

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, 2024 AND 2023

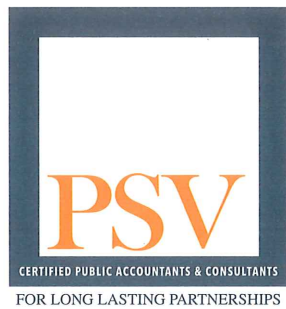
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INDEPENDENT AUDITOR'S REPORT

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

FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
FINANCIAL STATEMENTS:	
Statements of Financial Position	4
Statements of Activities and Changes in Net Assets	5-6
Statements of Functional Expenses	7
Statements of Cash Flows	8
NOTES TO FINANCIAL STATEMENTS	9-24



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 statement of financial position as of December 31, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years 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. (D/B/A Scouting America Puerto Rico Council) as of December 31, 2024 and 2023, 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 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)

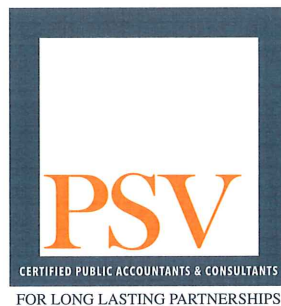
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Puerto Rico Council of Boy Scouts of America, Inc.'s (D/B/A Scouting America Puerto Rico Council) ability to continue as a 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 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.



Auditor's Responsibilities for the Audit of the 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 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 (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
June 26, 2025

PSV & Co, PSC



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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, 2024 AND 2023

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
ASSETS								
Cash and cash equivalents	\$ 52,732	\$ 41,963	\$ -	\$ -	\$ -	\$ -	\$ 52,732	\$ 41,963
Cash restricted	-	-	-	-	68,342	66,335	68,342	66,335
Grant receivable	-	-	-	-	-	-	-	-
Accounts receivable - net	49,293	74,168	-	-	-	-	49,293	74,168
Prepaid expenses	3,300	8,300	-	-	-	-	3,300	8,300
	<u>105,325</u>	<u>124,431</u>	<u>-</u>	<u>-</u>	<u>68,342</u>	<u>66,335</u>	<u>173,667</u>	<u>190,766</u>
Total current assets								
Land, building, and equipment, net	-	-	5,595,389	5,694,371	-	-	5,595,389	5,694,371
Long-term investments	-	-	-	-	14,686	14,265	14,686	14,265
Due from operating fund	-	-	-	-	182,790	182,790	182,790	182,790
	<u>-</u>	<u>-</u>	<u>5,595,389</u>	<u>5,694,371</u>	<u>197,476</u>	<u>197,055</u>	<u>5,792,865</u>	<u>5,891,426</u>
Total non-current assets								
Total assets	<u>\$ 105,325</u>	<u>\$ 124,431</u>	<u>\$ 5,595,389</u>	<u>\$ 5,694,371</u>	<u>\$ 265,818</u>	<u>\$ 263,390</u>	<u>\$ 5,966,532</u>	<u>\$ 6,082,192</u>
LIABILITIES AND NET ASSETS								
Current portion of long term debt	\$ 3,282	\$ 3,182	\$ -	\$ -	\$ -	\$ -	\$ 3,282	\$ 3,182
Accounts payable:								
Trade	72,408	92,611	-	-	-	-	72,408	92,611
Other	-	20,000	-	-	-	-	-	20,000
Accrued liabilities	3,927	31,339	-	-	-	-	3,927	31,339
Custodial accounts	15,542	58,714	-	-	-	-	15,542	58,714
Deferred income	27,905	26,707	-	-	-	-	27,905	26,707
Total current liabilities	123,064	232,553	-	-	-	-	123,064	232,553
Due to endowment fund	182,790	182,790	-	-	-	-	182,790	182,790
Long-term debt	140,186	143,352	-	-	-	-	140,186	143,352
Total liabilities	<u>446,040</u>	<u>558,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>446,040</u>	<u>558,695</u>
NET ASSETS:								
Without donor restrictions	(157,925)	(251,474)	1,371,572	1,182,681	256,878	256,878	1,470,525	1,188,085
With donor restrictions	(182,790)	(182,790)	4,223,817	4,511,690	8,940	6,512	4,049,967	4,335,412
	<u>(340,715)</u>	<u>(434,264)</u>	<u>5,595,389</u>	<u>5,694,371</u>	<u>265,818</u>	<u>263,390</u>	<u>5,520,492</u>	<u>5,523,497</u>
Total net assets								
Total liabilities and net assets	<u>\$ 105,325</u>	<u>\$ 124,431</u>	<u>\$ 5,595,389</u>	<u>\$ 5,694,371</u>	<u>\$ 265,818</u>	<u>\$ 263,390</u>	<u>\$ 5,966,532</u>	<u>\$ 6,082,192</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, 2024 AND 2023

Changes in unrestricted net assets	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2024	2023	2024	2023	2024	2023	2024	2023
Support and revenues								
Friends of scouting	\$ 183,120	\$ 106,605	\$ -	\$ -	\$ -	\$ -	\$ 183,120	\$ 106,605
Special fundraising events	15,835	28,222	-	-	-	-	15,835	28,222
Foundations and trust, net	41,800	48,800	-	-	-	-	41,800	48,800
Other direct support	-	-	-	-	2,007	4,406	2,007	4,406
Total direct support	<u>240,755</u>	<u>183,627</u>	<u>-</u>	<u>-</u>	<u>2,007</u>	<u>4,406</u>	<u>242,762</u>	<u>188,033</u>
Indirect support								
United way	22,908	40,376	-	-	-	-	22,908	40,376
Other indirect support	45,890	7,580	-	-	-	-	45,890	7,580
Government grants	248,484	98,193	-	-	-	-	248,484	98,193
Total indirect support	<u>317,282</u>	<u>146,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>317,282</u>	<u>146,149</u>
Revenues								
Sales of supplies	7,064	2,410	-	-	-	-	7,064	2,410
Product sales	132,764	156,133	-	-	-	-	132,764	156,133
Less cost of good sold	<u>87,271</u>	<u>72,418</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,271</u>	<u>72,418</u>
Net sales of products	52,557	86,125	-	-	-	-	52,557	86,125
Camping revenue	969,748	810,292	-	-	-	-	969,748	810,292
Activity revenues:								
Activities fees	286,288	686,164	-	-	-	-	286,288	686,164
Other revenue	<u>238,640</u>	<u>188,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>238,640</u>	<u>188,794</u>
Total revenue	<u>1,547,233</u>	<u>1,771,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,547,233</u>	<u>1,771,375</u>
Total support and revenue	<u>2,105,270</u>	<u>2,101,151</u>	<u>-</u>	<u>-</u>	<u>2,007</u>	<u>4,406</u>	<u>2,107,277</u>	<u>2,105,557</u>
Expenses								
Program services	730,835	880,922	287,873	284,363	-	-	1,018,708	1,165,285
Support services:								
Management and general	1,028,354	1,229,578	-	-	-	-	1,028,354	1,229,578
Fundraising	<u>36,636</u>	<u>37,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,636</u>	<u>37,695</u>
Total supporting services	1,795,825	2,148,195	287,873	284,363	-	-	2,083,698	2,432,558
Charter and national service fee	<u>27,005</u>	<u>10,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,005</u>	<u>10,723</u>
Total expenses	<u>1,822,830</u>	<u>2,158,918</u>	<u>287,873</u>	<u>284,363</u>	<u>-</u>	<u>-</u>	<u>2,110,703</u>	<u>2,443,281</u>
Increase (decrease) in unrestricted assets	<u>\$ 282,440</u>	<u>\$ (57,767)</u>	<u>\$ (287,873)</u>	<u>\$ (284,363)</u>	<u>\$ 2,007</u>	<u>\$ 4,406</u>	<u>\$ (3,426)</u>	<u>\$ (337,724)</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, 2024 AND 2023

Permanently restricted net assets: Direct support	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Increase (decrease) in unrestricted assets	\$ 282,440	\$ (57,767)	\$ (287,873)	\$ (284,363)	\$ 2,007	\$ 4,406	\$ (3,426)	\$ (337,724)
Revenues:								
Gain (loss) on investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421</u>	<u>987</u>	<u>421</u>	<u>987</u>
Increase in permanently restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>421</u>	<u>987</u>	<u>421</u>	<u>987</u>
Increase (decrease) in total net assets	<u>282,440</u>	<u>(57,767)</u>	<u>(287,873)</u>	<u>(284,363)</u>	<u>2,428</u>	<u>5,393</u>	<u>(3,005)</u>	<u>(336,737)</u>
Net assets beginning:								
Without donor restrictions	(251,474)	(193,707)	1,182,681	1,182,681	256,878	-	1,188,085	988,974
With donor restrictions	<u>(182,790)</u>	<u>-</u>	<u>4,511,690</u>	<u>4,796,053</u>	<u>6,512</u>	<u>257,997</u>	<u>4,335,412</u>	<u>5,054,050</u>
Total net assets, beginning	<u>(434,264)</u>	<u>(193,707)</u>	<u>5,694,371</u>	<u>5,978,734</u>	<u>263,390</u>	<u>257,997</u>	<u>5,523,497</u>	<u>6,043,024</u>
Transfers	(188,891)	-	188,891	-	-	-	-	-
Net assets, ending:								
Without donor restrictions	(157,925)	(251,474)	1,371,572	1,182,681	256,878	256,878	1,470,525	1,188,085
With donor restrictions	<u>(182,790)</u>	<u>(182,790)</u>	<u>4,223,817</u>	<u>4,511,690</u>	<u>8,940</u>	<u>6,512</u>	<u>4,049,967</u>	<u>4,335,412</u>
Total net assets, ending	<u>\$ (340,715)</u>	<u>\$ (434,264)</u>	<u>\$ 5,595,389</u>	<u>\$ 5,694,371</u>	<u>\$ 265,818</u>	<u>\$ 263,390</u>	<u>\$ 5,520,492</u>	<u>\$ 5,523,497</u>

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, 2024 AND 2023

Expenses	Program services		Management and General		Fundraising		Total expenses	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Employee compensation								
Salaries	\$ 233,450	\$ 233,606	\$ 259,389	\$ 259,562	\$ 25,939	\$ 25,956	\$ 518,778	\$ 519,124
Employee benefits	45,801	42,613	35,277	35,300	4,267	4,101	85,345	82,014
Payroll taxes	18,188	22,032	37,871	37,896	2,950	3,154	59,009	63,082
Total employee compensation	<u>297,439</u>	<u>298,251</u>	<u>332,537</u>	<u>332,758</u>	<u>33,156</u>	<u>33,211</u>	<u>663,132</u>	<u>664,220</u>
Other expenses								
Program supplies	77,878	98,859	117,699	149,409	588	747	196,165	249,015
Food	110,195	123,742	166,541	187,016	833	935	277,569	311,693
Occupancy	50,703	53,912	76,628	81,478	383	407	127,714	135,797
Temporary camping services	58,752	47,348	88,795	71,560	444	358	147,991	119,266
Transportation	20,210	43,392	30,544	65,579	153	328	50,907	109,299
Insurance	29,053	28,235	43,910	42,673	220	213	73,183	71,121
Recognition awards	3,198	5,443	4,832	8,225	24	41	8,054	13,709
Specific assistance to individuals	9,876	25,319	14,927	38,265	75	191	24,878	63,775
Conference and meetings	4,731	96,469	7,150	145,797	36	729	11,917	242,995
Telephone	6,334	6,027	9,572	9,109	48	46	15,954	15,182
Interests	1,790	1,829	2,706	2,764	14	14	4,510	4,607
Printing and publications	3,315	1,802	5,010	2,724	25	14	8,350	4,540
Postage and shipping	310	304	467	460	2	2	779	766
Rent and maintenance of equipment	33,940	38,723	51,293	58,525	256	293	85,489	97,541
Other expenses	23,111	11,267	75,743	33,236	379	166	99,233	44,669
Total other expenses	<u>433,396</u>	<u>582,671</u>	<u>695,817</u>	<u>896,820</u>	<u>3,480</u>	<u>4,484</u>	<u>1,132,693</u>	<u>1,483,975</u>
Expenses before depreciation	730,835	880,922	1,028,354	1,229,578	36,636	37,695	1,795,825	2,148,195
Depreciation	<u>287,873</u>	<u>284,363</u>	-	-	-	-	<u>287,873</u>	<u>284,363</u>
Total functional expenses	<u>\$ 1,018,708</u>	<u>\$ 1,165,285</u>	<u>\$ 1,028,354</u>	<u>\$ 1,229,578</u>	<u>\$ 36,636</u>	<u>\$ 37,695</u>	<u>\$ 2,083,698</u>	<u>\$ 2,432,558</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, 2024 AND 2023

	Operating Fund		Capital Fund		Endowment Fund		Total Funds	
	2024	2023	2024	2023	2024	2023	2024	2023
Operating activities:								
Increase (decrease) in total net assets	\$ 282,440	\$ (57,767)	\$ (287,873)	\$ (284,363)	\$ 2,428	\$ 5,393	\$ (3,005)	\$ (336,737)
Adjustments to reconcile cash flows:								
Depreciation	-	-	287,873	284,363	-	-	287,873.00	284,363
(Increase) decrease in net assets:								
Accounts receivable	24,875	(48,874)	-	-	-	-	24,875	(48,874)
Prepaid expenses	5,000	19,231	-	-	-	-	5,000	19,231
Increase (decrease) in liabilities:								
Accounts payable:								
Trade	(20,203)	43,552	-	-	-	-	(20,203)	43,552
Other	(20,000)	20,000	-	-	-	-	(20,000)	20,000
Accrued liabilities	(27,412)	2,942	-	-	-	-	(27,412)	2,942
Custodial accounts	(43,172)	38,107	-	-	-	-	(43,172)	38,107
Deferred income	1,198	(71,764)	-	-	-	-	1,198	(71,764)
Transfers	(188,891)	-	-	-	-	-	(188,891)	-
Total adjustments	(268,605)	3,194	287,873	284,363	-	-	19,268	287,557
Net cash flows provided by (used in) by operating activities	13,835	(54,573)	-	-	2,428	5,393	16,263	(49,180)
Investing activities:								
Long term investments	-	-	-	-	(421)	(986)	(421)	(986)
Net cash flows used in investing activities	-	-	-	-	(421)	(986)	(421)	(986)
Financing activities:								
Principal payments of long term debt	(3,066)	(3,113)	-	-	-	-	(3,066)	(3,113)
Net cash used in financing activities	(3,066)	(3,113)	-	-	-	-	(3,066)	(3,113)
Net increase (decrease) in cash	10,769	(57,686)	-	-	2,007	4,407	12,776	(53,279)
Cash and cash restricted, beginning	41,963	99,649	-	-	66,335	61,928	108,298	161,577
Cash and cash restricted, ending	\$ 52,732	\$ 41,963	\$ -	\$ -	\$ 68,342	\$ 66,335	\$ 121,074	\$ 108,298

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, 2024 AND 2023

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 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 the territory defined in its charter, 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.

To maintain its operations, the Council has various fundraising events such as pop-corn sales, summer camp, and sales of articles and products. Additionally, 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 - Boys and Girls 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. 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 offering fun, adventure, learning, challenge, and responsibility to help grow into 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.
(D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Organization (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 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.

Management estimates and assumptions

US Generally accepted accounting principles (US GAAP) require management to make estimates and assumptions that affect the amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the amounts of revenues and expenses. Actual results could vary 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 958-205 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.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Fund accounting (Cont'd)

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:

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.

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.

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 Accounting Standards Codification (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.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Donated materials and services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Council reports the donations as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used.

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

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. For the years ended December 31, 2024 and 2023, the balances of allowance for doubtful accounts are \$43,922 and \$0, respectively.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Revenue recognition

Revenue from Exchange Transactions: The Council recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (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. The Council records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending December 31, 2024, and 2023:

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 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 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, 2024, and 2023, 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.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Revenue recognition (Cont'd)

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 (deferred revenue) and are only recognized in the statements of activities after delivery of the program has occurred.

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 represent a contribution to the Council. Unless a verifiable objective mean 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 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 American Institute of Certified Public Accountants (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 has 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 Scouting America ("National Council"), the payments of the charter and national service fees to the National Council are not allocated as functional expenses.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

**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 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.

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 2024 and 2023.

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 2018 and thereafter remain subject to examination by the Department of Treasury.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Restricted cash

At December 31, 2024 and 2023, 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. At December 31, 2024 and 2023, restricted cash amounted to \$68,342 and \$66,335, respectively.

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.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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

Fair value measurement (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.
(D/B/A SCOUTING AMERICA PUERTO RICO COUNCIL)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE B - ACCOUNTS RECEIVABLE

For the years ended December 31, 2024 and 2023, accounts receivable consisted of the following:

	<u>2024</u>	<u>2023</u>
Rent	\$ 3,319	\$ 1,972
Products sales	57,248	56,126
Other	<u>32,648</u>	<u>16,070</u>
 Total	 93,215	 74,168
 Less: allowance for doubtful accounts	 <u>43,922</u>	 <u>-</u>
 Accounts receivable - net	 <u>\$ 49,293</u>	 <u>\$ 74,168</u>

As of December 31, 2024 and 2023, there is a loan made by the Endowment Fund to the Operating Fund amounting to \$182,790 (See Note J).

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 \$256,878 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.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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>2024</u>	<u>2023</u>
Cash operating fund	\$ 52,732	\$ 41,963
Accounts receivable	<u>49,293</u>	<u>74,168</u>
 Total financial assets are year ended	 \$ <u>102,025</u>	 \$ <u>116,131</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>\$ 102,025</u>	 <u>\$ 116,131</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, 2024, and 2023 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 - LAND, BUILDINGS, AND EQUIPMENT

For the years ended December 31, 2024 and 2023, land, buildings, and equipment consisted of the

	<u>2024</u>	<u>2023</u>
Land	\$ 1,022,732	\$ 1,022,732
Buildings	2,863,142	2,846,544
Building improvements	5,407,328	5,407,328
Furniture, fixtures, and equipment	801,578	629,285
Motor and aquatic vehicles	<u>413,587</u>	<u>413,587</u>
	10,508,367	10,319,476
 Less accumulated depreciation and amortization	 <u>4,912,978</u>	 <u>4,625,105</u>
 Total	 <u>\$ 5,595,389</u>	 <u>\$ 5,694,371</u>

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE E - 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, 2024 and 2023 are summarized as follows:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Investment in mutual funds (level 1 measurement)	<u>\$ 47,417</u>	<u>\$ 14,686</u>	<u>\$ 46,640</u>	<u>\$ 14,265</u>

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

NOTE F - LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
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.	\$ 143,468	\$ 146,534
Less: current portion	<u>3,282</u>	<u>3,182</u>
	<u>\$ 140,186</u>	<u>\$ 143,352</u>

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>
2025	\$ 3,282
2026	3,386
2027	3,492
2028	3,602
2029	3,716
Thereafter	<u>125,990</u>
Total	<u>\$ 143,468</u>

NOTE G - GOVERNMENT GRANT REVENUE

During the years ended December 31, 2024 and 2023, the Council received grant funding from both federal and state government sources totaling \$248,484 and \$98,193, respectively. These funds included an allocation under the American Rescue Plan Act (ARPA), passed through the Puerto Rico Fiscal agency and financial advisory authority (AAFAF, for it Spanish acronym), and were used to planning, organization and holding of educational and fun outdoor activities for young people from 5-21 years of age.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE G - GOVERNMENT GRANT REVENUE (CONT'D)

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 conditions of the grant agreements are met.

As of December 31, 2024 and 2023, the Council had expended approximately \$83,323 in government grant funds, and \$165,161 in ARPA funds that were capitalized. These expenditures were below the \$750,000 federal 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.

Any funds received in advance of eligible expenditures are recorded as deferred revenue until the related conditions are met.

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, 2024, and 2023 amounted to \$31,699 and \$37,340, 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 Scouting America's 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 it's 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.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE I - COMMITMENTS AND CONTINGENCIES (CONT'D)

On February 18, 2020, the Scouting 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 Scouting 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.

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 valued at \$2,400,000,000, with the opportunity for additional contributions by numerous other parties.

NOTE J - ENDOWMENT FUND

The Council maintains 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.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

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 a loan of up to \$300,000 secured by the 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 and authorized the use of investment returns to support operational and financial 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. Beginning in 2025, the Council is repaying approximately \$3,000 per quarter.

As of December 31, 2024 and 2023, the endowment fund had a balance of \$263,390 (\$83,028 funded) and \$257,997 (\$80,600 funded), respectively, with cumulative withdrawals totaling \$439,668, all made under formal Board authorization.

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 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 employee's compensation. Pension expense (excluding the contributions made by employees) was \$51,483 and \$48,754 in 2024 and 2023, respectively, and covered current service cost. 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 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 \$9,527 and \$8,534 to the BSA Match Savings Plan in 2024 and 2023, respectively.

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

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE L - RECLASSIFICATIONS FOR COMPARATIVE PURPOSES

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no impact on previously reported net income, total assets, or total liabilities. The changes were made solely to improve the comparability and consistency of the financial information across periods.

NOTE M - SUBSEQUENT EVENTS

After year-end, the Council was notified of the approval of a \$117,650 grant from the Fideicomiso de los Niños de Puerto Rico for the construction of a gazebo. The grant is conditional on signing a formal agreement and beginning construction. In 2025, the Council expects to receive 50% of the funds upon contract execution, with the remainder based on construction progress. The rustic cabin will be recorded as a capital asset in accordance with the Council's accounting policy. As of December 31, 2024, no revenue or asset has been recognized, since the grant conditions had not yet been met.

See Note B for additional subsequent events.

The date to which events occurring after December 31, 2024 have been evaluated is June 26, 2025, which is the date the financial statements were available to be issued.