

**CAPITOL AREA COUNCIL, INC. #564
BOY SCOUTS OF AMERICA
CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2024 AND 2023

**CAPITOL AREA COUNCIL, INC. #564
BOY SCOUTS OF AMERICA**

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Independent Auditors' Report

Capitol Area Council, Inc. #564
Boy Scouts of America
Austin, Texas

Opinion

We have audited the accompanying consolidated financial statements of Capitol Area Council, Inc. #564, Boy Scouts of America (the Council) which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Council as of December 31, 2024 and 2023, and the result of its operations and 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 Auditors' Responsibilities for the Audit of the consolidated financial statements section of our report. We are required to be independent of the 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 the Council's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued.

Auditors' 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 auditors' 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 the Council'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 the Council'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.



Austin, Texas

October 9, 2025

**CONSOLIDATED
FINANCIAL
STATEMENTS**

CAPITOL AREA COUNCIL, INC. #564
BOY SCOUTS OF AMERICA
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	Operating Fund		Capital Fund	
	2024	2023	2024	2023
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 468,639	\$ 817,183	\$ 378,699	\$ 250,941
Receivables and Other Assets, Net (Note C)	155,195	246,085	33,172	137,615
Interfund Loans	(625,054)	(425,054)	300,000	100,000
Inventory	196,034	196,024	-	-
Total Current Assets	<u>194,814</u>	<u>834,238</u>	<u>711,871</u>	<u>488,556</u>
Non-Current Assets				
Non-Current Pledges Receivable (Note C)	104,686	5,000	50,000	-
Other Non-Current Assets (Note E)	-	-	-	-
Property, Buildings, and Equipment, Net (Note D)	-	-	21,038,649	21,138,715
Long-Term Investments (Notes F and J)	-	-	-	-
Total Non-Current Assets	<u>104,686</u>	<u>5,000</u>	<u>21,088,649</u>	<u>21,138,715</u>
TOTAL ASSETS	<u><u>\$ 299,500</u></u>	<u><u>\$ 839,238</u></u>	<u><u>\$ 21,800,520</u></u>	<u><u>\$ 21,627,271</u></u>
LIABILITIES				
Current Liabilities				
Accounts and Accrued Liabilities	\$ 174,548	125,336	59,165	8,860
Custodial Funds	268,560	487,413	-	-
Deferred Activity Income	24,689	39,972	-	-
Deferred Camp Income	25,054	29,335	-	-
Deferred Other Income	5,556	9,993	-	-
Total Current Liabilities	<u>498,407</u>	<u>692,049</u>	<u>59,165</u>	<u>8,860</u>
Total Liabilities	<u>498,407</u>	<u>692,049</u>	<u>59,165</u>	<u>8,860</u>
NET ASSETS				
Net Assets Without Donor Restrictions, Undesignated	(520,216)	(347,392)	20,383,518	20,631,899
Net Assets With Donor Restrictions (Note H)	<u>321,309</u>	<u>494,581</u>	<u>1,357,837</u>	<u>986,512</u>
Total Net Assets	<u>(198,907)</u>	<u>147,189</u>	<u>21,741,355</u>	<u>21,618,411</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 299,500</u></u>	<u><u>\$ 839,238</u></u>	<u><u>\$ 21,800,520</u></u>	<u><u>\$ 21,627,271</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

Endowment Fund		Total All Funds	
2024	2023	2024	2023
\$ 506,636	\$ 410,082	\$ 1,353,974	\$ 1,478,206
153,341	1,028	341,708	384,728
325,054	325,054	-	-
-	-	196,034	196,024
<u>985,031</u>	<u>736,164</u>	<u>1,891,716</u>	<u>2,058,958</u>
-	-	154,686	5,000
1,737,014	1,729,735	1,737,014	1,729,735
-	-	21,038,649	21,138,715
<u>24,947,948</u>	<u>22,217,006</u>	<u>24,947,948</u>	<u>22,217,006</u>
<u>26,684,962</u>	<u>23,946,741</u>	<u>47,878,297</u>	<u>45,090,456</u>
<u>\$ 27,669,993</u>	<u>\$ 24,682,905</u>	<u>\$ 49,770,013</u>	<u>\$ 47,149,414</u>
3,956	28	\$ 237,669	\$ 134,224
-	-	268,560	487,413
-	-	24,689	39,972
-	-	25,054	29,335
-	-	5,556	9,993
<u>3,956</u>	<u>28</u>	<u>561,528</u>	<u>700,937</u>
<u>3,956</u>	<u>28</u>	<u>561,528</u>	<u>700,937</u>
23,850,719	21,204,449	43,714,021	41,488,956
<u>3,815,318</u>	<u>3,478,428</u>	<u>5,494,464</u>	<u>4,959,521</u>
<u>27,666,037</u>	<u>24,682,877</u>	<u>49,208,485</u>	<u>46,448,477</u>
<u>\$ 27,669,993</u>	<u>\$ 24,682,905</u>	<u>\$ 49,770,013</u>	<u>\$ 47,149,414</u>

The accompanying notes are an integral part of these consolidated financial statements.

CAPITOL AREA COUNCIL, INC. #564
BOY SCOUTS OF AMERICA
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024				2023			
	Operating Fund	Capital Fund	Endowment Fund	Total	Operating Fund	Capital Fund	Endowment Fund	Total
NET ASSETS WITHOUT DONOR RESTRICTIONS								
Direct Support								
Friends of Scouting	\$ 860,272	\$ -	\$ -	\$ 860,272	\$ 693,594	\$ -	\$ -	\$ 693,594
Special Events	303,518	-	-	303,518	384,186	-	-	384,186
Less: Cost of Direct Benefit	(150,710)	-	-	(150,710)	(134,724)	-	-	(134,724)
Net Special Events	152,808	-	-	152,808	249,462	-	-	249,462
Government Grants	-	-	7,550	7,550	-	117,615	-	117,615
Foundations and Trusts	113,816	-	5,000	118,816	118,614	770	-	119,384
Contributed Nonfinancial Assets	10,000	-	-	10,000	-	-	-	-
Other Direct Contributions	145,795	8,000	20,275	174,070	87,739	19,793	-	107,532
Total Direct Support	1,282,691	8,000	32,825	1,323,516	1,149,409	138,178	-	1,287,587
Indirect Support								
United Way	614	-	-	614	1,344	-	-	1,344
Other Indirect	-	151,401	-	151,401	-	-	-	-
Total Indirect Support	614	151,401	-	152,015	1,344	-	-	1,344
Revenues								
Supply Sales	816,823	-	-	816,823	869,664	-	-	869,664
Less: Cost of Goods Sold	(537,291)	-	-	(537,291)	(566,851)	-	-	(566,851)
Net Supply Sales	279,532	-	-	279,532	302,813	-	-	302,813
Product Sales	435,937	-	-	435,937	446,608	-	-	446,608
Camping	799,920	-	-	799,920	817,281	-	-	817,281
Activities	317,850	-	-	317,850	630,791	-	-	630,791
Investment Return, Net	-	-	-	-	-	-	-	-
of \$154,566 and \$107,774 of Expenses	738,887	353,635	1,495,426	2,587,948	676,527	363,676	2,547,388	3,587,591
Other	449,963	13,009	1,129,040	1,592,012	464,650	4,700	2,479,775	2,949,125
Total Revenues	3,022,089	366,644	2,624,466	6,013,199	3,338,670	368,376	5,027,163	8,734,209
Net Assets Released from Restrictions (Note I)	473,458	-	-	473,458	286,444	-	-	286,444
Total Support and Revenues	4,778,852	526,045	2,657,291	7,962,188	4,775,867	506,554	5,027,163	10,309,584

Expenses and Losses									
Program Services	\$ 4,287,531	\$ 739,903	\$ 464	\$ 5,027,898	\$ 4,267,488	\$ 880,520	\$ -	\$ 5,148,008	
Supporting Services									
Management and General	203,398	6,886	10,511	220,795	208,114	8,223	7,652	223,989	
Fundraising	346,869	27,637	46	374,552	299,375	33,007	30	332,412	
Total Supporting Services	550,267	34,523	10,557	595,347	507,489	41,230	7,682	556,401	
Charter and National Service Fee	113,878	-	-	113,878	90,945	-	-	90,945	
Contribution to Settlement Trust	-	-	-	-	-	-	-	-	
Total Expenses and Losses	4,951,676	774,426	11,021	5,737,123	4,865,922	921,750	7,682	5,795,354	
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(172,824)	(248,381)	2,646,270	2,225,065	(90,055)	(415,196)	5,019,481	4,514,230	
NET ASSETS WITH DONOR RESTRICTIONS									
Direct Support									
Capital Campaign	-	371,325	-	371,325	-	126,828	-	126,828	
Special Events	231,166	-	-	231,166	-	-	-	-	
Legacies and Bequests	-	-	138,038	138,038	-	-	-	-	
Foundations and Trusts	-	-	-	-	90,000	-	-	90,000	
Friends of Scouting	64,020	-	-	64,020	26,375	-	-	26,375	
Other Direct Contributions	-	-	45,146	45,146	2,000	2,750	49,250	54,000	
Net Direct Support	295,186	371,325	183,184	849,695	118,375	129,578	49,250	297,203	
Revenue									
Gain or Loss on Investments	5,000	-	153,706	158,706	-	-	(170,806)	(170,806)	
Total Revenue	5,000	-	153,706	158,706	-	-	(170,806)	(170,806)	
Net Assets Released from Restrictions (Note I)	(473,458)	-	-	(473,458)	(286,444)	-	-	(286,444)	
INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	(173,272)	371,325	336,890	534,943	(168,069)	129,578	(121,556)	(160,047)	
INCREASE (DECREASE) IN TOTAL NET ASSETS	(346,096)	122,944	2,983,160	2,760,008	(258,124)	(285,618)	4,897,925	4,354,183	
NET ASSETS, BEGINNING OF YEAR									
Net Assets Without Donor Restrictions	(347,392)	20,631,899	21,204,449	41,488,956	(257,329)	21,047,085	16,184,970	36,974,726	
Net Assets With Donor Restrictions	494,581	986,512	3,478,428	4,959,521	662,650	856,934	3,599,984	5,119,568	
TOTAL NET ASSETS, BEGINNING OF YEAR	147,189	21,618,411	24,682,877	46,448,477	405,321	21,904,019	19,784,954	42,094,294	
Transfers (Unrestricted)	-	-	-	-	(8)	10	(2)	-	
NET ASSETS, END OF YEAR									
Net Assets Without Donor Restrictions	(520,216)	20,383,518	23,850,719	43,714,021	(347,392)	20,631,899	21,204,449	41,488,956	
Net Assets With Donor Restrictions	321,309	1,357,837	3,815,318	5,494,464	494,581	986,512	3,478,428	4,959,521	
TOTAL NET ASSETS, END OF YEAR	\$ (198,907)	\$ 21,741,355	\$ 27,666,037	\$ 49,208,485	\$ 147,189	\$ 21,618,411	\$ 24,682,877	\$ 46,448,477	

The accompanying notes are an integral part of these consolidated financial statements.

CAPITOL AREA COUNCIL, INC. #564
BOY SCOUTS OF AMERICA
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			Combined Totals
	Program Services	Management & General	Fundraising	
Employee Compensation				
Salaries	\$ 2,215,314	\$ 46,499	\$ 186,634	\$ 2,448,447
Employee Benefits	481,560	11,217	45,028	537,805
Payroll Taxes	167,274	3,503	14,063	184,840
Employee Related Expenses	3,947	97	388	4,432
Total Employee Compensation	<u>2,868,095</u>	<u>61,316</u>	<u>246,113</u>	<u>3,175,524</u>
Other Expenses				
Conferences and Meetings	44,116	939	14,957	60,012
Insurance	146,377	1,914	7,684	155,975
Interest	3,159	77	310	3,546
Occupancy	381,079	4,333	17,387	402,799
Other Expenses	43,852	41,113	16,351	101,316
Postage and Shipping	4,736	115	566	5,417
Printing and Publications	7,386	2,174	2,581	12,141
Professional Fees	82,973	90,450	4,430	177,853
Recognition Awards	95,463	266	11,356	107,085
Rent and Maintenance of Equipment	149,040	8,619	12,869	170,528
Specific Assistance to Individuals	51,356	-	-	51,356
Supplies	369,072	701	4,702	374,475
Telephone	33,139	738	2,969	36,846
Travel	105,752	1,910	7,674	115,336
Total Other Expenses	<u>1,517,500</u>	<u>153,349</u>	<u>103,836</u>	<u>1,774,685</u>
Expenses Before Depreciation	<u>4,385,595</u>	<u>214,665</u>	<u>349,949</u>	<u>4,950,209</u>
Depreciation	<u>642,303</u>	<u>6,130</u>	<u>24,603</u>	<u>673,036</u>
Total Functional Expenses	<u>\$ 5,027,898</u>	<u>\$ 220,795</u>	<u>\$ 374,552</u>	<u>\$ 5,623,245</u>

The accompanying notes are an integral part of these consolidated financial statements.

2023

Program Services	Management & General	Fundraising	Combined Totals
\$ 1,998,043	\$ 42,082	\$ 168,910	\$ 2,209,035
399,241	9,024	36,221	444,486
147,496	3,001	12,044	162,541
580	4	19	603
<u>2,545,360</u>	<u>54,111</u>	<u>217,194</u>	<u>2,816,665</u>
170,137	1,146	5,025	176,308
143,126	1,689	6,781	151,596
216	5	21	242
514,238	4,463	17,057	535,758
59,231	42,690	13,876	115,797
3,275	70	2,433	5,778
5,229	2,336	-	7,565
68,551	97,177	5,509	171,237
154,412	1,064	4,397	159,873
183,550	10,020	15,273	208,843
55,789	9	28	55,826
355,871	562	10,401	366,834
30,454	580	2,333	33,367
243,021	1,930	7,452	252,403
<u>1,987,100</u>	<u>163,741</u>	<u>90,586</u>	<u>2,241,427</u>
<u>4,532,460</u>	<u>217,852</u>	<u>307,780</u>	<u>5,058,092</u>
<u>615,548</u>	<u>6,137</u>	<u>24,632</u>	<u>646,317</u>
<u>\$ 5,148,008</u>	<u>\$ 223,989</u>	<u>\$ 332,412</u>	<u>\$ 5,704,409</u>

The accompanying notes are an integral part of these consolidated financial statements.

CAPITOL AREA COUNCIL, INC. #564
BOY SCOUTS OF AMERICA
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Operating Fund		Capital Fund	
	2024	2023	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Change in Net Assets	\$ (346,096)	\$ (258,124)	\$ 122,944	\$ (285,618)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities				
Depreciation	-	-	673,036	646,317
Provision for Uncollectible Accounts	5,567	66,966	-	-
Net Unrealized and Realized (Gains) Losses on Investments	-	-	-	-
Contributions of Cash - With Restriction	-	-	-	-
Transfers	-	(8)	-	10
Change in Interfund Accounts	200,000	100,000	(200,000)	(100,000)
(Increase) Decrease in Receivables and Other Assets	(14,363)	81,357	54,443	(137,615)
(Increase) Decrease in Inventory	(10)	(2,149)	-	-
Increase (Decrease) in Accounts and Other Payables	25,211	(199,184)	50,305	(129,283)
Increase (Decrease) in Custodial Funds	(218,853)	(78,836)	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(348,544)	(289,978)	700,728	(6,189)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds From Sales of Investments	-	-	-	-
Purchases of Investments	-	-	-	-
Purchases of Equipment and Improvements	-	-	(572,970)	(362,073)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-	-	(572,970)	(362,073)
CASH FLOWS FROM FINANCING ACTIVITIES				
Contributions of Cash - With Restriction	-	-	-	-
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	-	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(348,544)	(289,978)	127,758	(368,262)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	817,183	1,107,161	250,941	619,203
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 468,639	\$ 817,183	\$ 378,699	\$ 250,941
SUPPLEMENTAL DATA				
Interest Paid	\$ -	\$ -	\$ -	\$ -
Taxes Paid	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

Endowment Fund		Total All Funds	
2024	2023	2024	2023
\$ 2,983,160	\$ 4,897,925	\$ 2,760,008	\$ 4,354,183
-	-	673,036	646,317
-	-	5,567	66,966
(1,808,698)	(2,484,356)	(1,808,698)	(2,484,356)
(45,146)	(49,250)	(45,146)	(49,250)
-	(2)	-	-
-	-	-	-
(159,592)	(185,049)	(119,512)	(241,307)
-	-	(10)	(2,149)
3,928	-	79,444	(328,467)
-	-	(218,853)	(78,836)
<u>973,652</u>	<u>2,179,268</u>	<u>1,325,836</u>	<u>1,883,101</u>
1,747,754	5,825,929	1,747,754	5,825,929
(2,669,998)	(8,364,103)	(2,669,998)	(8,364,103)
-	-	(572,970)	(362,073)
<u>(922,244)</u>	<u>(2,538,174)</u>	<u>(1,495,214)</u>	<u>(2,900,247)</u>
<u>45,146</u>	<u>49,250</u>	<u>45,146</u>	<u>49,250</u>
<u>45,146</u>	<u>49,250</u>	<u>45,146</u>	<u>49,250</u>
96,554	(309,656)	(124,232)	(967,896)
<u>410,082</u>	<u>719,738</u>	<u>1,478,206</u>	<u>2,446,102</u>
<u>\$ 506,636</u>	<u>\$ 410,082</u>	<u>\$ 1,353,974</u>	<u>\$ 1,478,206</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated financial statements.

CAPITOL AREA COUNCIL, INC. #564
BOY SCOUTS OF AMERICA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Capitol Area Council, Inc. #564, Boy Scouts of America (the Council) provides service to young men ages 7 to 21 and young women ages 8 to 21 in the Counties of Bastrop, Blanco, Burnet, Caldwell, DeWitt, Fayette, Gillespie, Gonzales, Hays, Lavaca, Lee, Llano, Mason, Travis, and Williamson. The Council has six camping facilities. The Council is a not-for-profit organization devoted to promoting, within the territory covered by the charter from time to time granted it by the Boy Scouts of America and in accordance with the congressional program, the ability of boys and young men and women to do things for themselves and others, training them in Scoutcraft, and teaching them patriotism, courage and self-reliance, and kindred virtues, using the methods which are now in common use by the Boy Scouts. The Council delivered the Scouting program to 12,715 youth members in 2024.

On December 6, 2024, Capitol Area Council, Inc., Boy Scouts of America filed an assumed name certificate with the Secretary of State of Texas. The assumed name is Scouting America Capitol Area Council.

On December, 19, 1973, the Tom Wooten Trust was created as a Texas nonprofit corporation exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. The Council has control of the Tom Wooten Trust. The trust was formed to provide support for the operating and capital expenditure needs of Boy Scouts of America, Capitol Area Council youth programs.

On February 19, 2004, the Council organized the CAC/BSA Griffith League Conservation Holdings, Inc. (Holdings) as a subsidiary. Holdings is a Texas nonprofit corporation and is exempt under Section 501(c)(3) of the Internal Revenue Code of 1986. The Board of Directors of Holdings is composed of officers in the Council. Holdings was formed to sell conservation easements on the Griffith League Ranch, which is a 4,848 acre Bastrop County ranch owned by the Council. At December 31, 2024 and 2023, Holdings did not have any assets, liabilities, net assets, revenues, or expenses.

Mission and Programs

The mission of the Boy Scouts of America is to prepare young people to make ethical and moral choices over their lifetime by instilling in them the values of the Scout Oath and Law.

The Council's programs are classified as follows:

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

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Mission and Programs (continued)

Cub Scouts - A family and community-centered approach to learning citizenship, compassion, and courage through service projects, ceremonies, games, and other activities promoting character development and physical fitness.

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.

STEM Scouting - This is a program for boys and girls from ages 8 to 20 that uses experiential activities and interaction with science, technology, engineering, and mathematics professionals to help young people grow in character and skills as they explore their curiosity about STEM. The program is designed to expose young people to future career opportunities in STEM as well as be challenging, thought-provoking and, most importantly, fun.

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.

Learning for Life - Program to enable young people to become responsible individuals by teaching positive character traits, career development, leadership, and life skills so they can make ethical choices and achieve their full potential.

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

Principles of Consolidation

Capitol Area Council has voting control over and an economic interest in the Tom Wooten Trust Fund (the Trust), which results in the accounts of the Trust being consolidated with those of the Council in the accompanying consolidated financial statements. All intercompany balances and transactions have been eliminated in this consolidation. Capitol Area Council and the Trust are hereinafter collectively referred to as the Council.

Fund Accounting

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

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fund Accounting (continued)

The Council also prepares consolidated financial statements in accordance with the Financial Accounting Standards Board (FASB) standards for not-for-profit organizations (Accounting Standards Codification (ASC) 958-205 and subsections). Under these standards, the Council is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The consolidated financial statements of the Council have been prepared on the accrual basis using the following fund groups:

General 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, building, equipment, and legally restricted cash that is to be expended for property, buildings, and equipment and related debt payments.

Endowment Fund - Funds used to account for the assets, designated by the Board, in the Tom Wooten Trust, the Scott Trust, the Capitol Area Council Boy Scout Trust, and the Dell Endowment. The Board has designated that in perpetuity the principal shall be invested and the income only be used. (See Note F)

Basis of Accounting

The consolidated financial statements of the Council have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States. Accordingly, the accounts of the Council are reported in the following net asset categories:

Net Assets Without Donor Restrictions - net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the Executive Board.

Net Assets With Donor Restrictions - net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure and also include accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure.

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the consolidated financial statements.

Cash and Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are convertible into cash within ninety days of purchase.

Concentration of Credit Risk

Financial instruments that potentially subject the Council to credit risk consist principally of cash at financial institutions and investments. At times, the balance in cash accounts may be in excess of FDIC insurance limits. Management continuously monitors the Council's balances at financial institutions and invests excess operating cash in short-term investments. At December 31, 2024, there was \$785,719 in funds in excess of FDIC insured limits.

Interfund Loans

At December 31, 2024 and 2023, the Council had \$325,054 and \$325,054, respectively, due to the Endowment Fund from the Operating Fund and \$300,000 and \$100,000, respectively, due to the Capital Fund from the Operating Fund.

Accounts Receivable

Accounts receivable are recorded primarily for product sales stated at estimated realizable value. An allowance for doubtful accounts is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for credit losses was considered necessary at December 31, 2024 and 2023.

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Inventory

Inventory consists of Scouting and other items available for resale and is stated at lower of average cost or net realizable value.

Property, Buildings, and Equipment

Property, buildings, and equipment acquired by purchase are stated at cost, and donated assets are recorded at the estimated fair value at the time of donation. Such donations are reported as unrestricted support unless the donor has restricted the asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Council's capitalization policy is to capitalize all fixed assets greater than \$1,000. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently.

Property, buildings, and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and Improvements	30-40 years
Furniture and Equipment	5-10 years
Vehicles and Aquatics	4 years

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 and 2023.

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investments

Investments consist primarily of assets invested in marketable equity and debt securities, and money-market funds. The Council accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations (ASC 958-320 and subsections). This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the Consolidated Statements of Financial Position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the Consolidated Statements of Changes in Net Assets.

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

Investment Policy

The Council's board has appointed a standing Investment Committee which meets regularly and oversees the management of the long-term investments in accordance with the Investment Policy Statement. The primary objective of the Investment Policy Statement is long-term capital appreciation to provide for growth and future income. The policy specifies the investment goals, the Council's tolerance for risk, the diversified asset allocation strategy, and the investment monitoring and control procedures.

The Council has determined that it is not subject to the Uniform Prudent Management of Institutional Funds Act of 2006.

A summary of investments as of December 31, 2024 and 2023, is presented in Note F.

The following schedule summarizes the investment return in the Consolidated Statements of Changes in Net Assets for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Interest and Dividend Income	\$ 1,092,522	\$ 1,040,203
Net Gains (Losses)	1,808,698	2,484,356
Investment Fees	<u>(154,566)</u>	<u>(107,774)</u>
	<u>\$ 2,746,654</u>	<u>\$ 3,416,785</u>

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Investment Policy (continued)

The above investment return is classified in the Consolidated Statements of Changes in Net Assets as follows:

	2024	2023
Without Donor Restrictions	\$ 2,587,948	\$ 3,587,591
With Donor Restrictions	158,706	(170,806)
	\$ 2,746,654	\$ 3,416,785

Investment Earnings Spending Policy

The Council has a board-approved total return spending policy that allows the Operating Fund to receive and recognize investment earnings originating from the Endowment Fund. As of December 31, 2024, the board-approved spending policy was 5.85% of the prior 12 quarters average market value.

In early 2015, the Council received funds from the sale of water rights at Griffith League Ranch and from litigation related to fires in the Bastrop area. These funds were invested over the course of 2015 into diversified non-trust investments following the Council's Investment Policy. The Council's board approved a spending policy for the new funds based on 3% of their average quarterly market value, specifying that after the accounts have been in existence for 12 quarters, the value will be measured as of the prior 12 quarters. From that distribution amount, 55% is to go to the Operating Fund and 45% to the Capital Fund.

Pledges Receivables and Contributions

Pledges receivable for contributions are recognized upon notification of a donor's unconditional promise to give to the Council. Unconditional promises to give that are expected to be collected in less than one year are measured at net realizable value because that amount results in a reasonable estimate of fair value in accordance with the *Contributions Received* section of the FASB ASC. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Consolidated Statements of Changes in Net Assets as assets released from restrictions.

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Contributed Nonfinancial Assets

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at the time of donation. The Council reports 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 and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or 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.

Functional Expenses

The costs of providing the various programs and supporting services have been summarized on the Consolidated Statements of Changes in Net Assets on a functional basis. Most expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include occupancy, depreciation, office expenses, insurance, salaries and wages of support personnel, including the Scout executive's, accounting, information technology personnel, and payroll taxes. The basis of allocation of these expenses is the result of a time study of staff performed every three years. The percentage of time allocated to each of the programs and the supporting functions is based on the average of the results of two 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.

Advertising

Advertising costs are charged to operations in the period in which the advertisement is placed. Advertising for 2024 and 2023 amounted to \$41,315 and \$42,211 respectively.

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Custodial Accounts

Custodial accounts represent amounts held by the Council as custodian for registration fees for member units, amounts on deposit for affiliated Scouting associations for their future use, and amounts on deposit by member units for purchases of uniforms and supplies.

Income Taxes

The Council is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a comparable state law as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Council currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

The Council evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts. The Council does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. For the year ended December 31, 2024, there were no interest or penalties recorded or included in the consolidated financial statements. The Council's income tax returns are subject to examination by federal and local authorities. The tax returns for the years ended December 31, 2021, and thereafter remain subject to examination by the Internal Revenue Service.

Fair Value Measurement

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

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

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

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Fair Value Measurement (continued)

The following methods and assumptions were used to estimate the fair values of the assets in the tables in Note G:

Level 1: Fair Value Measurements

Investments in Securities

The fair value of the Council's investments in marketable equity and debt securities is based on quoted market prices.

Level 2: Fair Value Measurements

Real Estate

The fair value of the real estate is based on current assessed values for property tax purposes.

Level 3: Fair Value Measurements

Charitable Remainder Trust & Life Insurance/IRA Donation

The fair value of the Council's interest in the Charitable Remainder Trust and the designation as a beneficiary in the life insurance and IRA accounts have been estimated by discounting expected cash inflows to their present value. The discount rate used is the Applicable Federal Rate of 2.6 percent.

Revenue Recognition

The Council receives revenue from grants, public support, and various fundraising events. Such revenues are recorded as support as these are considered earned. Expenses are recorded when incurred regardless of when paid. Deferred revenue represents advance receipts for future events and activities.

Revenue from Exchange Transactions: The Council recognizes revenue in accordance with 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 Consolidated Statements of Changes in Net Assets for the years ending December 31, 2024 and 2023:

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue Recognition (continued)

Scout Shop and Trading Post Sales - The Council operates a Scout Shop in its Service Center and various Trading Posts at its summer camps, which sell 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 consolidated 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 the Trail's End Popcorn program. The vendor providing the product assumes delivery responsibilities to the packs and troops. As such, the Council presents revenues as net from the program in its Consolidated Statements of Changes in Net Assets.

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 Consolidated Statements of Changes in Net Assets after delivery of the program has occurred.

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue Recognition (continued)

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

Other revenue consists primarily of rent revenue and is recognized on a monthly basis as earned.

Subsequent Events

Management of the Council has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the consolidated financial statements were available to be issued.

CAPITOL AREA COUNCIL, INC. #564
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NOTE B - 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 Consolidated Statement of Financial Position date, are as follows:

	2024	2023
Cash - Operating Fund	\$ 468,639	\$ 817,183
Receivables and Other Assets - Operating Fund	259,881	251,085
Appropriation from Quasi-Endowment for		
General Expenditure in Subsequent Year	816,212	719,672
Total Financial Assets as of Year End	1,544,732	1,787,940
Custodial Funds	(268,560)	(487,413)
Receivables Expected to be Collected in Subsequent Year	(104,686)	(5,000)
Net Assets With Donor Restrictions	(321,309)	(494,581)
Less Net Assets With Purpose Restrictions to Be Met in		
Less than a Year	301,375	481,461
Total Financial Assets Available to Meet General		
Expenditures Within the Next 12 Months	\$ 1,151,552	\$ 1,282,407

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 described in Note F, the quasi-endowment has a spending rate of a fixed percentage of twelve quarters average of market valuation. \$816,212 and \$719,672 of appropriations from the quasi-endowment will be available within the next 12 months as of December 31, 2024 and 2023, respectively.

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 quasi-endowment of \$21.8 million. 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 (see Notes E, F, and J for disclosures about investments).

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NOTE C - PLEDGES RECEIVABLE

During 2015, the Friends of Scouting fundraising campaign created a new category of larger donations, giving donors who pledged \$25,000 or more to the Council over a three-year period membership in the Tom Wooten Society. These donors will receive complimentary invitations to fundraising events and to events specifically for Tom Wooten Society donors. Because some pledges are scheduled for payment in 2024 and 2023, those pledges are listed in the Consolidated Statements of Financial Position under Non-Current Pledges Receivable, Operating Fund.

Pledges Receivable at December 31, 2024 and 2023, consisted of the following:

<u>2024</u>	<u>Pledges</u> <u>Receivables</u>	<u>Discounts</u>	<u>Allowances for</u> <u>Uncollectible</u> <u>Pledges</u>	<u>Net Pledges</u>
Friends of Scouting 2024	\$ 38,898	\$ -	\$ -	\$ 38,898
Special Events	-	-	-	-
Friends of Scouting Future Years	33,253	-	-	33,253
Special Events Future Years	77,000	-	(5,567)	71,433
Total	<u>\$ 149,151</u>	<u>\$ -</u>	<u>\$ (5,567)</u>	<u>\$ 143,584</u>
<u>2023</u>	<u>Pledges</u> <u>Receivables</u>	<u>Discounts</u>	<u>Allowances for</u> <u>Uncollectible</u> <u>Pledges</u>	<u>Net Pledges</u>
Friends of Scouting 2023	\$ 25,440	\$ -	\$ (27,367)	\$ (1,927)
Special Events	39,228	-	-	39,228
Friends of Scouting Future Years	24,597	-	-	24,597
Special Events Future Years	-	-	-	-
Total	<u>\$ 89,265</u>	<u>\$ -</u>	<u>\$ (27,367)</u>	<u>\$ 61,898</u>
		<u>2024</u>	<u>2023</u>	
Estimated Due in:				
Less Than One Year		\$ 38,898	\$ 84,265	
One to Five Years		110,253	5,000	
Total		<u>\$ 149,151</u>	<u>\$ 89,265</u>	

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NOTE D - PROPERTY, BUILDINGS, AND EQUIPMENT

Property, buildings, and equipment at December 31, 2024 and 2023, consist of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 12,847,427	\$ 12,847,427
Buildings and Improvements	15,454,654	15,260,911
Donated Land Usage	99,728	99,728
Equipment and Furniture	3,030,112	3,006,377
Construction in Progress	412,856	208,605
	<u>31,844,777</u>	<u>31,423,048</u>
Less Accumulated Depreciation	<u>(10,806,128)</u>	<u>(10,284,333)</u>
Total	<u><u>\$ 21,038,649</u></u>	<u><u>\$ 21,138,715</u></u>

NOTE E - OTHER NON-CURRENT ASSETS

Split Interest Agreement

In 2002, the Council was named the beneficiary of two irrevocable charitable remainder trusts, one revocable charitable trust and a contingent beneficiary of a fourth charitable remainder trust. The amounts recorded for the irrevocable charitable remainder trusts at December 31, 2024 and 2023, was \$1,185,392 and \$1,188,548, respectively, which was the Council's share of the fair value of the investments less the present value of remaining payments made to others. In 2019, a new charitable remainder trust named the Council as beneficiary of 1/3 interest in the corpus. The value of the 1/3 interest after the present value discounted factor at December 31, 2024 and 2023, was \$551,622 and \$541,187, respectively.

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NOTE F - ENDOWMENT FUNDS WITHOUT RESTRICTIONS

The Council's operations and capital development activities are funded in part by Endowment Fund earnings. The amount transferred from the Endowment Fund trust accounts has been calculated and disbursed in April of each year using a formula developed by the Board, 5.85% of twelve quarters average of market valuation, which stabilizes the transfer amount and limits the amount to protect the investment corpus. The Endowment Fund trust accounts are comprised of the Scott, Wooten, and Capitol Area Council Boy Scout Trusts. Of amounts transferred from the Wooten and Scott Trusts, 55% is used for operations and transferred to the Operating Fund, and 45% is used for capital development and transferred to the Capital Fund. In 2024 and 2023, both the Operating and Capital Fund distributions were made as usual.

Unrestricted endowment funds are board-designated endowment funds set aside for the following purposes:

Capitol Area Council Boy Scout Trust, the corpus of which consists of donations received by the Council.

Tom Wooten Trust, the corpus of which was obtained as a result of a sale of a portion of Camp Tom Wooten. The corpus of this trust has been designated by the Board.

Scott Trust, Scott Fixed Income Management, Scott Growth Management, and Scott International Management Funds, the corpus of which was obtained as a result of the sale of the remainder of Camp Tom Wooten. The corpus of this trust has been designated by the Board, but is subject to change by a four-fifths vote of the executive board.

The Lockhart Real Estate Trust, which holds a half interest in a piece of real property and some funds for the administration of that property, which consists of residential rental units in Austin. The property interest and assets were obtained when the Nina Lockhart Charitable Remainder Trust was dissolved.

In 2015, the Council received and invested \$9,811,610 in additional funds from the sale of Griffith League Ranch groundwater and a litigation settlement from fire damage. The money was invested under the supervision of the Investment Committee into a diversified portfolio held at Stephens, Inc. The proceeds of the investment fund will be distributed at a rate not to exceed 3% based on the average value of the twelve preceding fiscal quarters. The distributions will be allocated 55% to the Operating Fund and 45% to the Capital Fund. Before the funds have been invested for twelve quarters, funds may be dispersed at the annual rate of 3% using an average of all the existing quarters. In 2020, due to the COVID-19 pandemic's effect on the Council, an additional 6% was distributed in 2020. Of the additional 6% distribution, \$325,054 of that amount is reported as an interfund loan to be repaid from Operating to Endowment.

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NOTE F - ENDOWMENT FUNDS WITHOUT RESTRICTIONS (Continued)

The assets held by each trust at December 31, 2024 and 2023, consist of the following:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Scott Fixed Income Management				
Cash	\$ -	\$ -	\$ 35,484	\$ 35,484
Fixed Income	-	-	178,253	176,332
Government and Agency Issued	-	-	636,614	631,613
Total	<u>-</u>	<u>-</u>	<u>850,351</u>	<u>843,429</u>
Tom Wooten Trust				
Cash	32,879	32,879	18,801	18,801
Common Stocks	1,057,368	1,334,118	1,800,207	1,984,715
Mutual Funds	886,251	837,275	-	-
Total	<u>1,976,498</u>	<u>2,204,272</u>	<u>1,819,008</u>	<u>2,003,516</u>
Capitol Area Council Boy Scout Trust				
Cash	47,839	47,839	21,288	21,288
Common Stocks	1,958,771	1,666,270	995,440	1,617,441
Total	<u>2,006,610</u>	<u>1,714,109</u>	<u>1,016,728</u>	<u>1,638,729</u>
Scott/Mutual Funds				
Cash	37,989	37,989	38,881	38,881
Common Stocks	3,322,324	4,126,947	2,950,474	3,397,986
Mutual Funds	2,734,032	2,651,719	1,396,330	1,417,394
Total	<u>6,094,345</u>	<u>6,816,655</u>	<u>4,385,685</u>	<u>4,854,261</u>
Scott/CD and Fixed Income				
Cash	-	-	2,824	2,824
Mutual Funds	-	-	773,770	738,937
Total	<u>-</u>	<u>-</u>	<u>776,594</u>	<u>741,761</u>

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NOTE F - ENDOWMENT FUNDS WITHOUT RESTRICTIONS (Continued)

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
CAC Conservation Bank Trust				
Cash	\$ 16,547	\$ 16,547	\$ 6,966	\$ 6,966
Mutual Funds	444,730	423,362	-	-
Common Stock	624,194	666,920	643,794	736,558
Total	<u>1,085,471</u>	<u>1,106,829</u>	<u>650,760</u>	<u>743,524</u>
CAC Griffith League Ranch				
Cash	15,178	15,178	8,109	8,109
Mutual Funds	418,120	397,742	-	-
Common Stock	581,249	630,280	691,402	796,243
Total	<u>1,014,547</u>	<u>1,043,200</u>	<u>699,511</u>	<u>804,352</u>
Grand Total	<u><u>\$ 12,177,471</u></u>	<u><u>\$ 12,885,065</u></u>	<u><u>\$ 10,198,637</u></u>	<u><u>\$ 11,629,572</u></u>

The trust assets above are presented in the accompanying consolidated financial statements with:

	2024	2023
Cash and Cash Equivalents	\$ 150,432	\$ 132,353
Long-Term Investments	12,734,633	11,497,219
Total	<u><u>\$ 12,885,065</u></u>	<u><u>\$ 11,629,572</u></u>

As of December, 31, 2024 and 2023, the non-trust Endowment investment assets were held at CFM Wealth Partners and Charles Schwab and consisted of the following:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Oppenheimer International Fund				
Cash and Cash Equivalents	\$ -	\$ -	\$ 1,200	\$ 1,200
Mutual Funds	-	-	1,145,894	1,456,790
Total	-	-	<u>1,147,094</u>	<u>1,457,990</u>
Thornburg International Growth				
Cash and Cash Equivalents	-	-	1,362	1,362
Mutual Funds	-	-	1,052,303	1,389,225
Total	-	-	<u>1,053,665</u>	<u>1,390,587</u>

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NOTE F - ENDOWMENT FUNDS WITHOUT RESTRICTIONS (Continued)

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
REMS Real Estate Investment Trusts				
Cash and Cash Equivalents	\$ -	\$ -	\$ 5,844	\$ 5,844
Exchange Traded Funds	-	-	557,504	682,650
Total	-	-	563,348	688,494
Riverbridge Growth				
Cash and Cash Equivalents	22,094	22,094	8,790	8,790
Mutual Funds	3,583,033	3,505,672	-	-
Exchange Traded Funds	4,627,911	5,391,901	1,994,262	2,243,309
Total	8,233,038	8,919,667	2,003,052	2,252,099
Luther King Equity				
Cash and Cash Equivalents	-	-	21,052	21,052
Fixed Income	-	-	745,881	726,077
Total	-	-	766,933	747,129
Thornburg Limited Term Income Fund				
Cash and Cash Equivalents	-	-	668	668
Mutual Funds	-	-	1,186,332	1,224,375
Total	-	-	1,187,000	1,225,043
Money Market/CDARs				
Cash and Cash Equivalents	10	10	9	9
Total	10	10	9	9
Total All CFM/Charles Schwab	<u>\$ 8,233,048</u>	<u>\$ 8,919,677</u>	<u>\$ 6,721,101</u>	<u>\$ 7,761,351</u>

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NOTE F - ENDOWMENT FUNDS WITHOUT RESTRICTIONS (Continued)

The non-trust Endowment investment assets are presented in the accompanying consolidated financial statements with:

	2024	2023
Cash and Cash Equivalents	\$ 22,104	\$ 38,925
Long-Term Investments	8,897,573	7,722,426
Total	<u>\$ 8,919,677</u>	<u>\$ 7,761,351</u>

Income from interest and dividends on investments and realized and unrealized gains and losses on the sales of investments (investment income, gains and losses) are recorded initially in the Endowment Fund. Distributions of investment income, gains and losses from the Endowment Fund are recorded as income by the Operating and Capital Funds in the period in which the distributions are made in accordance with the Council's spending policy (Note A, Investment Earnings Spending Policy). For 2024 and 2023, investment expenses were \$154,566 and \$107,774, respectively, and are netted with appreciation (depreciation) of investments in the Consolidated Statements of Changes in Net Assets. In 2024 and 2023, both the Operating Fund and Capital Fund distributions were made.

NOTE G - SUMMARY OF FAIR VALUE EXPOSURE

The following tables provide fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023:

	2024			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 7,815,770	\$ -	\$ -	\$ 7,815,770
Common & Preferred Stocks	10,367,779	-	-	10,367,779
Corporate Bonds	192,498	-	-	192,498
Exchange Traded Funds	5,391,901	-	-	5,391,901
Government Securities	-	-	-	-
Fixed Income	-	-	-	-
Charitable Remainder Trust, Net of Expected Payments	-	-	1,737,014	1,737,014
Real Estate	-	1,180,000	-	1,180,000
	<u>\$ 23,767,948</u>	<u>\$ 1,180,000</u>	<u>\$ 1,737,014</u>	<u>\$ 26,684,962</u>

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NOTE G - SUMMARY OF FAIR VALUE EXPOSURE (Continued)

	2023			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 6,226,721	\$ -	\$ -	\$ 6,226,721
Common & Preferred Stocks	10,200,324	-	-	10,200,324
Corporate Bonds	179,980	-	-	179,980
Exchange Traded Funds	3,652,036	-	-	3,652,036
Government Securities	631,613	-	-	631,613
Fixed Income	176,332	-	-	176,332
Charitable Remainder Trust, Net of Expected Payments	-	-	1,861,797	1,861,797
Real Estate	-	1,150,000	-	1,150,000
	\$ 21,067,006	\$ 1,150,000	\$ 1,861,797	\$ 24,078,803

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. At December 31, 2024 and 2023, net assets with donor restrictions as to purpose are restricted for:

	2024	2023
Purpose Restricted:		
Endowment Restricted for Purpose	\$ 1,090,275	\$ 1,082,375
Friends of Scouting - Other Donors	67,200	476,637
Smilin' V Ranch	625,701	485,722
Camp Green Dickson	230,077	230,077
Capital Projects	136,820	129,787
TPWD Shooting Complex	357,350	134,842
Distinguished Citizen	231,167	-
Scoutreach and In-School Scouting	12,669	12,669
Report to State	4,823	4,823
Stave Wood Fund	2,726	2,726
FFTSC Pavers Campaign	5,161	3,358
Other	443	443
Eagle Scout Scholarship	5,009	9
Time Restricted:		
Endowment Restricted for Perpetuity	2,725,043	2,396,053
Total	\$ 5,494,464	\$ 4,959,521

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NOTE I - NET ASSETS RELEASED FROM RESTRICTIONS

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

	<u>2024</u>	<u>2023</u>
Purpose Restriction Accomplished:		
Staffing	\$ -	\$ 17,435
Professional Staffing	-	44,420
Science and Technology Programs	-	37,371
Time Restriction Accomplished:		
Friends of Scouting	473,458	187,218
Total Net Assets Released from Restrictions	<u>\$ 473,458</u>	<u>\$ 286,444</u>

NOTE J - DONOR RESTRICTED INVESTMENTS

The Council's Endowment Fund includes donor restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions, identified by the Council's Board of Directors to be used for future investment and growth, are included in net assets without donor restrictions.

The Council was named in the will of Byron Lockhart, which established two charitable remainder trusts. The principal of the two trusts was set up as a perpetual education trust known as the Eagle Scout Education Trust and a portion of the income was allocated to two individuals for their lifetimes. The Council became the income beneficiary of one of the trusts upon the death of one of the two income beneficiaries. Those assets, which passed to the Council, were split into two portions. One portion, consisting of an interest in rental real estate and \$38,447 and \$30,723 in working capital at December 31, 2024 and 2023, respectively, is held in the Lockhart Real Estate Trust, which was established to administer the rental real estate interest. The other portion was invested in the Capitol Area Trust, and the principal is restricted for Eagle Scout scholarships. The trustee, Frost Bank, manages the property and administers all these Lockhart trusts.

At December 31, 2024 and 2023, respectively, the remaining non-Council Lockhart trust was recorded at a fair value of \$1,037,162 and \$979,550; the Lockhart Real Estate trust was recorded at a fair value of \$628,447 and \$605,723, at December 2024 and 2023, respectively, which consists of cash held for managing the real estate of \$38,447 and \$30,723 and an estimated value for the real estate interest of \$590,000 and \$575,000 at December 31, 2024 and 2023, respectively. The invested Eagle Scout Education restricted funds in the Capitol Area Trust were valued at \$784,648 and \$763,375 at December 31, 2024 and 2023, respectively.

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NOTE J - DONOR RESTRICTED INVESTMENTS (Continued)

Also included in restricted investments were funds with income restricted for at-risk youth or the COPE program, recorded at a fair value of \$120,092 and \$90,460, as of December 31, 2024, and 2023, respectively. Additionally, there are amounts with income restricted for at-risk youth, recorded at a fair value of \$827,170 and \$607,899 as of December 31, 2024 and 2023, respectively.

The assets held in the permanent trusts at December 31, 2024, consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Cash	\$ 81,777	\$ 81,777	\$ 81,777
Common Stock & Equities	883,931	1,943,244	1,943,244
Bond and Income Funds	200,488	192,498	192,498
Real Estate	196,135	1,180,000	1,180,000
Total	<u>\$ 1,362,331</u>	<u>\$ 3,397,519</u>	<u>\$ 3,397,519</u>

The assets held in the permanent trusts at December 31, 2023, consist of the following:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Cash	\$ 49,697	\$ 49,697	\$ 49,697
Common Stock & Equities	889,375	1,667,381	1,667,381
Bond and Income Funds	189,761	179,980	179,980
Real Estate	196,135	1,150,000	1,150,000
Total	<u>\$ 1,324,968</u>	<u>\$ 3,047,058</u>	<u>\$ 3,047,058</u>

The trust assets above are presented in the accompanying consolidated financial statements with:

	<u>2024</u>	<u>2023</u>
Cash	\$ 81,777	\$ 49,697
Investments	3,315,742	2,997,361
Total	<u>\$ 3,397,519</u>	<u>\$ 3,047,058</u>

NOTE K - LINE OF CREDIT

The Council has entered into a line of credit agreement with a local bank for up to \$500,000. Interest is payable monthly at the bank's prime rate. The line of credit expires on April 25, 2026, and as of December 31, 2024, there was no outstanding balance.

CAPITOL AREA COUNCIL, INC. #564
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NOTE L - EMPLOYEE BENEFIT PLANS

Healthcare Plan

The Council's employees participate in a healthcare plan provided by the National Council. The Council pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the years ended December 31, 2024 and 2023, the Council remitted approximately \$217,012 and \$210,593, respectively, on behalf of its employees to the National Council related to the healthcare plan.

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 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 3 percent of each employee's gross pay. The Council contributed approximately \$252,386 and \$202,379 to the BSA Match Savings Plan in 2024 and 2023, respectively.

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 the Local Council, Inc. The plan name is the Boy Scouts of America Master Pension Trust – Boy Scouts of America Retirement Plan for Employees. Effective December 31, 2018, the plan was frozen to employees with less than 15 years of vesting service, and whose age plus vesting service equaled less than 60 as of December 31, 2018 (non-grandfathered employees). From January 1, 2020 through July 31, 2020, employees with at least 15 years of vesting service and whose age plus vesting service equaled 60 or more as of December 31, 2018, (grandfathered employees) contributed 4.25 percent of compensation to the plan. Effective August 1, 2020, the plan was frozen to grandfathered employees, thereby freezing the plan for all BSA employees.

NOTE M - RELATED PARTY TRANSACTIONS

Certain members of the Board of Directors of the Council contributed \$190,749 and \$67,719 to the Council during the years ended December 31, 2024 and 2023, respectively.

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NOTE N – SALE OF CONSERVATION EASEMENTS

During the years ended December 31, 2024 and 2023, Holdings completed sales of conservation easements and passed the proceeds from the sales to the Endowment Fund of the Council. Those proceeds, in the amounts of \$1,126,000 and \$2,479,775 for the years ended December 31, 2024 and 2023, respectively, are reported as Other Revenues under the Endowment Fund on the Consolidated Statements of Changes in Net Assets.