Unobservable inputs are inputs that reflect the Council's assumptions about assumptions market participants would use in pricing the assets or liabilities developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

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

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONT'D)**

Fair Value Measurement (Cont'd)

The availability of observable inputs can vary and is affected by a wide variety of factors, including, for example, the type of asset or liability, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Council in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an organization-specific measure. Therefore, even when market assumptions are not readily available, the Council's own assumptions are set to reflect those that the Council believes market participants would use in pricing the asset or liability at the measurement date.

Accounting pronouncements adopted

Effective January 1, 2022, the Council adopted the provisions of FASB ASC Topic 842 (ASU 2016-02), *Leases*. ASC 842 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases, except for those with a lease term of twelve months or less. Leases are classified as either finance leases or operating leases. The Council has elected to record in its financial statements the effect of FASB ASC 842 as of the beginning of the year of adoption, which is January 1, 2022.

Accordingly, the Council has recognized the right-of-use assets and lease liabilities measured under FASB ASC 842 in its statement of financial position, and the related cumulative effect on earnings as an adjustment to net assets, as of the adoption date. Adoption of FASB ASC 842 resulted in non-change to beginning net assets without donor restrictions for the year ended December 31, 2023.

NOTE B - ACCOUNTS RECEIVABLE

	<u>2023</u>	<u>2022</u>
Rent	\$ 1,972	\$ 2,091
Products sales	56,126	6,664
Fideicomiso de los niños	-	133,509
Other	16,070	16,539
	<u>\$ 74,168</u>	<u>\$ 158,803</u>

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE C - LIQUIDITY AND AVAILABILITY OF FUNDS

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

	<u>2023</u>	<u>2022</u>
Cash operating fund	\$ 41,963	\$ 99,649
Accounts receivable	<u>74,168</u>	<u>25,294</u>
 Total financial assets are year ended	 <u>\$ 116,131</u>	 <u>\$ 124,943</u>
 Appropriation from quasi-endowment for general expenditure in subsequent year	 <u>-</u>	 <u>-</u>
 Total financial assets available to meet general expenditures within the next 12 months	 <u>\$ 116,131</u>	 <u>\$ 124,943</u>

The Council's endowment funds consist of donor-restricted endowments and a quasi-endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. As of December 31, 2023, and 2022 no appropriations were recorded.

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Although the Council does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary. However, both the quasi-endowment and donor-restricted endowments contain investments with lock-up provisions that would reduce the total investments that could be made available.

NOTE D - FUND BALANCE TRANSFERS

Certain cash transfers between funds were made during 2022 to properly report all funds on a basis consistent with executive board designations and the Council's accounting policies.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE E - LAND, BUILDINGS AND EQUIPMENT

	<u>2023</u>	<u>2022</u>
Land	\$ 1,022,732	\$ 1,022,732
Buildings	2,846,544	2,846,544
Building improvements	5,407,328	5,407,328
Furniture, fixtures and equipment	629,285	629,285
Motor and aquatic vehicles	413,587	413,587
	10,319,476	10,319,476
Less accumulated depreciation and amortization	4,625,107	4,340,744
Total	\$ 5,694,369	\$ 5,978,732

NOTE F - LONG TERM INVESTMENT

The investment consists of marketable securities traded in the open market, which are stated at fair value. The securities cost and its fair values at December 31, 2023 and 2022 are summarized as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in mutual funds	\$ 46,640	\$ 14,265	\$ 45,741	\$ 13,279

NOTE G - LONG-TERM DEBT

	<u>2023</u>	<u>2022</u>
Economic Injury Disaster Loan due in monthly installments of \$641, including interest at 2.75% through August 2051	\$ 146,534	\$ 149,647
Less current portion	3,182	3,309
	\$ 143,352	\$ 146,338

Principal payments required to be made for each of the next five years are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2024	\$ 3,182
2025	3,282
2026	3,386
2027	3,492
2028	3,602
Thereafter	129,590
Total	\$ 146,534

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE H - OPERATING LEASE AS LESSOR

The Council leases the Scout Shop to the National Council under an operating lease which expires on June 1, 2024. Rent income as of December 31, 2023, and 2022 amounted to \$37,340 and \$28,807, respectively.

NOTE I - COMMITMENTS AND CONTINGENCIES

In December 1962, pursuant to a ratify deed of purchase, the Council acquired a parcel of land (Guajataca I). The property received was restricted for purposes consistent with those of the Boy Scout policies and in case of cease in operations or a change in the use of the land for other than scouting purposes, the land and any improvement will revert with no mediation of money to the Puerto Rico Commonwealth. The market value of the property was the amount paid of \$1. Another land was acquired on June 21, 2005. Pursuant to the deed of purchase the land shall be used only for Council activities and scouting development. These activities could not include any religious or political activity. The land was purchased to build and improve the property with the "Servicios de Ayuda del Fideicomiso de Los Niños" funds. The Council is not allowed to rent, sell, levy, transfer or dispose of the property without the written consent of the Fideicomiso until July 1, 2026.

The Council is subject to legal proceedings and claims, which have arisen in the ordinary course of business. Although there can be no assurances in this regard, in the opinion of management and after consulting with its attorneys, such proceedings as well as the aforementioned actions will not have a material adverse effect, if any, on the Organization's financial condition or results of operations. The Council holds an insurance policy with National which provides full defense and coverage in all judicial matters upon the deductible payment of \$15,000 per case. Upon payment, the Council no longer has any bearing in the litigation and all decisions regarding the litigation as well as any potential adverse judgment becomes the financial responsibility and concern of the National Office.

On February 18, 2020, the Boy Scouts of America National Council (National Council) filed a Chapter 11 bankruptcy petition in the U.S. District Court for the District of Delaware. The National Council has stated that the goal of the Chapter 11 reorganization is to compensate alleged victims of sexual abuse while ensuring the future of the National Council. The Puerto Rico Council of the Boy Scouts of America (Puerto Rico Council) is chartered by the National Council, but it is a separate legal entity from the National Council. The Puerto Rico Council has not filed for bankruptcy protection, and, moreover, the Puerto Rico Council is not part of the bankruptcy proceedings filed by the National Council.

In 2020 the National Council, the Ad Hoc Committee of Local Councils (Committee that represents the 253 Local Councils of BSA), and the Tort & Coalition Committees (representing the plaintiffs), have participated in a court-mandated mediation process whose aim is to come to an agreement that would terminate all the claims by the alleged victims of abuse against the National Council, but also any future claims against the local councils, including the Puerto Rico Council.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE I - COMMITMENTS AND CONTINGENCIES (CONT'D)

During the 2022 a contribution of \$233,509 was made freely and voluntarily to the Ad Hoc Committee of Local Councils. No additional contribution will be made in the future with respect to this matter.

Effective on April 18, 2023, The National Organization of Boy Scouts of America (BSA) Exited bankruptcy approved by the bankruptcy court and fulfills a commitment it made when it commenced its restructuring process in February 2020. The BSA's financial restructuring process is set to establish a compensation fund for survivors currently value at \$2,400,000,000, with the opportunity for additional contributions by numerous other parties.

NOTE J - ENDOWMENT FUND

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.

NOTE K - RETIREMENT PLAN

The National Council has a qualified defined benefit pension plan ("the plan") administered at the National Service Center that covers employees of the National Council and local councils, including Puerto Rico Council of Boy Scouts of America, Inc. The plan name is the Boy Scouts of America Master Pension Trust-Boy Scouts of America Retirement Plan for Employees. Effective August 1, 2020, the plan was frozen to all employees. Through January 31, 2021, the Council contributed 7.75 percent of eligible employees' compensation to the BSA retirement program. Effective February 1, 2021, the Council's contribution to the BSA retirement program increased to 12 percent of eligible employee's compensation. Pension expense (excluding the contributions made by employees) was \$48,754 and \$46,957 in 2023 and 2022, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2021, indicates that it is in compliance with ERISA regulations regarding funding.

BSA Match Savings Plan

The Council participates in a defined contribution plan established by the National Council of the Boy Scouts of America. The plan name is the BSA Match Savings Plan, which covers substantially all of the employees of the Council. Participants in the BSA Match Savings Plan may elect to make voluntary before-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the United States Internal Revenue Code of 1986, as amended.

The Council matches employee contributions to the BSA Match Savings Plan up to 100 percent of contributions from each participant, limited to 6 percent of each employee's gross pay. The Council contributed \$8,534 and \$8,027 to the BSA Match Savings Plan in 2023 and 2022, respectively.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE L - SUBSEQUENT EVENTS

The date to which events occurring after December 31, 2023 have been evaluated is August 26, 2024, which is the date the financial statements were available to be issued.