

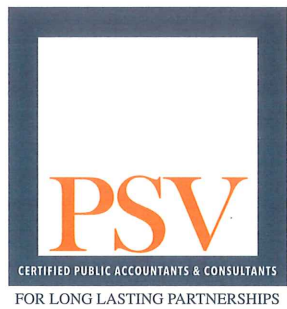
PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024
AND
INDEPENDENT AUDITOR'S REPORT

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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Francisco J. Perdomo CPA | Carlos R. Vélez CPA

Independent Member of
BKR
INTERNATIONAL

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Puerto Rico Council of Boy Scouts of America, Inc.
(D/B/A Scouting America Puerto Rico Council)
Guaynabo, Puerto Rico

Opinion

We have audited the accompanying financial statements of Puerto Rico Council of Boy Scouts of America, Inc., (D/B/A Scouting America Puerto Rico Council), a non profit organization, which comprise the statements of financial position as of December 31, 2025 and 2024, 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 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. (D/B/A Scouting America Puerto Rico Council), as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls 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)

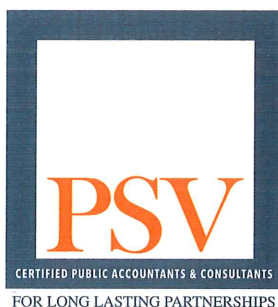
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the financial statements are available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

Auditors' Responsibility for the Audit of Financial Statement

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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 (D/B/A Scouting America Puerto Rico Council) internal control. Accordingly, no such opinion is expressed.



Auditors' Responsibility for the Audit of Financial Statements (Cont'd)

- 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Puerto Rico Council of Boy Scouts of America, Inc.'s (D/B/A Scouting America Puerto Rico Council) 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.

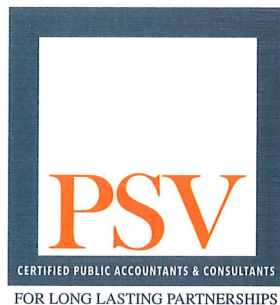
San Juan, Puerto Rico
May 15, 2026

PSV CPA LLC



DLLC448-207

PUERTO RICO COUNCIL OF BOY SCOUTS
OF AMERICA, INC.



PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
ASSETS								
Cash and cash equivalents.....	\$ 334,758	\$ 25,345	\$ -	\$ -	\$ -	\$ -	\$ 334,758	\$ 25,345
Cash restricted.....	27,077	27,387	58,825	-	62,062	68,342	147,964	95,729
Accounts receivable - net.....	29,728	49,293	-	-	5,000	-	34,728	49,293
Prepaid expenses.....	<u>62,959</u>	<u>3,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,959</u>	<u>3,300</u>
Total current assets.....	<u>454,522</u>	<u>105,325</u>	<u>58,825</u>	<u>-</u>	<u>67,062</u>	<u>68,342</u>	<u>580,409</u>	<u>173,667</u>
Land, building, and equipment, net.....	-	-	5,303,242	5,595,389	-	-	5,303,242	5,595,389
Long-term investments.....	-	-	-	-	37,400	14,686	37,400	14,686
Due from operating fund.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>182,790</u>	<u>182,790</u>	<u>182,790</u>	<u>182,790</u>
Total non-current assets.....	<u>-</u>	<u>-</u>	<u>5,303,242</u>	<u>5,595,389</u>	<u>220,190</u>	<u>197,476</u>	<u>5,523,432</u>	<u>5,792,865</u>
Total assets.....	<u>\$ 454,522</u>	<u>\$ 105,325</u>	<u>\$ 5,362,067</u>	<u>\$ 5,595,389</u>	<u>\$ 287,252</u>	<u>\$ 265,818</u>	<u>\$ 6,103,841</u>	<u>\$ 5,966,532</u>
LIABILITIES AND NET ASSETS								
Current portion of long term debt.....	\$ 17,886	\$ 3,282	\$ -	\$ -	\$ -	\$ -	\$ 17,886	\$ 3,282
Accounts payable - trade.....	90,875	72,408	-	-	-	-	90,875	72,408
Accrued liabilities.....	26,146	3,927	-	-	-	-	26,146	3,927
Custodial accounts.....	27,059	15,542	-	-	-	-	27,059	15,542
Contract liabilities.....	<u>133,903</u>	<u>27,905</u>	<u>58,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,728</u>	<u>27,905</u>
Total current liabilities.....	<u>295,869</u>	<u>123,064</u>	<u>58,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,694</u>	<u>123,064</u>
Due to endowment fund.....	182,790	182,790	-	-	-	-	182,790	182,790
Long-term debt.....	<u>190,238</u>	<u>140,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>190,238</u>	<u>140,186</u>
Total non-current liabilities.....	<u>373,028</u>	<u>322,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>373,028</u>	<u>322,976</u>
Total liabilities.....	<u>668,897</u>	<u>446,040</u>	<u>58,825</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>727,722</u>	<u>446,040</u>
NET ASSETS:								
Without donor restrictions.....	(241,452)	(368,102)	1,375,372	1,371,572	257,912	256,878	1,391,832	1,260,348
With donor restrictions.....	<u>27,077</u>	<u>27,387</u>	<u>3,927,870</u>	<u>4,223,817</u>	<u>29,340</u>	<u>8,940</u>	<u>3,984,287</u>	<u>4,260,144</u>
Total net assets.....	<u>(214,375)</u>	<u>(340,715)</u>	<u>5,303,242</u>	<u>5,595,389</u>	<u>287,252</u>	<u>265,818</u>	<u>5,376,119</u>	<u>5,520,492</u>
Total liabilities and net assets.....	<u>\$ 454,522</u>	<u>\$ 105,325</u>	<u>\$ 5,362,067</u>	<u>\$ 5,595,389</u>	<u>\$ 287,252</u>	<u>\$ 265,818</u>	<u>\$ 6,103,841</u>	<u>\$ 5,966,532</u>

SEE NOTES TO FINANCIAL STATEMENTS

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Changes in unrestricted net assets								
Support and revenues								
Friends of scouting.....	\$ 145,776	\$ 183,120	\$ -	\$ -	\$ -	\$ -	\$ 145,776	\$ 183,120
Special fundraising events.....	33,740	15,835	-	-	-	-	33,740	15,835
Other direct support.....	<u>26,704</u>	<u>41,800</u>	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>-</u>	<u>40,704</u>	<u>41,800</u>
Total direct support.....	<u>206,220</u>	<u>240,755</u>	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>-</u>	<u>220,220</u>	<u>240,755</u>
Indirect support								
United way.....	18,177	22,908	-	-	-	-	18,177	22,908
Other indirect support.....	10,996	45,890	-	-	-	-	10,996	45,890
Government grants.....	<u>308,381</u>	<u>248,484</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,381</u>	<u>248,484</u>
Total indirect support.....	<u>337,554</u>	<u>317,282</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>337,554</u>	<u>317,282</u>
Revenues								
Sales of products and supplies.....	132,488	139,828	-	-	-	-	132,488	139,828
Less cost of good sold.....	<u>75,731</u>	<u>87,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,731</u>	<u>87,271</u>
Net sales of products and supplies.....	56,757	52,557	-	-	-	-	56,757	52,557
Camping revenue.....	1,001,950	969,748	-	-	-	-	1,001,950	969,748
Activity revenues:								
Activity fees.....	258,274	286,288	-	-	-	-	258,274	286,288
Other revenue.....	<u>211,296</u>	<u>238,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>211,296</u>	<u>238,640</u>
Total revenue.....	<u>1,528,277</u>	<u>1,547,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,528,277</u>	<u>1,547,233</u>
Total support and revenue.....	<u>2,072,051</u>	<u>2,105,270</u>	<u>-</u>	<u>-</u>	<u>14,000</u>	<u>-</u>	<u>2,086,051</u>	<u>2,105,270</u>
Expenses								
Program services.....	1,563,764	1,476,926	295,947	287,873	-	-	1,859,711	1,764,799
Support services:								
Management and general.....	236,326	215,042	-	-	-	-	236,326	215,042
Fundraising.....	<u>109,415</u>	<u>103,857</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,415</u>	<u>103,857</u>
Total support and program services...	1,909,505	1,795,825	295,947	287,873	-	-	2,205,452	2,083,698
Charter and national service fee.....	<u>32,406</u>	<u>27,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,406</u>	<u>27,005</u>
Total expenses.....	<u>1,941,911</u>	<u>1,822,830</u>	<u>295,947</u>	<u>287,873</u>	<u>-</u>	<u>-</u>	<u>2,237,858</u>	<u>2,110,703</u>
Increase (decrease) in unrestricted assets.....	<u>\$ 130,140</u>	<u>\$ 282,440</u>	<u>\$ (295,947)</u>	<u>\$ (287,873)</u>	<u>\$ 14,000</u>	<u>\$ -</u>	<u>\$ (151,807)</u>	<u>\$ (5,433)</u>

SEE NOTES TO FINANCIAL STATEMENTS

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Permanently restricted net assets:								
Direct support								
Increase (decrease) in								
unrestricted assets.....	\$ 130,140	\$ 282,440	\$ (295,947)	\$ (287,873)	\$ 14,000	\$ -	\$ (151,807)	\$ (5,433)
Revenues:								
Realized and unrealized gains on								
investments, net of investment								
management fees.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,434</u>	<u>2,428</u>	<u>2,434</u>	<u>2,428</u>
Increase (decrease) in total								
net assets.....	<u>130,140</u>	<u>282,440</u>	<u>(295,947)</u>	<u>(287,873)</u>	<u>16,434</u>	<u>2,428</u>	<u>(149,373)</u>	<u>(3,005)</u>
Net assets beginning:								
Without donor restrictions.....	(368,102)	(461,651)	1,371,572	1,182,681	256,878	256,878	1,260,348	977,908
With donor restrictions.....	<u>27,077</u>	<u>27,387</u>	<u>4,223,817</u>	<u>4,511,690</u>	<u>8,940</u>	<u>6,512</u>	<u>4,259,834</u>	<u>4,545,589</u>
Total net assets, beginning.....	<u>(341,025)</u>	<u>(434,264)</u>	<u>5,595,389</u>	<u>5,694,371</u>	<u>265,818</u>	<u>263,390</u>	<u>5,520,182</u>	<u>5,523,497</u>
Transfers.....	(3,800)	(188,891)	3,800	188,891	-	-	-	-
Net assets, ending:								
Without donor restrictions.....	(241,452)	(368,102)	1,375,372	1,371,572	257,912	256,878	1,391,832	1,260,348
With donor restrictions.....	<u>27,077</u>	<u>27,387</u>	<u>3,927,870</u>	<u>4,223,817</u>	<u>29,340</u>	<u>8,940</u>	<u>3,984,287</u>	<u>4,260,144</u>
Total net assets, ending.....	<u>\$ (214,375)</u>	<u>\$ (340,715)</u>	<u>\$ 5,303,242</u>	<u>\$ 5,595,389</u>	<u>\$ 287,252</u>	<u>\$ 265,818</u>	<u>\$ 5,376,119</u>	<u>\$ 5,520,492</u>

SEE NOTES TO FINANCIAL STATEMENTS

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Expenses	Program services		Management and General		Fundraising		Total expenses	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Employee compensation								
Salaries.....	\$ 407,455	\$ 389,084	\$ 81,491	\$ 77,817	\$ 54,327	\$ 51,878	\$ 543,273	\$ 518,778
Employee benefits.....	63,960	64,009	12,792	12,802	8,528	8,535	85,280	85,345
Payroll taxes.....	<u>53,456</u>	<u>44,257</u>	<u>10,691</u>	<u>8,851</u>	<u>7,127</u>	<u>5,901</u>	<u>71,274</u>	<u>59,009</u>
Total employee compensation.....	<u>524,871</u>	<u>497,350</u>	<u>104,974</u>	<u>99,470</u>	<u>69,982</u>	<u>66,314</u>	<u>699,827</u>	<u>663,132</u>
Other expenses								
Program supplies.....	112,314	166,740	13,213	19,617	6,607	9,808	132,134	196,165
Food.....	233,312	235,934	27,449	27,757	13,724	13,878	274,485	277,569
Occupancy.....	128,553	114,943	14,284	12,771	-	-	142,837	127,714
Temporary camping services.....	177,546	147,991	-	-	-	-	177,546	147,991
Transportation.....	40,016	38,180	10,671	10,181	2,668	2,545	53,354	50,907
Insurance.....	72,910	73,183	-	-	-	-	72,910	73,183
Recognition awards.....	9,107	8,054	-	-	-	-	9,107	8,054
Specific assistance to individuals.....	18,629	24,878	-	-	-	-	18,629	24,878
Conference and meetings.....	5,387	8,938	1,436	2,383	359	596	7,182	11,917
Telephone.....	12,845	11,966	3,425	3,191	856	798	17,126	15,954
Interests.....	3,308	3,383	882	902	221	226	4,410	4,510
Printing and publications.....	3,902	6,263	1,041	1,670	260	418	5,203	8,350
Postage and shipping.....	740	584	197	156	49	39	986	779
Rent and maintenance of equipment...	101,695	64,117	27,119	17,098	6,780	4,274	135,593	85,489
Other expenses.....	<u>118,632</u>	<u>74,425</u>	<u>31,635</u>	<u>19,847</u>	<u>7,909</u>	<u>4,962</u>	<u>158,176</u>	<u>99,233</u>
Total other expenses.....	<u>1,038,893</u>	<u>979,579</u>	<u>131,352</u>	<u>115,573</u>	<u>39,433</u>	<u>37,544</u>	<u>1,209,678</u>	<u>1,132,693</u>
Expenses before depreciation.....	1,563,764	1,476,926	236,326	215,042	109,415	103,857	1,909,505	1,795,825
Depreciation.....	<u>295,947</u>	<u>287,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>295,947</u>	<u>287,873</u>
Total functional expenses.....	<u>\$ 1,859,711</u>	<u>\$ 1,764,799</u>	<u>\$ 236,326</u>	<u>\$ 215,042</u>	<u>\$ 109,415</u>	<u>\$ 103,857</u>	<u>\$ 2,205,452</u>	<u>\$ 2,083,698</u>

SEE NOTES TO FINANCIAL STATEMENTS

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2025	2024	2025	2024	2025	2024	2025	2024
Cash flows from operating activities:								
Increase (decrease) in total net assets.....	\$ 130,140	\$ 282,440	\$ (295,947)	\$ (287,873)	\$ 16,434	\$ 2,428	\$ (149,373)	\$ (3,005)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:								
Depreciation.....	-	-	295,947	287,873	-	-	295,947	287,873
Provision of bad debt expense.....	(43,922)	-	-	-	-	-	(43,922)	-
(Increase) decrease in assets:								
Accounts receivable.....	63,487	24,875	-	-	(5,000)	-	58,487	24,875
Prepaid expenses.....	(59,659)	5,000	-	-	-	-	(59,659)	5,000
Increase(decrease) in liabilities:								
Accounts payable:								
Trade.....	18,467	(20,203)	-	-	-	-	18,467	(20,203)
Other.....	57,039	(20,000)	-	-	-	-	57,039	(20,000)
Accrued liabilities.....	22,219	(27,412)	-	-	-	-	22,219	(27,412)
Custodial accounts.....	11,517	(43,172)	-	-	-	-	11,517	(43,172)
Contract liabilities.....	105,998	1,198	58,825	-	-	-	164,823	1,198
Transfers.....	(3,800)	(188,891)	3,800	-	5,000	-	5,000	(188,891)
Total adjustments.....	<u>171,346</u>	<u>(268,605)</u>	<u>358,572</u>	<u>287,873</u>	<u>-</u>	<u>-</u>	<u>529,918</u>	<u>19,268</u>
Net cash flows provided by (used in) operating activities.....	<u>301,486</u>	<u>13,835</u>	<u>62,625</u>	<u>-</u>	<u>16,434</u>	<u>2,428</u>	<u>380,545</u>	<u>16,263</u>
Cash flows from investing activities:								
Capital expenditures for property and equipment.....	-	-	(3,800)	-	-	-	(3,800)	-
Long term investments.....	-	-	-	-	(22,714)	(421)	(22,714)	(421)
Net cash flows used in investing activities.....	<u>-</u>	<u>-</u>	<u>(3,800)</u>	<u>-</u>	<u>(22,714)</u>	<u>(421)</u>	<u>(26,514)</u>	<u>(421)</u>
Cash flows from financing activities:								
Principal (payments) advances of long term debt.....	7,617	(3,066)	-	-	-	-	7,617	(3,066)
Net cash provided by (used in) financing activities.....	<u>7,617</u>	<u>(3,066)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,617</u>	<u>(3,066)</u>
Net increase (decrease) in cash.....	309,103	10,769	58,825	-	(6,280)	2,007	361,648	12,776
Cash and restricted cash, beginning.....	<u>52,732</u>	<u>41,963</u>	<u>-</u>	<u>-</u>	<u>68,342</u>	<u>66,335</u>	<u>121,074</u>	<u>108,298</u>
Cash and restricted cash, ending.....	<u>\$ 361,835</u>	<u>\$ 52,732</u>	<u>\$ 58,825</u>	<u>\$ -</u>	<u>\$ 62,062</u>	<u>\$ 68,342</u>	<u>\$ 482,722</u>	<u>\$ 121,074</u>

SEE NOTES TO FINANCIAL STATEMENTS

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Puerto Rico Council of Boy Scouts of America, Inc., doing business as (DBA) Scouting America Puerto Rico Council (hereinafter, the “Council”), is a nonprofit organization incorporated under the laws of the Commonwealth of Puerto Rico on November 18, 1938. The Council operates within the Commonwealth of Puerto Rico and surrounding service areas as defined by its charter.

The Council operates under a charter granted by the Boy Scouts of America, now doing business as Scouting America, and carries out its mission in accordance with the organization’s Congressional Charter, Bylaws, and Rules and Regulations. The Council is dedicated to delivering the Scouting program within its chartered territory, with the purpose of developing young people’s character and leadership. Its mission includes fostering self-reliance, service to others, patriotism, courage, and similar values through training in Scoutcraft and other methods established by Scouting America.

The National Council of Scouting America provides certain support to the Council, including components of employee benefit plans, liability insurance programs, and other administrative and programmatic resources.

To maintain its operations, the Council conducts various fundraising activities, including popcorn sales, summer camps, and sales of products. Additionally, the Council receives financial support from private and public entities.

The Council's programs are classified as follows:

Lion Scouts - Program designed for boys and girls age 5 or in kindergarten, focused on early youth development with participation of adult partners.

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

Cub Scouting - Family and community-centered program promoting citizenship, compassion, and character development through service projects, ceremonies, and activities.

Scouts BSA - Year-round program for youth ages 11–17 that provides opportunities for adventure, learning, and leadership development.

Venturing - Program for young men and women ages 13 or 14 (with completion of the eighth grade) through age 20, focused on leadership development and outdoor experiences.

Sea Scouting - Program for young men and women ages 14 to 20 that emphasizes leadership, citizenship, and personal development through maritime activities.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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

Organization (Cont'd)

Scouting programs are designed to promote leadership, citizenship, and personal development through structured activities and community engagement.

Families can enroll youth ages 5–10 in Cub Scouts. Chartered organizations may establish girl packs, boy packs, or packs consisting of both girl and boy dens. Cub Scout dens are single gender. Scouts BSA, launched in February 2019, allows eligible youth ages 11–17 to earn the Eagle Scout rank through single-gender troops (all-girl or all-boy), while maintaining program integrity and adapting to the needs of today’s families.

Management estimates and assumptions

U.S. generally accepted accounting principles (U.S. GAAP) require management to prepare financial statements and to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fund accounting

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

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 in accordance with specified activities or objectives. The Council reports its financial position and activities by fund within the accompanying financial statements; however, for U.S. GAAP purposes, net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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

Fund accounting (Cont'd)

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 capital fundraising activities are also included in this fund.

Endowment Fund - The endowment fund is used to account for gifts and bequests accepted with donor stipulations that the principal be maintained in perpetuity or for a specified period, and that the related investment return be used for general or donor-specified purposes. Investment funds with and without donor restrictions are included in the endowment fund. Certain donor-restricted net assets have been restricted by donors to be maintained by the Council in perpetuity

Accounting for contributions

Contributions receivable are recognized upon notification of a donor's unconditional promise to give to the Council. 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 Accounting Standards Codification (ASC 958-605).

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities and Changes in Net Assets as assets released from restrictions.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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

Cash and cash equivalents

The Council considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents include cash on hand, demand deposits, and short-term investments.

At December 31, 2025 and 2024, the Council had \$62,062 and \$68,342 in cash and cash equivalents, respectively.

Donated materials and services

Donated land, buildings, equipment, investments, and other non-cash contributions are recorded as contributions at their fair value at their date of donation. The Council reports the donations as net assets without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used.

Gifts of long-lived assets with explicit restrictions that specify how the assets must be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or would not otherwise be purchased by the Council, or that do not 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 has been calculated using the net asset value (NAV) per share (or its equivalent) of the Council's ownership in the fund. Interest, dividends, realized and unrealized gains, and losses on investments 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.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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

Long-term investments (Cont'd)

Realized and unrealized gains and losses, interest, and dividends on investments are recorded as net assets without donor restrictions unless such amounts are restricted by the donor or by law. Investments received as gifts are recorded at fair value at the date of the gift. Investments with original maturities of less than 12 months are classified as short-term investments.

Accounts receivable

Accounts receivable are reported at net realizable value. Amounts due within one year are classified as current.

Effective January 1, 2025, the Council adopted Accounting Standards Codification (ASC) Topic 326, Financial Instruments—Credit Losses, which replaces the incurred loss methodology with an expected credit loss model. Under this guidance, an allowance for credit losses is established based on management’s evaluation of expected collection rates, considering historical loss experience, current conditions, and reasonable and supportable forecasts.

The allowance for credit losses applies to accounts receivable, including those arising from product sales and contributions receivable. As of December 31, 2025, management evaluated the collectability of these receivables in accordance with ASC 326 and determined that an allowance for credit losses was not required, as expected credit losses were not material.

Revenue recognition

Revenue from Exchange Transactions: The Council recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers, as amended. ASC 606 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Revenue recognition (Cont'd)

The Council records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ended December 31, 2025, and 2024:

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 30% 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 online 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 Scouting units are allowed to purchase popcorn "on account" with payment due later. Per FASB ASC 606, 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).

Scouting units have the right to return to the Council any unsold product, subject to a return by a specific date. As of December 31, 2025, and 2024, 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. Scouting 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 (contract liabilities) 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.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

**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 ASC 606 requires allocation of the transaction price to the performance obligations. 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 (contract liabilities) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for events to occur after year-end, the Council considers the contribution component to be conditional upon the occurrence of the event. Accordingly, such amounts are recorded as refundable advances (liabilities) until the event takes place, at which time revenue is recognized.

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 has been summarized on a functional basis in the statement of functional expenses.

Expenses that are not directly identifiable with specific programs or supporting services have been allocated based upon the relative time spent by employees of the Council in performing those functions.

In accordance with the policy of the National Council of Scouting America ("National Council"), the payments of the charter and national service fees to the National Council are reported as supporting services and are not allocated among functional expense categories.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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

Land, buildings, and equipment

Donated land, buildings, and equipment are recorded at their approximate fair 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.

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 the statements of activities and changes in net assets, 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, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the undiscounted estimated future cash flows from the use of the asset are less than the carrying amount of that asset, in which case the asset would be written down to its fair value. The Council has not recognized any impairment of long-lived assets during 2025 and 2024.

Income taxes

Puerto Rico Council of Boy Scouts of America, Inc. (doing business as Scouting America Puerto Rico Council or the "Council"), 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 Council is classified as a public charity. The Council 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. As of December 31, 2025 and 2024, the Council 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 of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Council recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits. Income tax returns for the years ended 2021 and thereafter remain subject to examination by the Puerto Rico Department of Treasury.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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

Restricted cash

At December 31, 2025 and 2024, restricted cash consists of cash subject to donor-imposed restrictions for specific projects. Such amounts are accounted for separately to ensure compliance with the respective restrictions and are used to fund the related restricted activities, with amounts released as expenditures are incurred. At December 31, 2025 and 2024, restricted cash amounted to \$147,964 and \$95,729, respectively

Concentration of credit risk

Financial instruments, which potentially subject the Council to concentrations of credit risk, consist of cash and accounts receivable. Bank deposits, at times, may exceed federally insured limits; however, management believes that the risk associated with these deposits is not significant. At December 31, 2025, the Council maintained cash balances in excess of federally insured limits of \$266,409.

In relation to accounts receivable, the Council establishes an allowance for credit losses, 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 measurements

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 is 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 the assumptions market participants would use in pricing the assets or liabilities developed based on the best information available in the circumstances.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

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

Fair value measurements (Cont'd)

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.

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.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE B - ACCOUNTS RECEIVABLE

For the years ended December 31, 2025 and 2024, accounts receivable consisted of the following:

	<u>2025</u>	<u>2024</u>
Rent.....	\$ 1,862	\$ 3,319
Products sales.....	10,255	57,248
Other.....	<u>22,611</u>	<u>32,648</u>
 Total.....	 34,728	 93,215
 Less: allowance for credit losses.....	 <u>-</u>	 <u>43,922</u>
 Accounts receivable - net.....	 <u>\$ 34,728</u>	 <u>\$ 49,293</u>

As of December 31, 2025 and 2024, there is an amount due between funds, including the Endowment Fund and the Operating Fund, amounting to \$182,790 (See Note J).

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>2025</u>	<u>2024</u>
Cash and cash equivalents.....	\$ 482,722	\$ 121,074
Accounts receivable - net.....	<u>34,728</u>	<u>49,293</u>
Total financial assets at year-end.....	517,450	170,367
 Less amounts not available to be used within one year:		
Restricted cash.....	<u>147,964</u>	<u>95,729</u>
 Financial assets available to meet general expenditures within the next 12 months.....	 <u>\$ 369,486</u>	 <u>\$ 74,638</u>

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE C - LIQUIDITY AND AVAILABILITY OF FUNDS (CONT'D)

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.

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, 2025, and 2024, no appropriations were recorded.

NOTE D - LAND, BUILDINGS, AND EQUIPMENT

For the years ended December 31, 2025 and 2024, land, buildings, and equipment consisted of the following:

	<u>2025</u>	<u>2024</u>
Land.....	\$ 1,022,732	\$ 1,022,732
Buildings.....	2,863,142	2,863,142
Building improvements.....	5,407,328	5,407,328
Furniture, fixtures, and equipment.....	805,378	801,578
Motor and aquatic vehicles.....	<u>413,587</u>	<u>413,587</u>
Total.....	10,512,167	10,508,367
Less: accumulated depreciation.....	<u>5,208,925</u>	<u>4,912,978</u>
Land, buildings, and equipment.....	<u>\$ 5,303,242</u>	<u>\$ 5,595,389</u>

In January 2026, the Council executed an agreement with Jitasa, Inc., a leading provider of bookkeeping, accounting, and financial management, which provides services to various Scouting Councils throughout the United States. As of the date of these financial statements, the Puerto Rico Council, in conjunction with Jitasa, is in the process of reviewing its buildings, equipment, and related depreciation calculations. Any adjustments resulting from this review, if necessary, will be recorded in a future period.

PUERTO RICO COUNCIL OF BOY SCOUTS OF AMERICA, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE E - LONG-TERM INVESTMENT

The investments consist of marketable securities traded in the open market, which are stated at fair value. The securities cost and their fair values at December 31, 2025 and 2024 are summarized as follows:

	<u>2025</u>		<u>2024</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in mutual funds (level 1 measurement)	\$ <u>69,217</u>	\$ <u>37,400</u>	\$ <u>47,417</u>	\$ <u>14,686</u>

Investments are classified within Level 1 of the fair value hierarchy (see Note J).

NOTE F - LONG-TERM DEBT

	<u>2025</u>	<u>2024</u>
SBA Economic Injury Disaster Loan due in monthly installments of \$641, including interest at 2.75% through August 2051. This loan is collateralized by all assets owned by the Council.....	\$ 143,585	\$ 143,468
State Insurance Fund Corporation payment plan with a balance of \$9,000, payable in monthly installments of \$375 starting in September 2025, to be fully paid over 24 months.....	7,500	-
The Council has a repayment obligation under an agreement with the Recovery, Reconstruction, and Resiliency (“COR3”) program totaling \$57,039, consisting of amounts related to PW 01488 (\$45,148) and PW 01754 (\$11,891). The obligation is payable through five monthly installments of \$2,000 beginning in March 2026, with the remaining balance due upon the sale of certain real property owned by the Council.....	<u>57,039</u>	<u>-</u>
Total.....	208,124	143,468
Less: current portion.....	<u>17,886</u>	<u>3,282</u>
Non-current portion of long-term.....	<u>\$ 190,238</u>	<u>\$ 140,186</u>

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE F - LONG-TERM DEBT (CONT'D)

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

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2026.....	\$ 17,886
2027.....	39,031
2028.....	3,602
2029.....	3,716
2030.....	3,833
Thereafter.....	<u>122,170</u>
Total.....	<u>\$ 190,238</u>

NOTE G - GOVERNMENT GRANT REVENUE

Government grant revenue is recognized in accordance with Accounting Standards Codification (ASC) 958-605, Not-for-Profit Entities – Revenue Recognition, and is recorded as revenue when qualifying expenditures are incurred and all applicable conditions of the grant agreements have been met.

During the year ended December 31, 2025, \$211,388 of the total funds recognized was attributable to the Employee Retention Credit (ERC), a refundable payroll tax credit enacted under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and subsequent legislation. ERC amounts are not considered government grants under Uniform Guidance and are not subject to Single Audit requirements.

As of December 31, 2024, the Council had expended approximately \$83,323 in government grant funds. These expenditures were below the \$750,000 federal expenditure threshold required for a Single Audit under Uniform Guidance (2 CFR Part 200); therefore, the Council was not subject to a Single Audit for the year then ended.

Amounts received in advance of qualifying expenditures under government grant agreements are recorded as refundable advances until the related conditions are met, if any.

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NOTE H - OPERATING LEASE AS LESSOR

The Council leases the Scout Shop to the National Council under an operating lease which expires on July 31, 2029. Rent income as of December 31, 2025, and 2024 amounted to \$29,937 and \$31,699, respectively.

NOTE I - COMMITMENTS AND CONTINGENCIES

In December 1962, pursuant to a ratified deed of purchase, the Council acquired a parcel of land (Guajataca I). The property received was restricted for purposes consistent with those of the Scouting America's policies and in case of cessation of operations or a change in the use of the land for other than scouting purposes, the land and any improvements will revert without consideration 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 Council's financial condition or results of operations. Accordingly, no accrual has been recorded in the accompanying financial statements. The Council holds an insurance policy with National which provides full defense and coverage in all judicial matters upon payment of a \$15,000 deductible 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 Scouting America National Council (National Council) filed a Chapter 11 bankruptcy petition in the U.S. District Court for the District of Delaware. The Puerto Rico Council is a separate legal entity and was not part of the bankruptcy proceedings. The bankruptcy proceedings concluded on April 18, 2023, upon court approval of the reorganization plan.

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NOTE I - COMMITMENTS AND CONTINGENCIES (CONT'D)

On May 19, 2025, the Board of Directors of the Puerto Rico Council authorized the Scout Executive to take any actions necessary to facilitate the sale of the Council's properties located in San Sebastián that do not border Camp Guajataka, upon the expiration in 2026 of the restrictive covenants imposed by the Fideicomiso de los Niños. The proceeds from the sale are to be applied as follows: first, to repay a \$182,790 loan previously drawn from the endowment fund; second, to reimburse the endowment fund for \$246,878 previously withdrawn, primarily to support the Council's contribution to the Boy Scouts of America bankruptcy settlement; and third, any remaining funds shall be used or invested as determined by the Board, excluding any use for administrative expenses.

In the same resolution, the Board also authorized the Scout Executive to take all necessary steps to establish an irrevocable trust for the purpose of transferring the current cash balance and/or other assets of the endowment fund, along with any future contributions. The primary objectives of the trust shall be the preservation of principal and the generation of recurring income to support the Council's operational expenses and/or capital improvements.

NOTE J - ENDOWMENT FUND

The Council maintains net assets that function as an endowment fund composed of donor-restricted and board-designated funds, which are reported in accordance with U.S. GAAP based on the presence or absence of donor-imposed restrictions. Board-designated funds represent unrestricted net assets that have been set aside by the Council's Board of Directors for long-term investment purposes.

In 2014, the Council merged its endowment into the BSA Endowment Master Trust (the "Master Trust"), which is managed by BSA Asset Management, LLC. The Master Trust pools investments from local councils of Scouting America, allowing for centralized oversight and investment efficiencies. It is organized exclusively for charitable purposes under Section 501(c)(3) of the Internal Revenue Code, prohibits the use of its assets or earnings to benefit individuals personally or to support political activity, and exists solely to invest and reinvest funds on behalf of participating councils. It is neither insured by the Federal Deposit Insurance Corporation (FDIC) nor subject to registration under federal securities laws.

Although assets within the Master Trust are commingled for investment purposes, each council's share is separately tracked and recognized as its property—an ownership structure affirmed during the national organization's bankruptcy proceedings from 2020 to 2023. While the Master Trust does not establish legally distinct trusts for each council, the national organization maintains detailed accounting records that distinguish between national and local council assets. Accordingly, in the national organization's financial statements, local council balances are presented as liabilities or accounts payable, reaffirming each council's beneficial ownership.

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NOTE J - ENDOWMENT FUND (CONT'D)

Between 2020 and 2022, the Council’s Board of Directors approved several actions regarding the use of endowment assets. In December 2020, the Board authorized the use of up to \$300,000 from endowment fund, resulting in a withdrawal of \$182,790 by December 31, 2021. In May 2022, the Board authorized the use of investment returns to meet operational and financial obligations and approved a withdrawal of \$270,000 to support such obligations, as needed. As of December 31, 2022, total withdrawals amounted to \$256,878, which included \$233,509 used to meet obligations related to the national Victims Compensation Fund and \$23,369 for bankruptcy-related expenses. In June 2022, the Council adopted a long-term replenishment plan, committing to monthly contributions of at least \$1,000 to the endowment fund.

The composition of endowment net assets and changes therein for the years ended December 31, 2025 and 2024 are as follows:

Without donor restrictions (board-designated).....	\$ -
With donor restrictions.....	14,225
Contributions.....	-
Investment return, net.....	461
Appropriations / withdrawals.....	<u>-</u>
Balance at December 31, 2024.....	<u>\$ 14,686</u>
With donor restrictions.....	\$ 14,686
Contributions.....	20,400
Investment return, net.....	2,314
Appropriations / withdrawals.....	<u>-</u>
Balance at December 31, 2025.....	<u>\$ 37,400</u>

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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 and is considered a multiemployer plan. Effective August 1, 2020, the Plan was frozen to all employees. Through February 1, 2024, the Council contributed 6.50 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 employees' compensation. Pension expense (excluding the contributions made by employees) was \$48,197 and \$51,483 in 2025 and 2024, respectively. The actuarial information for the Plan as of February 1, 2024, 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 pre-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 \$11,864 and \$9,527 to the BSA Match Savings Plan in 2025 and 2024, respectively.

NOTE L - CONCENTRATION OF CREDIT RISK AND UNCERTAINTIES

Financial instruments that potentially subject the Council to concentrations of credit risk consist primarily of cash and cash equivalents, accounts receivable, and investments. The Council maintains its cash balances with financial institutions which, at times, may exceed federally insured limits. Management believes that the Council is not exposed to significant credit risk related to these balances. The Council also performs ongoing evaluations of its receivables and maintains allowances for expected credit losses, when necessary.

The Council's operations are conducted entirely in Puerto Rico and are dependent on participation from youth between the ages of 5 and 18, as well as the availability of volunteers and donor support. As such, the Council is exposed to demographic trends affecting this population segment. A sustained decline in the youth population in Puerto Rico may result in reduced participation levels, volunteer engagement, and contributions, which could adversely affect the Council's operations and financial condition.

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NOTE L - CONCENTRATION OF CREDIT RISK AND UNCERTAINTIES (CONT'D)

In addition, the Council operates in an environment subject to changing economic, regulatory, and tax conditions, including those affecting nonprofit organizations and Puerto Rico-based entities. Because such matters are outside the Council's control, management cannot predict the timing or impact of future changes on the Council's operations, financial condition, or investment values.

NOTE M - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 15, 2026, which is the date the financial statements were available to be issued.

Subsequent to year-end, the Council was notified by the Puerto Rico Central Office for Recovery, Reconstruction and Resiliency ("COR3"), that certain funds previously received, in the amount of approximately \$57,039, are subject to repayment. A repayment plan was approved, requiring the Council to remit monthly installments of approximately \$2,000, with the remaining balance due upon the sale of certain real property owned by the Council. The Council expects to fund the repayment through operating cash flows and the anticipated sale of certain properties after June 2026.

In January 2026, the U.S. Supreme Court declined to review the \$2.46 billion Boy Scouts of America (BSA) bankruptcy settlement, allowing the reorganization plan to proceed. The plan provides releases to the BSA, local councils, and sponsoring organizations from future lawsuits.

In January 2026, the Council was served with a lawsuit asserting acquisitive prescription rights over a parcel of land located in San Sebastián, Puerto Rico. The matter is currently in its preliminary stages, including discovery, and the ultimate outcome cannot be reasonably determined at this time. Accordingly, no adjustments to these financial statements are considered necessary.