

Catalina Council, Inc., Boy Scouts of America

Consolidated Financial Statements

Years Ended December 31, 2024 and 2023



WIPFLI

Independent Auditor's Report

Board of Directors
Catalina Council, Inc., Boy Scouts of America
Tucson, Arizona

Opinion

We have audited the consolidated financial statements of Catalina Council, Inc., Boy Scouts of America (the "Council"), a nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of Catalina Council, Inc., Boy Scouts of America 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 ("GAAP").

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 Consolidated Financial Statements section of our report. We are required to be independent of Catalina Council, Inc., Boy Scouts of America 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Catalina Council, Inc., Boy Scouts of America's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Catalina Council, Inc., Boy Scouts of America's ability to continue as a going concern for a reasonable period of time.

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



Wipfli LLP
Duluth, Minnesota

April 9, 2025

**Catalina Council, Inc.,
Boy Scouts of America**
Consolidated Statements of Financial Position

December 31, 2024 and 2023

Assets	Operating Fund		Capital Fund		Endowment Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Current assets:								
Cash	\$ 704,448	\$ 111,141	\$ 281,851	\$ 137,901	\$ 59,300	\$ 17,296	\$ 1,045,599	\$ 266,338
Short-term investments	-	-	318	634	34,960	46,772	35,278	47,406
Accounts receivable	68,076	900	-	-	1,500	674	69,576	1,574
Contributions receivable - net	15,775	550	300	300	1,000	1,000	17,075	1,850
Inventories	2,910	2,910	-	-	-	-	2,910	2,910
Due to/from other funds	-	(202,005)	-	-	-	202,005	-	-
Prepaid expenses	33,565	33,389	-	-	-	-	33,565	33,389
Total current assets	824,774	(53,115)	282,469	138,835	96,760	267,747	1,204,003	353,467
Other assets:								
Property held for sale	-	17,500	8,900	8,900	-	-	8,900	26,400
Property and equipment - net	-	-	941,869	1,539,830	-	-	941,869	1,539,830
Right of use asset - operating lease	178,974	-	3,857	6,319	-	-	182,831	6,319
Right of use asset - financing lease	-	-	3,894	9,020	-	-	3,894	9,020
Investments	-	-	-	-	625,891	929,481	625,891	929,481
Total other assets	178,974	17,500	958,520	1,564,069	625,891	929,481	1,763,385	2,511,050
TOTAL ASSETS	\$ 1,003,748	\$ (35,615)	\$ 1,240,989	\$ 1,702,904	\$ 722,651	\$ 1,197,228	\$ 2,967,388	\$ 2,864,517
Liabilities and Net Assets	Operating Fund		Capital Fund		Endowment Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Current liabilities:								
Accounts payable	\$ 35,948	\$ 30,322	\$ -	\$ 7,000	\$ -	\$ -	\$ 35,948	\$ 37,322
Accrued expenses	46,223	30,003	-	-	-	-	46,223	30,003
Custodial accounts	132,297	179,645	-	-	-	-	132,297	179,645
Deferred revenue	64,146	13,616	-	-	-	-	64,146	13,616
Current portion of operating lease	91,278	-	1,222	1,175	-	-	92,500	1,175
Current portion of financing lease	-	-	5,204	5,126	-	-	5,204	5,126
Total current liabilities	369,892	253,586	6,426	13,301	-	-	376,318	266,887
Noncurrent liabilities:								
Operating lease liability - non current	87,076	-	2,705	3,928	-	-	89,781	3,928
Financing lease liability - non current	-	-	-	5,204	-	-	-	5,204
Long-term debt	150,000	150,000	-	-	-	-	150,000	150,000
Total noncurrent liabilities	237,076	150,000	2,705	9,132	-	-	239,781	159,132
Total liabilities	606,968	403,586	9,131	22,433	-	-	616,099	426,019
Net assets:								
Without donor restrictions	383,969	(448,449)	899,210	1,548,823	1,745	477,542	1,284,924	1,577,916
With donor restrictions	12,811	9,248	332,648	131,648	720,906	719,686	1,066,365	860,582
Total net assets	396,780	(439,201)	1,231,858	1,680,471	722,651	1,197,228	2,351,289	2,438,498
TOTAL LIABILITIES AND NET ASSETS	\$ 1,003,748	\$ (35,615)	\$ 1,240,989	\$ 1,702,904	\$ 722,651	\$ 1,197,228	\$ 2,967,388	\$ 2,864,517

See accompanying notes to financial statements.

Catalina Council, Inc.,
Boy Scouts of America
Consolidated Statements of Activities and Changes in Net Assets
Years Ended December 31, 2024 and 2023

	Operating Fund		Capital Fund		Endowment Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Changes in net assets without donor restrictions:								
Direct support:								
Friends of Scouting	\$ 105,512	\$ 107,345	\$ -	\$ -	\$ -	\$ -	\$ 105,512	\$ 107,345
Project sales	322	2,484	-	-	-	-	322	2,484
Foundations and trusts	79,910	60,332	-	-	-	-	79,910	60,332
Legacies and bequests	-	-	-	600	-	-	-	600
Capital campaign	-	-	-	5,057	-	-	-	5,057
Other direct support	43,005	49,234	-	2,550	-	-	43,005	51,784
Special events	179,261	73,553	-	-	-	-	179,261	73,553
Less: Direct cost of special events	(49,127)	(37,736)	-	-	-	-	(49,127)	(37,736)
Special events - Net	130,134	35,817	-	-	-	-	130,134	35,817
Total direct support	358,883	255,212	-	8,207	-	-	358,883	263,419
Indirect support:								
United Way and other indirect support	16,068	16,657	-	-	-	-	16,068	16,657
Total indirect support	16,068	16,657	-	-	-	-	16,068	16,657
Net assets released from restriction	6,487	43,985	-	21,335	501	-	6,988	65,320
Revenue:								
Sales of supplies - Gross	595	326	-	-	-	-	595	326
Product sales - Gross	178,145	213,590	-	-	-	-	178,145	213,590
Less: Cost of goods sold	(55,000)	(76,546)	-	-	-	-	(55,000)	(76,546)
Less: Commissions paid to units	(46,210)	(69,816)	-	-	-	-	(46,210)	(69,816)
Net product sales	76,935	67,228	-	-	-	-	76,935	67,228
Other revenue:								
Camping revenue	60,646	78,932	-	-	-	-	60,646	78,932
Activity revenue	46,983	57,525	-	-	-	-	46,983	57,525
Interest and dividend income - net	107,268	117,536	(316)	-	(102,108)	(121,516)	4,844	(3,980)
Realized gain on investments	-	-	-	-	162,968	44,576	162,968	44,576
Unrealized gain/ (loss) on investments	-	-	-	633	(86,955)	115,920	(86,955)	116,553
Gain/ (loss) on sale or disposal of property and equipment	(4,765)	-	382,596	(13,272)	-	-	377,831	(13,272)
Council participation fees	62,798	75,850	-	-	-	-	62,798	75,850
Other	40,038	74,641	-	-	6,162	2,008	46,200	76,649
Total other revenue	390,498	472,038	382,280	(12,639)	(19,933)	40,988	752,845	500,387
Total support and revenue	771,936	787,892	382,280	16,903	(19,432)	40,988	1,134,784	845,783

Catalina Council, Inc.,
Boy Scouts of America
Consolidated Statements of Activities and Changes in Net Assets (Continued)
Years Ended December 31, 2024 and 2023

	Operating Fund		Capital Fund		Endowment Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Expenses:								
Program services	\$ 1,088,364	\$ 853,119	\$ 78,710	\$ 83,892	\$ 207	\$ 191	\$ 1,167,281	\$ 937,202
Support services:								
Management and general	99,348	74,367	661	674	4	4	100,013	75,045
Fund-raising	126,190	91,453	1,652	1,684	11	10	127,853	93,147
Total support services	225,538	165,820	2,313	2,358	15	14	227,866	168,192
Total functional expenses	1,313,902	1,018,939	81,023	86,250	222	205	1,395,147	1,105,394
Charter and National service fees	32,629	19,527	-	-	-	-	32,629	19,527
Total expenses	1,346,531	1,038,466	81,023	86,250	222	205	1,427,776	1,124,921
Change in net assets without donor restrictions	(574,595)	(250,574)	301,257	(69,347)	(19,654)	40,783	(292,992)	(279,138)
Changes in net assets with donor restrictions:								
Direct support:								
Friends of Scouting	10,050	50	-	-	-	-	10,050	50
Special events	-	6,942	-	-	-	-	-	6,942
Capital campaign	-	-	201,000	6,030	-	-	201,000	6,030
Legacies and bequests	-	-	-	90	-	-	-	90
Other direct support	-	-	-	99,000	1,721	5,570	1,721	104,570
Total direct support	10,050	6,992	201,000	105,120	1,721	5,570	212,771	117,682
Net assets released from restriction	(6,487)	(43,985)	-	(21,335)	(501)	-	(6,988)	(65,320)
Change in net assets with donor restrictions	3,563	(36,993)	201,000	83,785	1,220	5,570	205,783	52,362
Change in total net assets	(571,032)	(287,567)	502,257	14,438	(18,434)	46,353	(87,209)	(226,776)
Net assets, beginning of the year								
Without donor restrictions	\$ (448,449)	\$ (191,355)	\$ 1,548,823	\$ 1,611,650	\$ 477,542	\$ 436,759	\$ 1,577,916	\$ 1,857,054
With donor restrictions	9,248	46,241	131,648	47,863	719,686	714,116	860,582	808,220
Total net assets, beginning of the year	(439,201)	(145,114)	1,680,471	1,659,513	1,197,228	1,150,875	2,438,498	2,665,274
Transfers	1,407,013	(6,520)	(950,870)	6,520	(456,143)	-	-	-
Net assets, end of the year								
Without donor restrictions	383,969	(448,449)	899,210	1,548,823	1,745	477,542	1,284,924	1,577,916
With donor restrictions	12,811	9,248	332,648	131,648	720,906	719,686	1,066,365	860,582
Total net assets, end of the year	\$ 396,780	\$ (439,201)	\$ 1,231,858	\$ 1,680,471	\$ 722,651	\$ 1,197,228	\$ 2,351,289	\$ 2,438,498

See accompanying notes to financial statements.

Catalina Council, Inc., Boy Scouts of America

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

	Support Services			
	Management			
	Program	and	Fund -	Total
	Services	General	Raising	Total
Employee compensation:				
Salaries	\$ 573,839	\$ 11,917	\$ 29,794	\$ 615,550
Employee benefits	109,103	2,346	5,866	117,315
Payroll taxes	43,015	893	2,232	46,140
Employee related	1,128	24	61	1,213
Total employee compensation	727,085	15,180	37,953	780,218
Other expenses:				
Professional fees	82,369	1,695	42,244	126,308
Supplies	38,234	205	6,422	44,861
Supplies and other for special events	-	-	49,127	49,127
Popcorn expenses	55,000	-	-	55,000
Commissions paid to units	46,210	-	-	46,210
Telephone	13,486	174	434	14,094
Postage and Shipping	1,097	3	1,978	3,078
Occupancy	77,223	601	1,503	79,327
Rent and maintenance of equipment	28,901	538	1,345	30,784
Printing and publications	7,716	6	8,697	16,419
Travel	24,590	377	942	25,909
Conferences and meetings	15,750	339	1,183	17,272
Specific assistance to individuals	2,081	25	63	2,169
Recognition awards	16,793	34	4,879	21,706
Interest expense	16,423	353	883	17,659
Insurance	2,931	79,066	52	82,049
Other expenses	38,722	860	17,883	57,465
Total other expenses	467,526	84,276	137,635	689,437
Expenses before depreciation	1,194,611	99,456	175,588	1,469,655
Depreciation and amortization	73,880	557	1,392	75,829
Total expenses	1,268,491	100,013	176,980	1,545,484
Less expenses included with revenue on the consolidated statement of activities:				
Direct cost of special events	-	-	(49,127)	(49,127)
Cost of goods sold - popcorn	(55,000)	-	-	(55,000)
Commissions paid to units	(46,210)	-	-	(46,210)
Total functional expenses	\$ 1,167,281	\$ 100,013	\$ 127,853	\$ 1,395,147

See accompanying notes to financial statements.

**Catalina Council, Inc.,
Boy Scouts of America**
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

		Support Services		
		Management	Fund -	2023
	Program	and	Raising	Total
	Services	General		
Employee compensation:				
Salaries	\$ 414,443	\$ 8,617	\$ 21,542	\$ 444,602
Employee benefits	62,989	1,355	3,387	67,731
Payroll taxes	39,365	828	2,070	42,263
Employee related	2,687	58	144	2,889
Total employee compensation	519,484	10,858	27,143	557,485
Other expenses:				
Professional fees	86,366	1,803	49,092	137,261
Supplies	28,283	61	1,219	29,563
Supplies and other for special events	-	-	37,736	37,736
Popcorn expenses	76,546	-	-	76,546
Commissions paid to units	69,816	-	-	69,816
Telephone	14,800	187	467	15,454
Occupancy	81,353	410	842	82,605
Rent and maintenance of equipment	23,522	278	694	24,494
Printing and publications	238	5	189	432
Travel	28,040	822	874	29,736
Conferences and meetings	25,271	178	445	25,894
Specific assistance to individuals	13,681	8	21	13,710
Recognition awards	21,216	76	7,352	28,644
Interest expense	5,881	126	316	6,323
Insurance	2,035	59,342	-	61,377
Other expenses	11,013	249	2,889	14,151
Total other expenses	488,061	63,545	102,136	653,742
Expenses before depreciation	1,007,545	74,403	129,279	1,211,227
Depreciation	76,019	642	1,604	78,265
Total expenses	1,083,564	75,045	130,883	1,289,492
Less expenses included with revenue on the consolidated statement of activities:				
Direct cost of special events	-	-	(37,736)	(37,736)
Cost of goods sold	(76,546)	-	-	(76,546)
Commissions paid to units	(69,816)	-	-	(69,816)
Total functional expenses	\$ 937,202	\$ 75,045	\$ 93,147	\$ 1,105,394

See accompanying notes to financial statements.

**Catalina Council, Inc.,
Boy Scouts of America**
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	Operating Fund		Capital Fund		Endowment Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Cash flows from operating activities:								
Change in net assets	\$ (571,032)	\$ (287,567)	\$ 502,257	\$ 14,438	\$ (18,434)	\$ 46,353	\$ (87,209)	\$ (226,776)
Adjustments to reconcile change in net assets to cash flows from operating activities:								
Depreciation and amortization	-	-	75,829	78,265	-	-	75,829	78,265
Loss/ (gain) on sale or disposal of property and equipment	4,765	-	(382,596)	13,272	-	-	(377,831)	13,272
Realized gain on investments	-	-	-	-	(162,968)	(44,576)	(162,968)	(44,576)
Unrealized loss/ (gain) on investments	-	-	-	(633)	86,955	(115,920)	86,955	(116,553)
Change in allowance for doubtful accounts	(1,835)	(4,909)	-	-	-	-	(1,835)	(4,909)
Contributions restricted in perpetuity	-	-	-	-	1,721	5,570	1,721	5,570
Changes in assets and liabilities:								
Accounts receivable	(67,176)	32,240	-	-	(826)	(199)	(68,002)	32,041
Contributions receivable	(13,390)	39,759	-	-	-	-	(13,390)	39,759
Due to/from other funds	(202,005)	202,005	-	-	202,005	(202,005)	-	-
Prepaid expenses	(176)	(2,118)	-	-	-	-	(176)	(2,118)
Accounts payable	5,626	8,678	(7,000)	6,747	-	(812)	(1,374)	14,613
Accrued expenses	16,220	2,612	-	-	-	-	16,220	2,612
Custodial accounts	(47,348)	(4,068)	-	-	-	-	(47,348)	(4,068)
Deferred revenue	50,530	7,488	-	-	-	-	50,530	7,488
Net change in operating right of use assets and operating leases	(620)	-	1,286	58	-	-	666	58
Net cash flows from operating activities	(826,441)	(5,880)	189,776	112,147	108,453	(311,589)	(528,212)	(205,322)
Cash flows from investing activities:								
Purchases of property and equipment	-	-	(60,146)	(7,117)	-	-	(60,146)	(7,117)
Proceeds from sale of property and equipment			970,000				970,000	
Proceeds from sale of asset held for resale	12,735	-	-	-	-	-	12,735	-
Purchases of investments	-	-	-	-	(20,000)	(20,000)	(20,000)	(20,000)
Proceeds from sales of investments	-	-	-	633	399,603	309,623	399,603	310,256
Net cash flows from investing activities	12,735	-	909,854	(6,484)	379,603	289,623	1,302,192	283,139
Cash flows from financing activities:								
Principal payments on finance lease liability	-	-	(5,126)	(5,050)	-	-	(5,126)	(5,050)
Inter-fund transfers	1,407,013	(6,520)	(950,870)	6,520	(456,143)	-	-	-
Contributions restricted in perpetuity	-	-	-	-	(1,721)	(5,570)	(1,721)	(5,570)
Net cash flows from financing activities	1,407,013	(6,520)	(955,996)	1,470	(457,864)	(5,570)	(6,847)	(10,620)
Change in cash and short-term investments	593,307	(12,400)	143,634	107,133	30,192	(27,536)	767,133	67,197
Cash and short-term investments at beginning of year	111,141	123,541	138,535	31,402	64,068	91,604	313,744	246,547
Cash and short-term investments at end of year	\$ 704,448	\$ 111,141	\$ 282,169	\$ 138,535	\$ 94,260	\$ 64,068	\$ 1,080,877	\$ 313,744
Supplemental cash flow information								
Cash paid for interest	\$ -	\$ -	\$ 17,659	\$ 6,323	\$ -	\$ -	\$ 17,659	\$ 6,323
Cash paid for amounts included in the measurement of lease liabilities:								
Operating cash flows from finance leases	-	-	120	196	-	-	120	196
Operating cash flows from operating leases	8,082	-	1,354	1,331	-	-	9,436	1,331
Financing cash flows from finance leases	-	-	5,126	5,050	-	-	5,126	5,050
Right-of-use assets obtained in exchange for new operating lease liabilities	186,436	-	-	-	-	-	186,436	-

See accompanying notes to financial statements.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Catalina Council, Boy Scouts of America (the “Council”) is a nonprofit charitable organization serving the families of Cochise, Pima, Santa Cruz and southeastern Pinal counties in Southern Arizona. The Council Service Center is located in Tucson, Arizona. Council camps include the Double V Scout Ranch in western Pima County and Camp Lawton in the Santa Catalina Mountains, on Mount Lemmon. The Council is devoted to promoting, within the territory covered by the charter from time to time granted it by the Boy Scouts of America and in accordance with the Congressional Charter, Bylaws, and Rules and Regulations of the Boy Scouts of America, the Scouting program of promoting the ability of youth to do things for themselves and others, training them in Scoutcraft, and teaching them patriotism, courage, self-reliance, and kindred virtues, using the methods which are now in common use by the Boys Scouts of America. The Council delivered the Scouting program to 2,306 youth served in 2024. The mission of the Boy Scouts of America is to prepare young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Law.

Scout Oath

On my honor I will do my best to
do my duty to God and my country
and to obey the Scout Law; to
help other people at all times; to
keep myself physically strong,
mentally awake, and morally
straight.

Scout Law

A Scout is:

Trustworthy	Obedient
Loyal	Cheerful
Helpful	Thrifty
Friendly	Brave
Courteous	Clean
Kind	Reverent

The Boy Scouts of America will prepare every eligible youth in America to become a responsible, participating citizen and leader who is guided by the Scout Oath and Law.

The Council’s programs are classified as follows:

Lion Scouts – A fun introduction to the Scouting program for kindergarten-age youth. Lions do adventures with their adult partners and other Lions every month. This program introduces youth and their families to Scouting and the outdoors as it builds a foundation of character. A Lion den is part of the Cub Scout pack.

Tiger Scouts – One-year, family-oriented program for a group of teams, each consisting of a first grade (or 7-year-old) boy or girl 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.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

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

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

The Council's website address is www.catalinacouncil.org.

Catalina Council, Boy Scouts of America Scoutreach LLC (Scoutreach)

The Council is the sole member of the Catalina Council, Boy Scouts of America Scoutreach LLC. Scoutreach was formed on October 14, 2014 for the purpose of receiving donations that qualify for the Arizona individual tax credit for the working poor.

Boy Scouts Trust Fund

The Boy Scouts Trust Fund ("Trust"), was formed on December 1, 2016 for the purpose of holding principal investments or property given to this Trust to invest and reinvest, unless the deed or legacy of a particular gift or gifts specifically authorizes or requires its retention and/or use for a specific purpose or project. Income available from the Trust is to be reported at least annually to the Council to be requisitioned and used for the general purposes of promoting and conducting the Council work.

Consolidated Financial Statements

The accompanying consolidated financial statements present the accounts of the Council, Scoutreach, and the Trust. All intercompany balances and transactions have been eliminated in the consolidation. The Council, Scoutreach, and the Trust Fund are hereinafter collectively referred to as the "Council."

Basis of Accounting

The consolidated financial statements of the Council have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Presentation

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Council and changes therein are classified and reported as follows:

- *Net Assets without Donor Restrictions* - The part of net assets of the Council that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).
- *Net Assets with Donor Restrictions* - The part of net assets of the Council that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Stipulations may be met, either by actions of the Council and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a restriction expires, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.
- *Board-Designated Net Assets* - Net assets without donor restrictions subject to self-imposed limits by action of the Council's Board of Directors. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

Fund Accounting and Description of Funds

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 established according to their nature and purposes. The Council segregates and reports assets, liabilities, net assets, income, and expenses in three self-balancing funds as follows:

Operating Fund - The operating fund consists of expendable funds that are available for support of the Council's general operations.

Capital Fund - The Council's net undepreciated investment in property and equipment less related debt and expenses for its campgrounds and service centers, and investments designated for capital additions.

Endowment Fund - Gifts, memorials, and bequests subject to donor stipulations that require the principal to be invested for perpetuity in donor-restricted endowment funds and amounts designated by the Board to be invested in Board-designated endowment funds. Investment income available for distribution is presented as net assets without donor restrictions.

Cash and Short-Term Investments

The Council considers all short-term cash accounts to be cash. The Council considers short-term investments with an original maturity of three months or less to be cash. Short-term investments consist of bank sweep accounts held in brokerage accounts.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are recorded primarily for popcorn (product) sales and are reported at 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.

The carrying amount of accounts receivable is reduced by an allowance that reflects management's best estimate of the current expected credit losses. The estimate of the allowance for credit losses is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. The Council uses an aging method to estimate allowances for credit losses. Management assesses collectability by pooling receivables with similar risk characteristics and evaluates receivables individually when specific customer balances no longer share those risk characteristics. An allowance for credit losses was not considered necessary at December 31, 2024 and 2023.

Contributions Receivable

Contributions receivable consists of Friends of Scouting, special events and other promises to give. Unconditional promises to give are recorded as receivables in the year promised. Conditional promises are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Promises to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received, unless the donor's intention is to support current-period activities.

Contributions receivable expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the promise.

Management individually reviews all past due contribution receivable balances and estimates the portion, if any, of the balance that will not be collected. The carrying amounts of contribution receivable are reduced by allowances that reflect management's estimate of uncollectible amounts. As of December 31, 2024 and 2023, an allowance for uncollectible contributions of \$1,000 and \$2,835 was reported, respectively.

Inventories

Inventories consist of Scouting supplies and other items available for resale. Cost is determined using the first in first out method. Inventories as of December 31, 2024 and 2023 are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investments

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated investments are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which are considered a fair measure of the value at the date of donation). Those investments for which fair value is not readily determinable are carried at cost or, if donated, at fair value at the date of donation, or if no value can be estimated, at a nominal value. Investment income or loss and unrealized gains or losses are included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law.

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

Property and Equipment

Land, buildings, and equipment purchased are recorded at cost. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to the appropriate fund. Land, buildings, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. It is the Council's policy to capitalize assets with a value of \$1,000 or more and with a useful life greater than one year.

Construction in progress represents costs incurred on the construction of assets that have not been completed or placed in service as of the end of the year.

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 or 2023.

Custodial Accounts

The Council acts as the fiscal sponsor for various other scouting units. As the fiscal sponsor, the Council coordinates the financial activities, through the receipt and disbursement of funds, on behalf of the various units. Revenue and expenses are not recognized in the accompanying consolidated statements of activities. Cash receipts in excess of disbursements are reflected in the custodial accounts liability in the consolidated statements of financial position.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contribution and Grant Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. 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.

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

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Revenue from Exchange Transactions: The Council recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Council records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending December 31, 2024 and 2023:

Trading Post sales - The Council's Service Center sells select Scouting-related items, primarily patches. The Council also operates a Trading Post at its summer camp, which sells Scouting-related merchandise on a retail basis to customers. The performance obligation is the delivery of the good to the customer. The transaction price is established by the Council based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Council recognizes revenue as the customer pays and takes possession of the merchandise. Some merchandise is sold with a right of return. If probable customer returns exist at the end of an accounting period, the Council estimates and records in its financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of December 31, 2024 and 2023.

Product sales - To help Scout packs and troops raise the money they need to fund programs and activities throughout the year, the Council participates in Popcorn sales program. Scout packs and troops purchase popcorn from the Council, which they then resell to customers. The Scout packs and troops earn a commission of 38% 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 Popcorn vendor's website. The price the Scout unit pays for the popcorn is established by the Council, and each item is individually priced, so no allocation of the transaction price is required. Many BSA units are allowed to purchase popcorn "on account" with payment due at a later date. Per FASB ASU 2014-09, the Council is required to assess the probability of collecting these accounts receivable in order 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 Popcorn vendor's website to track and manage unit accounts receivable. With popcorn sales, the performance obligation is delivery of the product, which is fulfilled by the Council at predetermined times and locations. Revenue recognition occurs when the product has been delivered. The Council presents separately in its statements of activities and changes in net assets gross revenues from popcorn sales, cost of goods sold, and unit commissions (retained by or paid to the unit). Scout units have the right to return to the Council any unsold product, subject to a return-by date. As of December 31, 2024 and 2023, minimal popcorn returns existed. Accordingly, no liability for probable customer returns was considered necessary.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Camping and Activity revenue - The Council conducts program-related experiences such as Day Camps, Day Hikes, Weekend Overnights, Camporees, and Summer Camps where the performance obligation is delivery of the program. Fees for camps and activities are set by the Council. For resident camps, fees include program supplies, meals, lodging, recognition items, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation. Activities such as the National Scout Jamboree may include a transportation component in the transaction price. Some special camp programs do incur additional fees (shooting sports, for example), which are separately priced. BSA activities such as Wood Badge may involve program supplies, recognition items, and meals, and are also considered to be one performance obligation. Fees collected in advance of delivery of the camp or activity are initially recognized as liabilities (deferred revenue) and are only recognized in the statements of activities after delivery of the program has occurred.

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

Council Participation Fees - An annual Council Participation Fee is assessed to all youth participating in Cub Scouts, Scouts BSA and Venturing programs and collected as a part of a unit's annual re-registration, often referred to as "rechartering." Nationwide, many councils have successfully transitioned to Council participation/program fees to replace the traditional Family Friends of Scouting fundraising campaign. This allows the Council staff and volunteer time to be used in directly supporting its units and programs instead of soliciting contributions. Identification of the contract is the paid participation/program fee. The participation fee makes it possible for the Council to provide district activities, like Day Camps and Camporees, extensive camping adventures including family camping weekends, program resources, liability insurance for those participating in approved Scouting activities, and youth protection—all of which are essential and integral to delivering the Scouting program. Each promised service described above is capable of being distinct. For instance, the Council could hire a consulting firm to develop program resources for members. However, the promises involve tightly integrated services that the Council needs to attract, enroll, educate, protect, and support its members, all of which are highly interrelated and dependent on other services in the contract.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The Council has no history of selling individual services (i.e., program resources) to any member on a standalone basis and does not market or sell its services piecemeal. Members benefit from the services provided by the BSA as customers are able to join the BSA and participate in the Scouting program. As a result, none of these promised services are considered “distinct” on their own since they are not distinct within the context of the customer contracts. All promised services have been bundled as part of a single performance obligation, which is to attract, enroll, educate, protect, and support its members.

The Council has concluded that the single identified performance obligation is delivered as its members receive and consume benefits. This occurs ratably over the annual membership period. The transaction price is clearly indicated on the online unit recharter application. As fees are separately identified on the online forms and directly associated with the performance obligation, the full transaction price is allocated to the single performance obligation. Participation fee revenues are recognized ratably over the annual membership period as the Council delivers its single performance obligation. Participation fees collected in advance of satisfaction of the BSA’s performance obligation are recorded as a contract liabilities (i.e., deferred revenues). Contract liabilities are reclassified to revenues as the revenues are earned over the annual membership period.

Other Revenue - Other revenue consists of other miscellaneous revenue. Other revenue is insignificant and is recognized when received.

Sales and other taxes the Council collects concurrent with revenue-producing activities are excluded from revenue.

Property Held for Sale

Properties held for sale are carried at their estimated fair market value.

Lease Accounting

The Council is a lessee in operating and financing leases. If the contract provides the Council the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

The discount rate used is the implicit rate in the lease contract, if it is readily determinable. The implicit rates of our leases are not readily determinable and accordingly, the Council has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Accounting (Continued)

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. The ROU asset for finance leases is amortized on a straight-line basis over the lease term. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, the Council has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Council is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. The Council recognizes short-term lease cost on a straight-line basis over the lease term.

The Council made an accounting policy election for all underlying asset classes to not separate the lease components of a contract and its associated non-lease components such as lessor-provided maintenance and other services.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the Scouting program and supporting services have been summarized on the consolidated statement of activities and changes in net assets on a functional basis. Most expenses can be directly attributed to the program or supporting functions. Certain categories of expenses are attributed to more than one functional category. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, interest, and office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits and travel costs, which are allocated on the basis of estimates of time and effort. The basis of allocation of these expenses is the result of a time study of staff performed every 3 years. The percentage of time allocated to each of the programs and the supporting functions is based on the average of the results of three separate studies and is applied to the expenses that are allocated. In accordance with the policy of the National Council of the Boy Scouts of America (the "National Council"), the payment of the charter fee to the National Council is not allocated as a functional expense. The consolidated financial statements report expenses by function in the consolidated statements of functional expenses.

Income Taxes

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 state income taxes under similar provisions of the State of Arizona. 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 Council recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

Use of Estimates

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Council has evaluated events and transactions for potential recognition or disclosure in the financial statements through April 9, 2025, which is the date the consolidated financial statements were available to be issued.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 2: Accounts Receivable and Contract Balances

Opening and closing balances for contract liabilities and accounts receivable arising from contracts with customers include:

	12/31/2024	12/31/2023	1/1/2023
Accounts receivable	\$ 69,576	\$ 1,574	\$ 33,615
Contract liabilities - deferred revenue	\$ 64,146	\$ 13,616	\$ 6,128

Contract assets arise when the Council transfers goods or services to a customer in advance of receiving consideration and the right to consideration is conditioned on something other than the passage of time. Contract assets are transferred to receivables when the right to receive consideration becomes unconditional and the Council is able to invoice the customer. The Council did not have any contract assets at December 31, 2024 or 2023 or January 1, 2023. Contract liabilities represent the Council's obligation to transfer goods or services to a customer when consideration has already been received from the customer. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized.

Note 3: Contributions Receivable

Contributions receivable consisted of the following:

<i>As of December 31,</i>	2024	2023
Friends of Scouting	\$ 1,000	\$ 2,835
Capital campaign	300	300
Special events	15,775	550
Other direct	1,000	1,000
Total	\$ 18,075	\$ 4,685

Contributions receivable are expected to be collected as follows:

<i>As of December 31,</i>	2024	2023
Less than one year	\$ 18,075	\$ 4,685
Less allowance for doubtful accounts	(1,000)	(2,835)
Contributions receivable - net	\$ 17,075	\$ 1,850

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 4: Property and Equipment

A summary of property and equipment is as follows:

<i>As of December 31, 2024</i>	Estimated Life	Cost	Accumulated Depreciation	Net
Land		\$ 65,799	\$ -	\$ 65,799
Land improvements	5 - 30 yrs	294,968	184,914	110,054
Buildings	5 - 50 yrs	1,632,460	1,041,672	590,788
Leasehold improvements	20 yrs	188,542	155,465	33,077
Camp equipment	5 - 40 yrs	166,732	91,883	74,849
Office equipment	3 - 10 yrs	40,644	32,620	8,024
Vehicles	2 - 6 yrs	50,143	48,997	1,146
Construction in progress		58,132	-	58,132
Total		\$ 2,497,420	\$ 1,555,551	\$ 941,869

<i>As of December 31, 2023</i>	Estimated Life	Cost	Accumulated Depreciation	Net
Land		\$ 65,799	\$ -	\$ 65,799
Land improvements	5 - 30 yrs	294,968	180,884	114,084
Buildings	5 - 50 yrs	2,141,060	1,074,398	1,066,662
Leasehold improvements	20 yrs	391,683	214,015	177,668
Camp equipment	5 - 40 yrs	124,068	78,762	45,306
Office equipment	3 - 10 yrs	49,874	34,623	15,251
Vehicles	2 - 6 yrs	50,143	47,747	2,396
Construction in progress		52,664	-	52,664
Total		\$ 3,170,259	\$ 1,630,429	\$ 1,539,830

Depreciation expense totaled \$70,703 and \$73,215 for the years ending December 31, 2024 and 2023, respectively.

The Council has sold the office building situated in Tucson area for a total consideration of \$970,000. This transaction resulted in a net gain of \$382,596. The closing of the sale took place in November 2024, and the property was immediately leased back following the completion of the sale. For further information, please refer to Note 9 Leases.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 5: Investments

Investments consisted of the following:

<i>As of December 31,</i>	2024	2023
Common stock	\$ -	\$ 693,607
Money market	384,705	-
Mutual funds:		
Equity funds	241,186	228,515
Real estate investment trusts (REITs)	-	7,359
Total	\$ 625,891	\$ 929,481

Net investment income consisted of the following:

<i>Years Ended December 31,</i>	2024	2023
Interest and dividends	\$ 23,078	\$ 20,827
Realized gain	162,968	44,576
Unrealized gain (loss)	(86,955)	116,553
Investment fees	(10,300)	(17,121)
Trustee fees	(7,934)	(7,686)
Total investment income	\$ 80,857	\$ 157,149

Income from interest and dividends on investments and realized and unrealized gains and losses on the sales of investments ("Investment Income, Gains, and Losses") are recorded initially in the Endowment Fund.

Distributions of Investment Income, Gains, and Losses from the Endowment Fund are recorded as income by the Operating and Capital Funds in the period in which the distributions are made in accordance with the Council's spending policy. For 2024 and 2023, investment fees were \$10,300 and \$17,121 and trustee fees were \$7,934 and \$7,686, respectively, and were included in interest and dividend income net in the consolidated statements of activities and changes in net assets.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 6: Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value.

- Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Council are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Council are deemed to be actively traded.
- Money market fund - The money market fund invests in high-quality, short-term money market investments issued by the U.S. and foreign issuers. The funds seek to maintain a stable net asset value (NAV) of \$1.
- Common stock and real estate investment trusts (REITs) are valued based on quoted market prices from active markets.
- Properties held for sale are valued by reference to property tax assessed values and other relevant information generated by market transactions.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, while the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis by level within the fair value hierarchy:

	Fair Value of Assets as of December 31, 2024			
	Level 1	Level 2	Level 3	Total
Money market	\$ 384,705	\$ -	\$ -	\$ 384,705
Mutual funds:				
Equity funds	241,186	-	-	241,186
Properties held for sale	-	-	8,900	8,900
Totals	\$ 625,891	\$ -	\$ 8,900	\$ 634,791

	Fair Value of Assets as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Common stock	\$ 693,607	\$ -	\$ -	\$ 693,607
Mutual funds:				
Equity funds	228,515	-	-	228,515
Real estate investment trusts (REITs)	7,359	-	-	7,359
Properties held for sale	-	-	26,400	26,400
Totals	\$ 929,481	\$ -	\$ 26,400	\$ 955,881

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 6: Fair Value Measurements (Continued)

There were no assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2024 and 2023.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) consisted of properties held for sale, with activity as follows for the years ended December 31, 2024 and 2023:

<i>Years Ended December 31,</i>	2024	2023
Beginning balance	\$ 26,400	\$ 26,400
Sales of property held for sale	(17,500)	-
Ending balance	\$ 8,900	\$ 26,400

Note 7: Endowments

The Council's endowments consist of eight individual funds established for specific purposes. Its endowments includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Council is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted SPMIFA as not requiring the maintenance of the purchasing power of the original gift amount that was contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Council considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Council has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Council considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 7: Endowments (Continued)

Return Objectives and Risk Parameters

The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to operations of the Council by its endowment while seeking to maintain purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Under this policy, as approved by the Executive Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index, Russell 1000 Value and EAFE while assuming a moderate level of investment risk. The desired investment objective for the endowment fund is a long-term target rate of return of 6% per year on a rolling 5-year basis, while minimizing portfolio volatility.

Equity holdings in any one company should not exceed more than 10% of the market value of the Plan portfolio. Not more than 25% of the market portfolio should be invested in any one industry category. Equity holdings shall be readily marketable securities of corporations that are actively traded on the major U.S. exchanges, including NASDAQ. Additionally, if foreign issues are approved, ADR and ORD shares may be purchased. Cash reserves to cover up to two years' spending may be held in money market funds.

Investment Strategies

To satisfy its long-term rate-of-return objectives, the Council relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy

The Council adopted a Board-approved spending policy that allows the operating fund to receive and recognize investment earnings originating from the endowment fund. The policy allows an income withdrawal of up to 5% of the three year average balance of the endowment fund at the end of the second quarter of the previous budget year. In the event that two successive years of withdrawals result in a diminished current value of the endowment fund, the payout rate must be reviewed.

Composition of endowment net assets for the year ended December 31, 2024, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 720,906	\$ 720,906
Board-designated endowment funds	1,745	-	1,745
Totals	\$ 1,745	\$ 720,906	\$ 722,651

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 7: Endowments (Continued)

Composition of endowment net assets for the year ended December 31, 2023, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 719,686	\$ 719,686
Board-designated endowment funds	477,542	-	477,542
Totals	\$ 477,542	\$ 719,686	\$ 1,197,228

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 477,542	\$ 719,686	\$ 1,197,228
Contributions	501	1,721	2,222
Interest and dividends	23,394	-	23,394
Realized gains	162,968	-	162,968
Unrealized losses	(86,955)	-	(86,955)
Investment fees	(10,300)	-	(10,300)
Trustee fees	(7,934)	-	(7,934)
Miscellaneous expenses	(222)	-	(222)
Miscellaneous income	6,162	-	6,162
Transfers	(456,143)	-	(456,143)
Appropriation of endowment net assets for expenditure pursuant to spending policy	(107,268)	(501)	(107,769)
Endowment net assets, end of year	\$ 1,745	\$ 720,906	\$ 722,651

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 7: Endowments (Continued)

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 436,759	\$ 714,116	\$ 1,150,875
Contributions	-	5,570	5,570
Interest and dividends	20,827	-	20,827
Realized and unrealized gains	160,496	-	160,496
Investment fees	(17,121)	-	(17,121)
Trustee fees	(7,686)	-	(7,686)
Miscellaneous expenses	(205)	-	(205)
Miscellaneous income	2,008	-	2,008
Appropriation of endowment net assets for expenditure pursuant to spending policy	(117,536)	-	(117,536)
Endowment net assets, end of year	\$ 477,542	\$ 719,686	\$ 1,197,228

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the donor or SPMIFA requires the Council to retain as a fund of perpetual duration. Deficiencies of this nature result from unfavorable market fluctuations and would be included in net assets with donor restrictions. As of December 31, 2024 and 2023, there were no such deficiencies.

Note 8: Long-Term Debt

The Council has the following long-term debt:

<i>December 31,</i>	2024	2023
Note dated July 15, 2020 to Small Business Administration for \$150,000, due in monthly payments of \$641 including interest at 2.75%, beginning December 2022 (payment of accrued interest only in 2022 through 2025) until July 2050 when remaining principal and interest is due. Secured by inventory, equipment, deposit accounts and accounts receivable.	\$ 150,000	\$ 150,000
Total long-term debt	150,000	150,000
Long-term debt, net of current maturities	\$ 150,000	\$ 150,000

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 8: Long-Term Debt (Continued)

Future maturities on long-term debt are as follows:

<i>Year Ended December 31,</i>	2024
2025	\$ -
2026	3,592
2027	3,715
2028	3,819
2029	3,925
Thereafter	134,949
Total	\$ 150,000

Note 9: Leases

The Council leases an office building in the Tucson area under a noncancelable operating lease through November 2026. The Council is responsible for monthly rental payment of \$8,082. The Council also leases a copier and a postage machine. The leases entered into do not include an option to renew.

The depreciable life of assets are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The Council's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

Components of lease expense were as follows for the years ended December 31:

	2024	2023
Lease cost		
Finance lease cost:		
Interest	\$ 120	\$ 196
Amortization of right-of-use asset	5,126	5,050
Operating lease cost	9,369	1,331
Total lease cost	\$ 14,615	\$ 6,577

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 9: Leases (Continued)

Supplemental balance sheet information related to leases is as follows as of December 31:

	2024	2023
Weighted-average remaining lease term - Finance leases	1 year	2 years
Weighted-average remaining lease term - Operating leases	1.94 years	4.08 years
Weighted-average discount rate - Finance leases	1.50 %	1.50 %
Weighted-average discount rate - Operating leases	4.17 %	3.92 %

Maturities of lease liabilities are as follows as of December 31, 2024:

	Operating Leases	Finance Leases
2025	\$ 98,338	\$ 5,246
2026	90,256	-
2027	1,354	-
2028	113	-
Total lease payments	190,061	5,246
Less imputed interest	(7,780)	(42)
Totals	\$ 182,281	\$ 5,204

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 10: Net Assets and Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

<i>December 31, 2024</i>	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditure for specified purpose:				
Building and equipment maintenance	\$ -	\$ 28,470	\$ -	\$ 28,470
Lawton Scout Summer Adventure	1,379	-	-	1,379
Lawton Restroom renovation	-	64,000	-	64,000
Lawton Shelter	-	35,000	-	35,000
Camp Lawton Capital Improvements	-	1,000	-	1,000
Cub Scout resident camp	1,377	-	-	1,377
General operations	-	201,814	-	201,814
Capital campaign	-	2,364	-	2,364
Total subject to expenditure for specified purpose	2,756	332,648	-	335,404
Subject to passage of time:				
Friends of Scouting	10,055	-	-	10,055
Total subject to passage of time	10,055	-	-	10,055
Subject to endowment spending policy and appropriation:				
General use	-	-	720,906	720,906
Total net assets with donor restrictions	\$ 12,811	\$ 332,648	\$ 720,906	\$ 1,066,365

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 10: Net Assets and Restrictions (Continued)

<i>December 31, 2023</i>	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditure for specified purpose:				
Building and equipment maintenance	\$ -	\$ 28,470	\$ -	\$ 28,470
Lawton Scout Summer Adventure	1,379	-	-	1,379
Lawton Restroom renovation	-	64,000	-	64,000
Lawton Shelter	-	35,000	-	35,000
Cub Scout resident camp	1,377	-	-	1,377
General operations	-	1,814	-	1,814
Capital campaign	-	2,364	-	2,364
Total subject to expenditure for specified purpose	2,756	131,648	-	134,404
Subject to passage of time:				
Friends of Scouting	55	-	-	55
Eagle dinner	6,437	-	-	6,437
Total subject to passage of time	6,492	-	-	6,492
Subject to endowment spending policy and appropriation:				
General use	-	-	719,686	719,686
Total net assets with donor restrictions	\$ 9,248	\$ 131,648	\$ 719,686	\$ 860,582

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 10: Net Assets and Restrictions (Continued)

Net assets were released from donor restrictions during 2024 and 2023 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows as of December 31:

<i>Years Ended December 31,</i>	2024	2023
Satisfaction of program restrictions:		
Lawton capital improvements	\$ -	\$ 4,330
General operations	501	-
Capital campaign	-	17,005
Satisfaction of time restrictions:		
Friends of Scouting	50	37,450
Special events	6,437	6,535
Total net assets released from restriction	\$ 6,988	\$ 65,320

Note 11: Special Event Revenue

Gross receipts from special fundraising events recorded by the Council consist of exchange transaction revenue and contribution revenue. As a result of adopting FASB ASU 2014-09 during 2019, the Council is required to separately present the components of this revenue.

<i>Years Ended December 31,</i>	2024	2023
Contribution revenue	\$ 130,134	\$ 42,759
Exchange transaction revenue (benefit to customer)	49,127	37,736
Total special event revenue	\$ 179,261	\$ 80,495

Note 12: Rental Income

The National Council operates a Scout shop within the Tucson area. The National Council manages the Scout shop and pays the Council a commission of 8 percent on gross sales up to \$750,000 and 13 percent on sales in excess of \$750,000. The commissions earned (before expenses) by the Council during 2024 and 2023 amounted to \$21,071 and \$29,862, respectively, which are included in other revenue in the Statements of Activities and Changes in Net Assets.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 13: Benefit Plans

BSA Retirement Program - Employer Contributions

Local councils contributed 7.75% of the employee's compensation to the BSA retirement program through January 31, 2021. Effective February 1, 2021, the council's contribution to the BSA retirement program increased from 7.75% to 12%. Local councils are invoiced by the National council on a monthly basis for the difference between the 12% and the employer contributions to the BSA Match Savings Plan (see below). Retirement program expense (excluding the contributions made by employees) was \$53,073 and \$36,399 for the years ended December 31, 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 and/or Roth after-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Internal Revenue Code of 1986, as amended. The Council matches employee contributions to the BSA Match Savings Plan up to 50 percent of contributions from each participant, limited to 6 percent of each employee's gross pay. The Council made contributions of \$11,690 and \$7,943, respectively, to the BSA Match Savings Plan during the years ended December 31, 2024 and 2023.

Health Care Plan

The Council's employees participate in a health care plan provided by the National Council. The Council pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2024 and 2023, the Council remitted approximately \$44,532 and \$18,328, respectively, on behalf of its employees to the National Council related to the health care plan.

Note 14: Deferred Compensation Plan

During May 2015, the Council established a 457(b) Eligible Tax-Exempt Deferred Compensation Plan for the benefit of its Scout Executive. Employer contributions are discretionary each year as determined by the board and/or the Chief Executive Officer. The Council did not make contributions to the plan during the years ended December 31, 2024 or 2023.

Note 15: Related Parties

The Council pays a national service fee to the Boy Scouts of America, Inc. (BSA), a related party, annually. The BSA oversees the Council's program and sets rules and regulations that the Council must follow. For the years ended December 31, 2024 and 2023 this fee totaled \$32,629 and \$19,527, respectively. The Council also participates in the employee benefit plans described in Note 13.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 16: Concentration of Credit Risk

The Council maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. At certain times during the year, cash balances may be in excess of FDIC coverage. The Council has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Note 17: Liquidity

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:

<i>As of December 31,</i>	2024	2023
Cash - Operating Fund	\$ 704,448	\$ 111,141
Accounts receivable - Operating Fund	68,076	900
Contributions receivable - Operating Fund	15,775	550
Total financial assets as of end of year	788,299	112,591
Appropriation from board-designated endowment for general expenditure in subsequent year	-	58,675
Less: Net assets with donor restrictions	(12,811)	(9,248)
Less: Custodial accounts	(132,297)	(179,645)
Financial assets available to meet cash needs for general expenditures within one year	\$ 643,191	\$ (17,627)

The Council's endowment funds consist of donor-restricted endowments and a Board-designated endowment. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The Board designated endowment has a spending rate of up to 5% of the three year average balance of the endowment fund at the end of the second quarter of the previous budget year.

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. In addition, the Council invests cash in excess of daily requirements in short-term investments. Additionally, the Council has a Board-designated endowment of \$1,745. Although the Council does not intend to spend from its Board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary.

Catalina Council, Inc., Boy Scouts of America

Notes to Consolidated Financial Statements

Note 18: Commitments and Contingencies

Litigation and Contingencies and Contribution to Settlement Trust Liability

The Council is insured through the BSA General Liability Insurance Program ("GLIP"), which covers the National Council and all local councils on a worldwide basis. This program, which began in 1978, is composed of primary insurance and excess liability insurance provided by a number of companies. GLIP provides primary coverage with respect to claims arising out of Official Scouting Activities and responds to allegations of negligent actions by third parties that result in personal injury or property damage claims. The Council was made aware of claims alleging sexual abuse against it. A number of those claims were not formally filed against the Council and were asserted in claims forms in connection with the National Council's bankruptcy.

On February 18, 2020, the National Council filed for relief under Chapter 11 of the United States Bankruptcy Code to resolve all sexual abuse litigation against the National Council and against all local councils, including the Council, that arose prior to the date of filing. On September 8, 2022, the Bankruptcy Court entered an order confirming the Third Modified Fifth Amended Chapter 11 Plan of Reorganization, which required all local councils, including the Council, to make a substantial contribution to the Settlement Trust in exchange for such protection from sexual abuse claims. At that time, the Council committed to contribute \$1,080,484 to the Settlement Trust in accordance with the Plan of Reorganization. The Council paid the full amount of \$1,080,484 to the Settlement Trust in 2022, satisfying the Council's obligation. In return for the Council's contribution to the Settlement Trust, the Plan channels to the Settlement Trust abuse claims that arose prior to the filing date and the Council has no further liability for those claims. The National Council emerged from bankruptcy on April 19, 2023.