

Greater Los Angeles Area Council, Inc. Boy Scouts of America

Financial Statements

Years Ended December 31, 2023 and 2022



WIPFLI

Independent Auditor's Report

Board of Directors
Greater Los Angeles Area Council, Inc. Boy Scouts of America
Los Angeles, California

Opinion

We have audited the accompanying financial statements (the "financial statements") of Greater Los Angeles Area Council, Inc. Boy Scouts of America (the "Council"), a nonprofit organization, which comprise the accompanying statements of financial position as of December 31, 2023 and 2022, and the related accompanying statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Greater Los Angeles Area Council, Inc. Boy Scouts of America as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("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 Financial Statements section of our report. We are required to be independent of Greater Los Angeles Area 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Los Angeles Area 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 Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Greater Los Angeles Area 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Greater Los Angeles Area 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

Wipfli LLP
Duluth, Minnesota

September 26, 2024

**Greater Los Angeles Area Council
Boy Scouts of America
Statements of Financial Position**

December 31, 2023 and 2022

Assets	Operating Fund		Capital Fund		Endowment Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Current assets:								
Cash and cash equivalents	\$ 612,613	\$ 1,470,044	\$ 1,435,120	\$ 511,266	\$ 275,850	\$ -	\$ 2,323,583	\$ 1,981,310
Accounts receivable - Net	282,399	303,924	13,282	13,282	-	-	295,681	317,206
Contributions receivable - Net	100	911,347	-	200,000	2,000	-	2,100	1,111,347
Inventory	273,487	378,287	-	-	-	-	273,487	378,287
Prepaid expenses	99,487	230,107	-	-	-	-	99,487	230,107
Land held for sale	-	-	155,746	155,746	-	-	155,746	155,746
Notes receivable	-	-	2,818,334	2,855,918	-	-	2,818,334	2,855,918
Interfund loans	-	(118,386)	-	47,496	-	70,890	-	-
Total current assets	1,268,086	3,175,323	4,422,482	3,783,708	277,850	70,890	5,968,418	7,029,921
Property and equipment - Net	-	-	24,752,813	26,603,288	-	-	24,752,813	26,603,288
Right-of-use (ROU) asset - operating leases	25,163	297,587	-	-	-	-	25,163	297,587
Right-of-use (ROU) asset - finance leases	84,090	129,958	-	-	-	-	84,090	129,958
Other assets:								
Contributions receivable - net of current portion	-	-	-	830,000	-	-	-	830,000
Investments	-	12,193	-	-	17,274,458	16,208,706	17,274,458	16,220,899
Beneficial interest in perpetual trusts	-	-	-	-	2,830,729	2,637,412	2,830,729	2,637,412
Beneficial interest in charitable remainder trust	-	-	-	-	163,656	131,879	163,656	131,879
Gift annuities receivable	-	-	-	-	48,869	39,290	48,869	39,290
Unemployment trust	111,836	103,916	-	-	-	-	111,836	103,916
Total other assets	111,836	116,109	-	830,000	20,317,712	19,017,287	20,429,548	19,963,396
TOTAL ASSETS	\$ 1,489,175	\$ 3,718,977	\$ 29,175,295	\$ 31,216,996	\$ 20,595,562	\$ 19,088,177	\$ 51,260,032	\$ 54,024,150
Liabilities and Net Assets								
Liabilities and Net Assets	Operating Fund		Capital Fund		Endowment Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Current liabilities:								
Accounts payable	\$ 282,918	\$ 497,930	\$ 60,000	\$ 10,000	\$ -	\$ -	\$ 342,918	\$ 507,930
Accrued expenses	362,740	132,880	-	-	3,578	3,582	366,318	136,462
Custodial accounts	228,711	184,287	-	-	-	-	228,711	184,287
Deferred revenue	291,231	676,855	-	-	-	-	291,231	676,855
Note payable - AMA	-	-	-	-	3,618,865	3,404,548	3,618,865	3,404,548
Liability under charitable remainder trust	-	-	-	-	14,969	14,969	14,969	14,969
Operating lease liabilities - current	25,951	273,689	-	-	-	-	25,951	273,689
Finance lease liabilities - current	38,273	46,200	-	-	-	-	38,273	46,200
Total current liabilities	1,229,824	1,811,841	60,000	10,000	3,637,412	3,423,099	4,927,236	5,244,940
Operating lease liabilities - net of current	-	23,522	-	-	-	-	-	23,522
Finance lease liabilities - net of current	46,200	84,167	-	-	-	-	46,200	84,167
Total liabilities	1,276,024	1,919,530	60,000	10,000	3,637,412	3,423,099	4,973,436	5,352,629
Net assets:								
Without donor restrictions	(569,778)	1,014,882	27,784,765	29,114,225	(3,254,556)	(2,969,181)	23,960,431	27,159,926
With donor restrictions	782,929	784,565	1,330,530	2,092,771	20,212,706	18,634,259	22,326,165	21,511,595
Total net assets	213,151	1,799,447	29,115,295	31,206,996	16,958,150	15,665,078	46,286,596	48,671,521
TOTAL LIABILITIES AND NET ASSETS	\$ 1,489,175	\$ 3,718,977	\$ 29,175,295	\$ 31,216,996	\$ 20,595,562	\$ 19,088,177	\$ 51,260,032	\$ 54,024,150

See accompanying notes to financial statements.

Greater Los Angeles Area Council Boy Scouts of America

Statements of Activities

Years Ended December 31, 2023 and 2022

	Operating Fund		Capital Fund		Endowment Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Changes in net assets without donor restrictions:								
Direct support:								
Friends of Scouting	\$ 448,051	\$ 461,344	\$ -	\$ -	\$ -	\$ -	\$ 448,051	\$ 461,344
Foundations and trusts	92,913	174,502	-	-	11,916	-	104,829	174,502
Legacies and bequests	-	-	-	-	191,036	139,250	191,036	139,250
Contributed nonfinancial assets	1,044,980	2,247,013	-	-	-	-	1,044,980	2,247,013
Other direct support	-	93,994	-	-	-	-	-	93,994
Special events	207,903	1,201,743	-	-	-	-	207,903	1,201,743
Less: Direct cost of special events	(56,099)	(28,364)	-	-	-	-	(56,099)	(28,364)
Special events - Net	151,804	1,173,379	-	-	-	-	151,804	1,173,379
Total direct support	1,737,748	4,150,232	-	-	202,952	139,250	1,940,700	4,289,482
Indirect support:								
Government grants	-	452,695	-	-	-	-	-	452,695
Total indirect support	-	452,695	-	-	-	-	-	452,695
Net assets released from restriction	3,218	309,876	1,030,000	-	-	-	1,033,218	309,876
Revenue:								
Sales of supplies - gross	701,515	682,453	-	-	-	-	701,515	682,453
Less cost of goods sold	(624,210)	(492,691)	-	-	-	-	(624,210)	(492,691)
Net sales of supplies	77,305	189,762	-	-	-	-	77,305	189,762
Product sales	601,548	507,307	-	-	-	-	601,548	507,307
Less: Cost of goods sold	(171,035)	(147,120)	-	-	-	-	(171,035)	(147,120)
Less: Commissions paid to units	(227,103)	(184,428)	-	-	-	-	(227,103)	(184,428)
Net product sales	203,410	175,759	-	-	-	-	203,410	175,759
Camping revenue	3,395,049	2,896,706	-	-	-	-	3,395,049	2,896,706
Other revenue:								
Activity revenue	623,780	198,348	-	-	-	-	623,780	198,348
Investment income (loss) - Net	688,962	677,021	216,500	216,500	(475,998)	(714,704)	429,464	178,817
Gain on sale of assets	-	-	805,531	3,472,363	-	-	805,531	3,472,363
Loss on disposal of assets	-	-	(714,646)	-	-	-	(714,646)	-
Council participant fees	776,509	738,596	-	-	-	-	776,509	738,596
Other	959,336	928,639	116,521	2,286,444	-	-	1,075,857	3,215,083
Total other revenue	3,048,587	2,542,604	423,906	5,975,307	(475,998)	(714,704)	2,996,495	7,803,207
Total revenue	6,724,351	5,804,831	423,906	5,975,307	(475,998)	(714,704)	6,672,259	11,065,434
Total support and revenue	8,465,317	10,717,634	1,453,906	5,975,307	(273,046)	(575,454)	9,646,177	16,117,487

Greater Los Angeles Area Council

Boy Scouts of America

Statements of Activities (Continued)

Years Ended December 31, 2023 and 2022

	Operating Fund		Capital Fund		Endowment Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Expenses:								
Program services	8,075,458	8,728,808	2,773,070	1,492,719	9,093	11,683	10,857,621	10,233,210
Support services:								
Management and general	1,013,527	735,776	4,197	5,082	1,319	1,695	1,019,043	742,553
Fundraising	848,694	1,091,072	6,099	7,377	1,917	2,463	856,710	1,100,912
Total support services	1,862,221	1,826,848	10,296	12,459	3,236	4,158	1,875,753	1,843,465
Total functional expenses	9,937,679	10,555,656	2,783,366	1,505,178	12,329	15,841	12,733,374	12,076,675
Charter and National service fees	112,298	103,500	-	-	-	-	112,298	103,500
Total expenses	10,049,977	10,659,156	2,783,366	1,505,178	12,329	15,841	12,845,672	12,180,175
Change in net assets without donor restrictions	(1,584,660)	58,478	(1,329,460)	4,470,129	(285,375)	(591,295)	(3,199,495)	3,937,312
Changes in net assets with donor restrictions:								
Direct support:								
Friends of Scouting	1,582	8	-	-	-	-	1,582	8
Capital campaign	-	-	267,759	120,905	-	-	267,759	120,905
Legacies and bequests	-	-	-	-	4,009	1,083	4,009	1,083
Foundations and trusts	-	70,800	-	24,160	-	-	-	94,960
Total direct support	1,582	70,808	267,759	145,065	4,009	1,083	273,350	216,956
Other revenue:								
Investment income - Net	-	-	-	-	1,327,435	(2,315,228)	1,327,435	(2,315,228)
Change in value of beneficial interest in perpetual trusts	-	-	-	-	205,647	(984,366)	205,647	(984,366)
Change in value of beneficial interest in charitable remainder trust	-	-	-	-	31,777	(34,071)	31,777	(34,071)
Change in value of gift annuities receivable	-	-	-	-	9,579	(4,998)	9,579	(4,998)
Total other revenue	-	-	-	-	1,574,438	(3,338,663)	1,574,438	(3,338,663)
Net assets released from restriction	(3,218)	(309,876)	(1,030,000)	-	-	-	(1,033,218)	(309,876)
Change in net assets with donor restrictions	(1,636)	(239,068)	(762,241)	145,065	1,578,447	(3,337,580)	814,570	(3,431,583)
Change in total net assets	(1,586,296)	(180,590)	(2,091,701)	4,615,194	1,293,072	(3,928,875)	(2,384,925)	505,729
Net assets, beginning of the year:								
Without donor restrictions	1,014,882	(7,043,596)	29,114,225	29,244,096	(2,969,181)	1,022,114	27,159,926	23,222,614
With donor restrictions	784,565	1,023,633	2,092,771	1,947,706	18,634,259	21,971,839	21,511,595	24,943,178
Total net assets, beginning of the year	1,799,447	(6,019,963)	31,206,996	31,191,802	15,665,078	22,993,953	48,671,521	48,165,792
Transfers of net assets	-	8,000,000	-	(4,600,000)	-	(3,400,000)	-	-
Net assets, end of the year:								
Without donor restrictions	(569,778)	1,014,882	27,784,765	29,114,225	(3,254,556)	(2,969,181)	23,960,431	27,159,926
With donor restrictions	782,929	784,565	1,330,530	2,092,771	20,212,706	18,634,259	22,326,165	21,511,595
Total net assets, end of the year	\$ 213,151	\$ 1,799,447	\$ 29,115,295	\$ 31,206,996	\$ 16,958,150	\$ 15,665,078	\$ 46,286,596	\$ 48,671,521

See accompanying notes to financial statements.

Greater Los Angeles Area Council

Boy Scouts of America

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services	Supporting Services		2023 Total
		Management and General	Fundraising	
Employee compensation:				
Salaries	2,150,174	710,127	255,457	\$ 3,115,758
Employee benefits	515,569	39,946	39,038	594,553
Payroll taxes and worker's compensation	233,147	45,295	21,574	300,016
Total employee compensation	2,898,890	795,368	316,069	4,010,327
Other expenses:				
Professional fees	1,101,299	144,852	289,154	1,535,305
Supplies	989,256	5,310	13,181	1,007,747
Supplies and other for special events	-	-	56,099	56,099
Popcorn expenses	171,035	-	-	171,035
Commissions paid to units	227,103	-	-	227,103
Cost of supplies	624,210	-	-	624,210
Telephone	162,317	6,804	12,303	181,424
Postage and shipping	69,885	1,968	2,860	74,713
Occupancy	1,516,345	29,004	44,962	1,590,311
Rent and maintenance of equipment	451,967	1,722	2,801	456,490
Publications and media	27,984	2,410	31,529	61,923
Travel	651,980	3,980	11,535	667,495
Conferences and meetings	153,968	1,194	2,275	157,437
Specific assistance to individuals	60,373	-	-	60,373
Recognition awards	45,159	1,627	7,645	54,431
Interest	218	32	45	295
Insurance	257,011	6,220	9,040	272,271
Uncollectible pledges due to camp closure	1,030,000	-	-	1,030,000
Miscellaneous	241,411	9,447	100,081	350,939
Total other expenses	7,781,521	214,570	583,510	8,579,601
Expenses before depreciation	10,680,411	1,009,938	899,579	12,589,928
Depreciation and amortization	1,199,558	9,105	13,230	1,221,893
Total expenses	11,879,969	1,019,043	912,809	13,811,821
Less expenses included with revenue on the statement of activities:				
Direct cost of special events	-	-	(56,099)	(56,099)
Cost of goods sold - supplies	(624,210)	-	-	(624,210)
Cost of goods sold - popcorn	(171,035)	-	-	(171,035)
Commissions paid to units	(227,103)	-	-	(227,103)
Total functional expenses	\$ 10,857,621	\$ 1,019,043	\$ 856,710	\$ 12,733,374

See accompanying notes to financial statements.

Greater Los Angeles Area Council

Boy Scouts of America

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Services	Supporting Services		2022 Total
		Management and General	Fundraising	
Employee compensation:				
Salaries	\$ 2,252,477	\$ 270,632	\$ 390,653	\$ 2,913,762
Employee benefits	430,017	18,291	72,694	521,002
Payroll taxes and worker's compensation	243,279	23,039	45,040	311,358
Employee related expenses	7,375	1,070	1,555	10,000
Total employee compensation	2,933,148	313,032	509,942	3,756,122
Other expenses:				
Professional fees	2,004,425	356,346	418,759	2,779,530
Supplies	1,047,246	3,666	9,866	1,060,778
Supplies and other for special events	-	-	28,364	28,364
Popcorn expenses	147,120	-	-	147,120
Commissions paid to units	184,428	-	-	184,428
Cost of inventory	492,691	-	-	492,691
Telephone	176,477	5,574	11,910	193,961
Postage and shipping	78,633	2,492	4,443	85,568
Occupancy	1,479,631	33,586	54,950	1,568,167
Rent and maintenance of equipment	76,718	1,327	1,928	79,973
Publications and media	12,432	454	12,165	25,051
Travel	440,362	2,195	17,128	459,685
Conferences and meetings	31,518	633	1,550	33,701
Specific assistance to individuals	163,087	-	-	163,087
Recognition awards	30,485	1,294	26,368	58,147
Interest	7,910	1,148	1,667	10,725
Insurance	187,688	5,172	7,517	200,377
Miscellaneous	388,774	6,529	9,488	404,791
Total other expenses	6,949,625	420,416	606,103	7,976,144
Expenses before depreciation	9,882,773	733,448	1,116,045	11,732,266
Depreciation and amortization	1,174,676	9,105	13,231	1,197,012
Total expenses	11,057,449	742,553	1,129,276	12,929,278
Less expenses included with revenue on the statement of activities:				
Direct cost of special events	-	-	(28,364)	(28,364)
Cost of goods sold - supplies	(492,691)	-	-	(492,691)
Cost of goods sold - popcorn	(147,120)	-	-	(147,120)
Commissions paid to units	(184,428)	-	-	(184,428)
Total functional expenses	\$ 10,233,210	\$ 742,553	\$ 1,100,912	\$ 12,076,675

See accompanying notes to financial statements.

Greater Los Angeles Area Council Boy Scouts of America

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	Operating Fund		Capital Fund		Endowment Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Cash flows from operating activities:								
Change in net assets	\$ (1,586,296)	\$ (180,590)	\$ (2,091,701)	\$ 4,615,194	\$ 1,293,072	\$ (3,928,875)	\$ (2,384,925)	\$ 505,729
Adjustments to reconcile change in net assets to net cash flows from operating activities:								
Depreciation and amortization	45,868	45,867	1,176,026	1,151,145	-	-	1,221,894	1,197,012
Allowance for doubtful contributions receivable	(87,511)	29,373	-	-	-	-	(87,511)	29,373
Bad debt	-	-	830,000	-	-	-	830,000	-
Realized (gain) loss on investments	-	-	-	-	29,415	(130,406)	29,415	(130,406)
Unrealized (gain) loss on investments	-	-	-	-	(1,371,126)	2,941,453	(1,371,126)	2,941,453
Change in value of beneficial interest in charitable remainder trust	-	-	-	-	(31,777)	34,071	(31,777)	34,071
Change in value of beneficial interest in perpetual trusts	-	-	-	-	(205,647)	984,366	(205,647)	984,366
Change in value of gift annuities	-	-	-	-	(9,579)	4,998	(9,579)	4,998
Gain on sale of property	-	-	(805,531)	-	-	-	(805,531)	-
Loss on disposal of property and equipment	-	-	714,646	-	-	-	714,646	-
Contribution of land to fund settlement contribution	-	-	-	(3,472,363)	-	-	-	(3,472,363)
Endowment fund contributions	-	-	-	-	(4,009)	(1,083)	(4,009)	(1,083)
Changes in assets and liabilities:								
Accounts receivable	21,525	113,146	-	1	-	-	21,525	113,147
Contributions receivable - current	998,758	231,376	200,000	74,301	(2,000)	540	1,196,758	306,217
Inventory	104,800	(175,229)	-	-	-	-	104,800	(175,229)
Prepaid expenses	130,620	(150,064)	-	-	-	-	130,620	(150,064)
Operating leases ROU assets and lease liabilities	1,164	(376)	-	-	-	-	1,164	(376)
Accounts payable	(215,012)	403,861	50,000	10,000	-	-	(165,012)	413,861
Accrued expenses	229,860	(60,637)	-	-	(4)	-	229,856	(60,637)
Accrued settlement contribution	-	(8,000,000)	-	-	-	-	-	(8,000,000)
Custodial accounts	44,424	(184,276)	-	-	-	-	44,424	(184,276)
Refundable advance - Paycheck Protection Program	-	(452,695)	-	-	-	-	-	(452,695)
Deferred revenue	(385,624)	408,210	-	-	-	-	(385,624)	408,210
Unemployment trust	(7,920)	15,391	-	-	-	-	(7,920)	15,391
Net cash flows from operating activities	(705,344)	(7,956,643)	73,440	2,378,278	(301,655)	(94,936)	(933,559)	(5,673,301)
Cash flows from investing activities:								
Purchases of property and equipment	-	-	(42,390)	(160,456)	-	-	(42,390)	(160,456)
Proceeds from sale of property	-	-	807,724	-	-	-	807,724	-
Contribution of land to fund settlement contribution	-	-	-	3,503,540	-	-	-	3,503,540
Payments received on notes receivable	-	-	37,584	(84,242)	-	-	37,584	(84,242)
Purchases of investments	-	-	-	-	(515,211)	-	(515,211)	-
Proceeds from sales of investments	12,193	-	-	-	803,500	223,030	815,693	223,030
Net cash flows from investing activities	12,193	-	802,918	3,258,842	288,289	223,030	1,103,400	3,481,872
Cash flows from financing activities:								
Proceeds from note payable - AMA	-	-	-	-	214,317	3,404,548	214,317	3,404,548
Payments on finance leases	(45,894)	(45,458)	-	-	-	-	(45,894)	(45,458)
Inter-fund transfers	-	8,000,000	-	(4,600,000)	-	(3,400,000)	-	-
Inter-fund receivables (payables)	(118,386)	659,579	47,496	(525,854)	70,890	(133,725)	-	-
Endowment fund contributions	-	-	-	-	4,009	1,083	4,009	1,083
Net cash flows from financing activities	(164,280)	8,614,121	47,496	(5,125,854)	289,216	(128,094)	172,432	3,360,173
Net change in cash and cash equivalents	(857,431)	657,478	923,854	511,266	275,850	-	342,273	1,168,744
Cash and cash equivalents at beginning of year	1,470,044	812,566	511,266	-	-	-	1,981,310	812,566
Cash and cash equivalents at end of year	\$ 612,613	\$ 1,470,044	\$ 1,435,120	\$ 511,266	\$ 275,850	\$ -	\$ 2,323,583	\$ 1,981,310

See accompanying notes to financial statements.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Greater Los Angeles Area Council, Inc. Boy Scouts of America, dba Greater LA Scouting, located in Los Angeles, California, is a non-profit California corporation operating under a charter from the National Council of the Boy Scouts of America (the "National Council"). The program facilitates meaningful contact and communication among youth, parents and other community organizations to help young people adopt strong values and life skills. The program presents activities which are fun and interesting, providing valuable experiences directed at the maturity and interests of youth at their appropriate age and ability levels. The Council provides services to boys & girls ages 5 through 20.

The Council owned part or all of four camps and leased two other camp properties. Program delivery and camping activities took place at five of the six properties. The remaining camp was non operational during 2023 and 2022.

The Council's strength lies in its vast core of thousands of volunteers that provide leadership a every level of the organization from its Board of Directors to local volunteers. Much of the Council's efforts seek to enhance its volunteer leadership core through training, support and facilities for Scout activities.

The Council provides the nation's foremost youth program of character development and values-based leadership training, which helps young people be "Prepared. For Life.®" The organization is composed of nearly 10,000 youth members between the ages of 5 and 21 and more than 4,500 volunteers throughout the Greater LA service area.

The Council's programs available to youth and young adults are classified as follows:

Lion Cubs and Tiger Cubs – One year, family-oriented program for a group of teams, each consisting of Kindergarten youth for Lions and first-grade youth for Tigers and an adult partner (usually a parent). Lion and Tiger Cub dens are part of the Cub Scout pack.

Cub Scouting – Family and community-centered approach for youth ages 8 through 10 organized into Cub Scout packs for teaching citizenship, compassion, social skills and courage through service projects, ceremonies, games and other activities that promote character development and physical fitness.

Scouts BSA – With the Scout Oath and Scout Law as guides, and the support of parents, religious and neighborhood organizations, Scouts ages 11 through 18 organized into Troops to develop an awareness and appreciation of their role in their community and become well-rounded adults through advancement within the program. Scouts progress in rank through achievements, gain additional knowledge and responsibilities and earn merit badges that introduce a lifelong hobby or a rewarding career.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Operations (Continued)

Venturing – Provides experiences to help youth and young adults, ages 14 through 20 (or 13 and completed the 8th grade), organized into crews to become mature, responsible, caring adults. Young teens learn leadership skills and participate in challenging outdoor activities, including having access to Boy Scout camping properties and a recognition program and youth protection training.

Exploring - The program is a skill-based career orientated program for youth ages 14 through 20., which are organized into Posts. The program is sponsored by police departments, fire departments and other professional community-based entities.

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

Basis of Accounting

The 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.

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). At December 31, 2023 and 2022, included in net assets without donor restrictions are Board-designated net assets totaling \$(3,116,522) and \$(2,969,181), respectively, that are part of the Endowment Fund.
- *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.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 properties, 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

The Council considers all short-term cash accounts to be cash equivalents. The Council considers short-term investments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded primarily for popcorn (product) sales. The carrying amount of these receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for credit losses is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. An allowance for credit losses was not considered necessary at December 31, 2023 and 2022.

Contributions Receivable

Contributions receivable arise from various Council programs such as Friends of Scouting and special events such as the Annual Gala and Business Leaders Breakfast, 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.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contributions Receivable (Continued)

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, 2023 and 2022, an allowance for uncollectible contributions of \$12,737 and \$100,249 was reported.

At December 31, 2022, the Council also recorded in its financial statements \$641,596 due from filing Forms 941X, Adjusted Employer's Quarterly Federal Tax Return or Claim for Refund, in order to receive amounts to which it is entitled under the Employee Retention Credit (ERC), which is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). Laws and regulations concerning government programs, including the ERC, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review, including an extended five year statute of limitations. There can be no assurance that regulatory authorities will not challenge the Council's claim to the ERC, and it is not possible to determine the impact (if any) this would have upon the Council. The full balance was received in 2023.

Notes Receivable

Note receivable at December 31, 2023 and 2022 is a note issued on a sale of Council property. The carrying amount of notes receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for credit losses is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Notes receivable are written off when deemed uncollectible. An allowance for credit losses was not considered necessary at December 31, 2023 and 2022.

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, 2023 and 2022 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.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to 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 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 financial statements.

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.

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 \$5,000 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.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Impairment of Long-Lived Assets

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

Property Held for Sale

Properties held for sale are carried at the lower of the carrying amount or estimated fair market value. Management has committed to a plan to sell the properties within the next 12 months.

Lease Accounting

The Council is a lessee in multiple noncancelable 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 Council has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

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.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Accounting (Continued)

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 equipment and vehicles to not separate the lease components of a contract and its associated non-lease components (lessor-provided maintenance and other services). For all other underlying classes of assets, the Council separates lease and non-lease components to determine the lease payment.

Gift Annuities Receivable

The Council is the beneficiary of two charitable gift annuities administered by the National Council. These annuities represent the assets received in the form of contributions in exchange for distributions of a fixed amount for a specific period of time to the donor or other beneficiaries. There is no annuitant liability to the Council, as the National Council makes the required distributions to the annuitants.

Beneficial Interest in Charitable Remainder Trust

The Council has been named as an irrevocable beneficiary of a charitable trust held and administered by independent trustees. This trust was created independently by donors and are administered by outside agents designated by the donors. Therefore, the Council has neither possession nor control over the assets of the trusts. At the date the Council receives notice of a beneficial interest, a contribution with donor restrictions is recorded in the statements of activities, and a beneficial interest in charitable trusts held by others is recorded in the statements of financial position at fair value using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the expected distributions to be received under the agreement. Thereafter, beneficial interests in the trust is reported at fair value in the statements of financial position, with changes in fair value recognized in the statements of activities. Upon receipt of trust distributions or expenditures, or both, in satisfaction of the donor-restricted purpose, if any, net assets with donor-imposed time or purpose restrictions are released to net assets without donor restrictions. Trust distributions with donor-imposed restrictions that are perpetual in nature are transferred to the endowment, in which case, net assets with donor-restrictions are not released.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Beneficial Interests in Perpetual Trusts

The Council has been named as an irrevocable beneficiary of two perpetual trusts held and administered by independent trustees. Perpetual trusts provide for the distribution of the net income of the trusts to the Council either in perpetuity or for the life of the trusts; however, the Council will never receive the assets of the trusts. At the date the Council receives notice of a beneficial interest, a contribution with donor restrictions of a perpetual nature is recorded in the statements of activities, and a beneficial interest in perpetual trust is recorded in the statements of financial position at the fair value of the underlying trust assets. Thereafter, beneficial interests in the trusts are reported at the fair value of the trusts' assets in the statements of financial position, with trust distributions and changes in fair value recognized in the statements of activities.

Custodial Accounts

The Council acts as the fiscal sponsor for various 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 statements of activities. Cash receipts in excess of disbursements are reflected in the custodial accounts liability in the statements of financial position.

Contribution 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 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.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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 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 financial statements.

Revenue Recognition

The Council records the following exchange transaction revenue in its statements of activities for the years ending December 31, 2023 and 2022:

Sale of supplies - The Council's Scout Shops sell select Scouting-related items, uniforms, recognition items, camping products and attire. The Council also operates Trading Posts at its camps, 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, 2023 and 2022.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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. Scout packs and troops purchase popcorn from the Council, which they then resell to customers. The Scout packs and troops earn a commission of 35% on each sale they make, which may be used to offset the price of the popcorn they purchase from the Council. The popcorn sale also helps the Council raise money in support of its programs. Popcorn sales to Scout units start in the fall of each year, with the units placing their orders online through the Trail's End website. The price the Scout unit pays for the popcorn is established by the Council, and each item is individually priced, so no allocation of the transaction price is required. Many BSA units are allowed to purchase popcorn "on account" with payment due at a later date. 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. 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 of November 12th. As of December 31, 2023 and 2022, minimal popcorn returns existed. Accordingly, no liability for probable customer returns was considered necessary.

Camping and Activity revenue - The Council conducts program-related experiences such as Day Camps, Day Hikes, Weekend Overnights, Camporees, and Summer Camps where the performance obligation is delivery of the program. Fees for camps and activities are set by the Council. For resident camps, fees include program supplies, meals, lodging, recognition items, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation. Activities such as the National Scout Jamboree may include a transportation component in the transaction price. Some special camp programs do incur additional fees (range and target sports and adult leader training, 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.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

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 and it allocates 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 treats the transaction 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." 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. 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.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Other Revenue - Other revenue consists of rent revenue and other miscellaneous revenue. Rent revenue is recognized on a monthly basis as earned. 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.

Functional Allocation of Expenses

The costs of providing the Scouting program and supporting services have been summarized on the 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 financial statements report expenses by function in the 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 California. 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 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 materially differ from those estimates.

Greater Los Angeles Area Council, Inc.

Boy Scouts of America

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Change in Accounting Policy

ASU No. 2016-13, Measurement of Credit Losses on Financial Instruments, requires the Council to present financial assets measured at amortized cost (including accounts and notes receivables) at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectibility of the reported amounts.

The Council adopted ASU No. 2016-13 on January 1, 2023. The net impact to net assets would have been immaterial, thus no adjustment was made to net assets. Results for the year ended December 31, 2023, are presented under Accounting Standards Codification (GAAP) (ASC) 326 while prior period amounts continue to be reported in accordance with previously applicable GAAP. See Accounts Receivable for changes to accounting policies.

Subsequent Events

The Council has evaluated events and transactions for potential recognition or disclosure in the financial statements through September 26, 2024, which is the date the financial statements were available to be issued.

Note 2: Accounts Receivable and Contract Balances

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

	12/31/2023	12/31/2022	1/1/2022
Contract liabilities	\$ 291,231	\$ 676,855	\$ 268,645
Accounts receivable	\$ 295,681	\$ 317,206	\$ 430,353

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. There were no contract assets at December 31, 2023 or 2022 or January 1, 2022. 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.

Greater Los Angeles Area Council, Inc.
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Note 3: Contributions Receivable

Contributions receivable consisted of the following:

<i>As of December 31,</i>	2023	2022
Friends of Scouting	\$ 12,737	\$ 70,246
Employee Retention Credit	-	641,596
Capital campaign	-	1,030,000
Special events	100	274,754
Foundations and trust	-	25,000
Endowment fund	2,000	-
Total	14,837	\$ 2,041,596
Less allowance for uncollectible contributions	(12,737)	\$ (100,249)
Contributions receivable - net	\$ 2,100	\$ 1,941,347

Contributions receivable are expected to be collected as follows:

<i>As of December 31,</i>	2023	2022
Less than one year	\$ 14,837	\$ 1,211,596
More than one year	-	830,000
Total	14,837	2,041,596
Less allowance for uncollectible contributions	(12,737)	(100,249)
Contributions receivable - net	\$ 2,100	\$ 1,941,347

Contributions receivable due in more than one year have not been discounted to present value due to the estimated discount to be insignificant.

Capital campaign receivables of \$1,030,000 were related to Camp Cherry Valley where the Council had a land lease that was not renewed and therefore required the write-off of related assets, including contributions receivable.

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Note 4: Notes Receivable

In May 2019, the Council sold a property for \$3,294,335, of which \$2,500,000 was included as a note receivable. The note receivable bears annual interest at four percent, with interest only payments starting June 2022. The remaining principal and interest is due on or before the maturity date, May 20, 2024. This note is secured by a deed of trust. The balance on the note receivable was \$2,818,334 and \$2,855,918 at December 31, 2023 and 2022, respectively. This note was paid in full in 2024 - see Note 20.

Future principal payments to be received on this note is as follows:

Years Ended December 31,

2024	\$ 2,818,334
Total	\$ 2,818,334

Note 5: Land Held for Sale

As of December 31, 2023 and 2022, the Council had classified \$155,746 and \$155,746, respectively, of assets as land held for sale in the statement of financial position. This represents the book value of 4 parcels of wilderness in the San Bernadino Mountains. See subsequent events in Note 20.

Note 6: Property and Equipment

A summary of property and equipment is as follows:

<i>As of December 31, 2023</i>	Estimated Life	Cost	Accumulated Depreciation	Net
Land		\$ 761,064	\$ -	\$ 761,064
Land improvements	10 yrs	3,046,851	2,347,835	699,016
Buildings	50 yrs	24,940,513	4,226,156	20,714,357
Leasehold improvements	20 yrs	1,883,400	747,438	1,135,962
Camp equipment	10 yrs	1,866,843	1,024,497	842,346
Office equipment	3 - 10 yrs	94,571	56,785	37,786
Vehicles	4 yrs	223,962	142,170	81,792
Construction in progress		480,490	-	480,490
Total		\$ 33,297,694	\$ 8,544,881	\$ 24,752,813

Greater Los Angeles Area Council, Inc.
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Note 6: Property and Equipment (Continued)

<i>As of December 31, 2022</i>	Estimated Life	Cost	Accumulated Depreciation	Net
Land		\$ 763,257	\$ -	\$ 763,257
Land improvements	10 yrs	3,046,851	2,043,178	1,003,673
Buildings	50 yrs	25,413,926	3,768,555	21,645,371
Leasehold improvements	20 yrs	2,056,983	685,313	1,371,670
Camp equipment	10 yrs	2,136,869	919,768	1,217,101
Office equipment	3 - 10 yrs	94,571	48,204	46,367
Vehicles	4 yrs	223,962	106,212	117,750
Construction in progress		438,099	-	438,099
Total		\$ 34,174,518	\$ 7,571,230	\$ 26,603,288

Depreciation expense totaled \$1,176,026 and \$1,151,145 for the years ending December 31, 2023 and 2022, respectively.

In 2023, the Council sold one parcel of land for \$807,724 at a net gain of \$805,531. The Council disposed of the Camp Cherry Value property and equipment with a cost of \$917,022 and accumulated depreciation of \$202,376 for a net loss of \$714,646.

Note 7: Leases

San Gabriel Valley Office

The Council leases the land on which its former San Gabriel Valley offices are located. The Council subleases this property. The Council paid the lessor \$10,584 upon execution of the lease in January 1992. The Council is required to pay all property taxes and assessments relating to the property. The Council has no information as to the value of the land at the lease inception and therefore no asset was recorded. Management is researching what the value of the annual use of the land, however, management believes such value will be immaterial to these financial statements. Sublease rental income for 2023 and 2022 totaled \$393,797 in both years, and is included in other revenue in the accompanying statements of activities. See Note 20.

Camp Cherry Valley

The Council leased its facility on Santa Catalina Island under an operating lease agreement through 2023. The lease was not renewed by the lessor. Under the terms of the lease, the landlord may require the Council to demolish and remove all or any part of the leasehold improvements at the Council's expense at the expiration of the lease. However, the Council believes that the likelihood that the landlord will require the removal of the leasehold improvements is minimal and therefore has not recorded any retirement obligation in the accompanying financial statements. Lease expense for 2023 and 2022 totaled \$267,754 and \$241,774, respectively. This lease was recorded as an operating lease in the statement of financial position beginning January 1, 2022.

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Notes to Financial Statements

Note 7: Leases (Continued)

Cabrillo Beach Youth Camp

The Council has an agreement with the City of Los Angeles which provides the Council with free use of the land. The original agreement was entered into in 1983 and had a term of 30 years. Upon expiration of the original agreement, the Council has been utilizing the land rent free on a month-to-month basis. The Council is currently negotiating a new lease agreement with the City of Los Angeles. The Council recognized \$210,000 of in kind revenue and expense related to this lease for both years ended December 31, 2023 and 2022.

Arcadia Retail Shop and Office Lease

The Council leases a retail shop and office space under an operating lease agreement through June 30, 2022 with an option to renew through June 30, 2025. Lease expense for 2023 and 2022 totaled \$51,281 and \$53,882, respectively. This lease was recorded as an operating lease in the statement of financial position beginning January 1, 2022.

Equipment

The Council leases copiers under a finance lease that expires in October 2025.

The leases entered into include one or more options to renew. The exercise of lease renewal options is at the Council's sole discretion. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The depreciable life of assets and leasehold improvements 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 plus, for one of the Council's leases, variable payments. The Council's retail shop and office space lease require it to make variable payments for common area maintenance. These variable lease payments are not included in lease payments used to determine the lease liability and are recognized as variable costs when incurred.

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Note 7: Leases (Continued)

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

	2023	2022
Lease (income)/expense:		
Finance lease cost:		
Interest	\$ 424	\$ 424
Amortization of right-of-use asset	45,867	45,867
Operating lease cost	328,190	272,869
Sublease income	(393,797)	(393,797)
Total lease (income)/expense	\$ (19,316)	\$ (74,637)

Supplemental cash flow information related to leases is as follows for the years ended December 31:

	2023	2022
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from finance leases	\$ 295	\$ 424
Operating cash flows from operating leases	319,335	272,233
Financing cash flows from finance leases	45,894	45,766
	2023	2022
Weighted-average remaining lease term - Finance leases	1.83	2.83
Weighted-average remaining lease term - Operating leases	.5	1.13
Weighted-average discount rate - Finance leases	0.28 %	0.28 %
Weighted-average discount rate - Operating leases	0.90 %	0.90 %

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Note 7: Leases (Continued)

Maturities of lease liabilities are as follows as of December 31, 2023:

<i>Years Ended December 31,</i>	Operating Leases	Finance Leases
2024	\$ 26,019	\$ 46,200
2025	-	38,500
Total lease payments	26,019	84,700
Less imputed interest	(68)	(227)
Total	\$ 25,951	\$ 84,473

Sublease

In September 2020, the Council entered into an agreement to sublease its San Gabriel Valley offices. The sublease began February 1, 2021 and runs through January 31, 2031. The sublease agreement requires monthly payments of \$28,500, includes scheduled annual increases of 3%, and a tenant improvement allowance of \$35,000.

The scheduled minimum sublease payments under the lease terms are as follows:

<u>Years ending</u>	<u>Amount</u>
2024	\$ 352,260
2025	362,828
2026	373,713
2027	384,924
2028	396,472
Thereafter	1,708,451
Total	\$ 3,578,648

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Note 8: Investments

Net investment income consisted of the following:

<i>Years Ended December 31,</i>	2023	2022
Interest and dividends	\$ 647,005	\$ 736,732
Realized gains (losses)	(29,415)	130,406
Unrealized gains (losses)	1,371,126	(2,941,453)
Margin loan interest expense	(208,136)	-
Fees	(23,681)	(62,096)
Total investment income	\$ 1,756,899	\$ (2,136,411)

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 (see Note 10).

In January 2018, the Council entered into an Aggregate Margin Account (the "AMA") with a bank. Under the AMA, the Council may borrow against its investment portfolio. The maximum borrowing amount is limited to 25% of the investment portfolio assets. At December 31, 2023 and 2022, the Council had \$3,618,865 and \$3,404,548 outstanding on the AMA. The negative balance of \$3,116,522 and \$2,969,181 presented as part of endowment net assets without donor restrictions as of December 31, 2023 and 2022, respectively, is the result of a margin loan collateralized by the Council's investments. The loan was taken to satisfy, in part, the Council's required contribution to the Statutory Trust established as part of the bankruptcy proceedings of the National Council. The Council intends to satisfy this debt in 2024 with the sale of ancillary property. See Note 20.

Income from interest and dividends on investments and realized and unrealized gains and losses on the sales of investments are recorded initially in the Endowment Fund. Distributions of investment income 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 2023 and 2022, investment expenses were \$23,681 and \$62,096 and were included in investment income-net in the statements of activities.

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Note 9: Fair Value Measurements

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

- Money market fund - The money market mutual fund consists primarily of domestic commercial paper and other cash management instruments such as repurchase agreements and master notes, U. S. government and corporate obligations, and other securities of foreign issuers. The funds seeks to maintain a stable net asset value (NAV) of \$1.
- Mutual funds and exchange traded funds are valued at the daily closing price as reported by the fund. Mutual funds and exchange traded funds held by the Council are open-end mutual funds and exchange traded 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 and exchange traded funds held by the Council are deemed to be actively traded.
- The Council has entered into agreements to fund alternative investments totaling \$500,000. The funds invest in private equity, real estate and credit and opportunistic investments across multiple strategies, geographies and industries. The investment period is three years from the effective date, subject to a six-month extension. The distribution date shall be five years from the last date of the investment period, subject to a potential extension. As of September 30, 2022 (the most recent date that this information was available), unfunded commitments on the alternative investments amounted to \$103,329.
- Gift annuities receivable - The fair value is based on the present value of future payments to be made to other beneficiaries.
- Beneficial interest in perpetual trusts - The Council is the primary income beneficiary of two perpetual trusts, and whose assets are held by a third party. Under the terms of the trusts, the Council has the irrevocable right to receive the income generated by the trusts in perpetuity. The Council reports its interest in the perpetual trust at the fair value of the assets held in the trust.
- Beneficial interest in charitable remainder trust - The Council has an irrevocable beneficial interest in a charitable remainder trust that is administered by an independent trustee. The Council reports its remainder interest at the net present values of the estimated future cash flows expected to be received from the trust.

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.

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Notes to Financial Statements

Note 9: Fair Value Measurements (Continued)

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, 2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 443,687	\$ -	\$ -	\$ 443,687
Exchange traded funds	6,403,011	-	-	6,403,011
Mutual funds:				
Emerging markets	1,279,467	-	-	1,279,467
International	1,822,725	-	-	1,822,725
U.S. large company	3,908,750	-	-	3,908,750
U. S. small company	2,594,389	-	-	2,594,389
Real estate investment trusts	495,290	-	-	495,290
Alternative investments	-	-	327,139	327,139
Beneficial interest in charitable remainder trust	-	-	163,656	163,656
Beneficial interest in perpetual trusts	-	-	2,830,729	2,830,729
Gift annuities receivable	-	-	48,869	48,869
Total	\$ 16,947,319	\$ -	\$ 3,370,393	\$ 20,317,712

	Fair Value of Assets as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 351,294	\$ -	\$ -	\$ 351,294
Equities	12,193	-	-	12,193
Exchange traded funds	6,059,920	-	-	6,059,920
Private equity	-	-	56,608	56,608
Mutual funds				
Emerging markets	1,226,157	-	-	1,226,157
International	1,723,221	-	-	1,723,221
U.S large company	1,730,575	-	-	1,730,575
U.S. small company	4,242,768	-	-	4,242,768
Real estate investment trusts	452,652	-	-	452,652
Alternative investments	-	-	365,511	\$ 365,511
Beneficial interest in charitable remainder trust	-	-	131,879	131,879
Beneficial interest in perpetual trusts	-	-	2,637,412	2,637,412
Gift annuities receivable	-	-	39,290	39,290
Total	\$ 15,798,780	\$ -	\$ 3,230,700	\$ 19,029,480

There were no assets or liabilities measured at fair value on a nonrecurring basis as of December 31, 2023 and 2022.

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Notes to Financial Statements

Note 9: Fair Value Measurements (Continued)

The following table sets forth a summary of changes in the fair value of Level 3 investments for the years ended December 31, 2023 and 2022:

	Private Equity	Alternative Investments	Gift Annuities Receivable	Beneficial Charitable Remainder Trust	Beneficial Perpetual Trusts	Total
Balance as of January 1, 2022	\$ 60,966	\$ 469,164	\$ 44,288	\$ 165,950	\$ 3,634,734	\$ 4,375,102
Sales	-	-	-	-	(12,956)	(12,956)
Net realized and unrealized (loss)	(4,358)	(103,653)	-	-	-	(108,011)
Change in value of beneficial interest	-	-	-	(34,071)	(984,366)	(1,018,437)
Change in value of gift annuities receivable	-	-	(4,998)	-	-	(4,998)
Balance, December 31, 2022	56,608	365,511	39,290	131,879	2,637,412	3,230,700
Withdrawal	(47,665)	-	-	-	-	(47,665)
Sales	-	-	-	-	(12,330)	(12,330)
Net realized and unrealized gain (loss)	(8,943)	(38,372)	-	-	-	(47,315)
Change in value of beneficial interest	-	-	-	31,777	205,647	237,424
Change in value of gift annuities receivable	-	-	9,579	-	-	9,579
Balance as of December 31, 2023	\$ -	\$ 327,139	\$ 48,869	\$ 163,656	\$ 2,830,729	\$ 3,370,393

Note 10: Endowments

The Council's endowments consist of several individual funds and liabilities established for specific purposes. Endowment funds are established by donor-restricted gifts to either provide a donor restricted endowment, which is to provide a permanent source of income or for a specified period to the Council. The beneficial interest in perpetual trusts is considered part of the Council's endowments. 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.

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Notes to Financial Statements

Note 10: Endowments (Continued)

The Council is subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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 UPMIFA 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 UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, 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

The Council's management understands California state law as (1) requiring the preservation of the fair value of the original gifts as of the gift date of the donor-restricted endowment funds, absent donor stipulations to the contrary and (2) allowing the spending of income and gains on donor-restricted endowments, absent explicit donor stipulations that all or a portion of such gains be maintained in perpetuity.

Investment Strategies

The primary long-term financial objective for the Council's endowments is to preserve the real purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of portfolio management. Performance of the overall endowment against this objective is measured over an investment horizon of ten years. The endowments are also managed to optimize the long-run total rate of return in invested assets, existing spending policy and allows sufficient reinvestment to grow the endowment principal at a rate that meets or exceeds the return of a balanced market index consisting of 65% equities and 35% bonds.

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Note 10: Endowments (Continued)

Spending Policy

The Council's Board of Directors has developed a spending policy that distributes a specific payout rate of the endowment base to support the Council's programs. Such a policy allows for greater predictability of spendable income for budgeting purposes and for gradual steady growth for the support of operations by the endowment. In addition, this policy minimizes the invading of principal over the long-term.

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	\$ -	\$ 20,212,706	\$ 20,212,706
Board-designated endowment funds	(3,254,556)	-	(3,254,556)
Total	\$ (3,254,556)	\$ 20,212,706	\$ 16,958,150

Composition of endowment net assets for the year ended December 31, 2022, was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 18,634,259	\$ 18,634,259
Board-designated endowment funds	(2,969,181)	-	(2,969,181)
Total	\$ (2,969,181)	\$ 18,634,259	\$ 15,665,078

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Note 10: 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	\$ (2,969,181)	\$ 18,634,259	\$ 15,665,078
Contributions	202,952	4,009	206,961
Investment income	269,059	275,984	545,043
Realized and unrealized gains	98,275	1,243,436	1,341,711
Investment fees	(23,681)	-	(23,681)
Margin loan interest	(16,151)	(191,985)	(208,136)
Change in value of beneficial interest in charitable remainder trust	-	31,777	31,777
Change in value of beneficial interest in perpetual trusts	-	205,647	205,647
Change in value of beneficial interest in gift annuities receivable	-	9,579	9,579
Trust fees	(12,329)	-	(12,329)
Appropriation of endowment net assets for expenditure pursuant to spending policy	(803,500)	-	(803,500)
Endowment net assets, end of year	\$ (3,254,556)	\$ 20,212,706	\$ 16,958,150

The negative balance in board-designated endowment funds is the result of a margin loan collateralized by the Council's investments. The loan was taken to satisfy, in part, the Council's required contribution to the Statutory Trust established as part of the bankruptcy proceedings of the National Council. The Council intends to satisfy this debt in 2024 with the sale of ancillary property. See Note 20.

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Note 10: Endowments (Continued)

Changes in endowment net assets for the year ended December 31, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ 1,022,114	\$ 21,971,839	\$ 22,993,953
Contributions	139,250	1,083	140,333
Investment income	325,920	323,446	649,366
Realized and unrealized gains	(225,735)	(2,585,312)	(2,811,047)
Investment fees	(8,734)	(53,362)	(62,096)
Change in value of beneficial interest in charitable remainder trust	-	(34,071)	(34,071)
Change in value of beneficial interest in perpetual trusts	-	(984,366)	(984,366)
Change in value of beneficial interest in gift annuities receivable	-	(4,998)	(4,998)
Endowment fund expenses	(7,540)	-	(7,540)
Trust fees	(12,956)	-	(12,956)
Transfers	(3,400,000)	-	(3,400,000)
Appropriation of endowment net assets for expenditure pursuant to spending policy	(801,500)	-	(801,500)
Endowment net assets, end of year	\$ (2,969,181)	\$ 18,634,259	\$ 15,665,078

From time to time, the fair value of the assets associated with individual donor-restricted funds may fall below the level that current law requires the Council to retain for a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, these deficiencies are reported as a reduction in net assets without donor restrictions. Such deficiencies may result from unfavorable market fluctuations, particularly if the funds were invested in the endowment pool shortly prior to significant market declines. As of December 31, 2023 and 2022, there were no such deficiencies.

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Note 11: Paycheck Protection Program

On February 25, 2021, the Council was granted and received a \$452,695 award under the second round of the Paycheck Protection Program ("PPP") administered by a Small Business Administration ("SBA") approved partner. As of December 31, 2021, the Council initially recorded the award as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP award no longer existed. The Council has recognized \$452,695 as grant revenue for the year ended December 31, 2022, which represents 100% of the award.

Note 12: Net Assets and Restrictions

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

<i>December 31, 2023</i>	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditure for specified purpose:				
Capital campaign	\$ -	\$ 775,780	\$ -	\$ 775,780
Property improvements	-	554,750	-	554,750
Council general	344,833	-	-	344,833
<hr/>				
Total subject to expenditure for specified purpose	344,833	1,330,530	-	1,675,363
<hr/>				
Subject to passage of time:				
Friends of Scouting	4,682	-	-	4,682
Special events	433,414	-	-	433,414
<hr/>				
Total subject to passage of time	438,096	-	-	438,096
<hr/>				
Subject to Council spending policy and appropriation	-	-	20,212,706	20,212,706
<hr/>				
Total net assets with donor restrictions	\$ 782,929	\$ 1,330,530	\$ 20,212,706	\$ 22,326,165

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Note 12: Net Assets and Restrictions (Continued)

<i>December 31, 2022</i>	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditure for specified purpose:				
Capital campaign	\$ -	\$ 1,648,909	\$ -	\$ 1,648,909
Property improvements	-	443,862	-	443,862
Council general	339,833	-	-	339,833
<hr/>				
Total subject to expenditure for specified purpose	339,833	2,092,771	-	2,432,604
<hr/>				
Subject to passage of time:				
Friends of Scouting	3,108	-	-	3,108
Special events	441,624	-	-	441,624
<hr/>				
Total subject to passage of time	444,732	-	-	444,732
<hr/>				
Subject to Council spending policy and appropriation	-	-	18,634,259	18,634,259
<hr/>				
Total net assets with donor restrictions	\$ 784,565	\$ 2,092,771	\$ 18,634,259	\$ 21,511,595

Net assets were released from donor restrictions during 2023 and 2022 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>	2023	2022
Satisfaction of program restrictions:		
Foundations and trusts	\$ -	\$ 200,000
Capital campaign	1,030,000	-
Satisfaction of time restrictions:		
Friends of Scouting	8	-
Special events	3,210	109,876
<hr/>		
Total net assets released from restriction	\$ 1,033,218	\$ 309,876

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Note 13: Special Event Revenue

Gross receipts from special fundraising events recorded by the Council consist of exchange transaction revenue and contribution revenue.

<i>For the Year Ended December 31,</i>	2023	2022
Contribution revenue	\$ 151,804	\$ 1,173,379
Exchange transaction revenue (benefit to customer)	56,099	28,364
Total special event revenue	\$ 207,903	\$ 1,201,743

Note 14: Contributed Nonfinancial Assets

During 2023 and 2022, donated professional services and rent totaling \$1,044,980 and \$2,247,013, respectively, were received which satisfied the criteria for recognition during the year, of which \$834,980 and \$2,037,013, respectively, related to legal services performed by Council Board members who are attorneys. The remaining portion totaling \$210,000 is donated use of Camp Cabrillo for both years ended December 31, 2023 and 2022.

Contributed nonfinancial assets do not include any donor restrictions.

The contributed use of camps are based on the value of the use of similar property.

Contributed services recognized comprise professional services from Council Board members who are attorneys advising on the bankruptcy settlement discussed in Note 19. The bulk of the legal services provided were counsel related to the bankruptcy of the National Council. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar legal services.

Note 15: Retirement Plans

BSA Retirement Plan

The National Council has a qualified defined benefit pension plan (the "Plan") administered at the national office that covers employees of the National Council and local Councils including this local area Council. The Plan name is the *Boy Scouts of America Master Pension Trust - Boy Scouts of America Retirement Plan for Employees*. Effective August 1, 2020, the plan was frozen to all employees. The Council contributed 7.75% of eligible employees' compensation, increasing to 12% on July 1, 2021, to the BSA retirement program. Pension expense (excluding the contributions made by employees) for the years ended December 31, 2023 and 2022 was \$301,512 and \$224,750, respectively, and covered current service cost. The actuarial information for the plan as of February 1, 2021, indicates that it is in compliance with ERISA regulations regarding funding.

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Notes to Financial Statements

Note 15: Retirement Plans (Continued)

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 6 percent of each employee's gross pay. The Council made contributions of \$53,748 and \$50,127, respectively, to the BSA Match Savings Plan during the years ended December 31, 2023 and 2022.

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, 2023 and 2022, the Council remitted approximately \$203,593 and \$213,863, respectively, on behalf of its employees to the National Council related to the health care plan.

Note 16: Related Parties

The Council pays an annual national service fee to the Boy Scouts of America, Inc. (BSA), a related party. The BSA oversees the Council's program and sets rules and regulations that the Council must follow. For the years ended December 31, 2023 and 2022 this fee totaled \$112,298 and \$103,500, respectively.

The Council collects annual registration fees from local packs, troops, crews, and posts, and remits these fees to the National Council. These fees are not recognized in the Council's statements of activities. The Council remitted \$669,955 and \$635,906 in registration fees to the National Council during 2023 and 2022, respectively. Due to timing differences, unremitted fees at the end of the period are included in the custodial accounts liability.

The National Council operates a Scout shop within the Los Angeles area, separate and apart from the two Council operated shops. The National Council pays the Council an 8% commission on gross sales up to \$750,000, and 5% in excess of \$750,000. The commissions earned before expenses by the Council during the years ended December 31, 2023 and 2022 amounted to \$66,175 and \$77,605, respectively, which are included in other revenue in the statements of activities.

The Council conducted business with a direct mail and consulting firm whose principal is also a Board member. The Council paid \$17,957 and \$23,336 to this firm during the years ended December 31, 2023 and 2022, respectively.

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Notes to Financial Statements

Note 17: 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 18: Liquidity and Availability of Resources

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>	2023	2022
Cash - Operating Fund	\$ 612,613	\$ 1,470,044
Accounts receivable, net - Operating Fund	282,399	303,924
Contributions receivable, net - Operating Fund	100	911,347
Total financial assets as of end of year	895,112	2,685,315
Appropriation from endowment for general expenditure in subsequent year	714,928	804,000
Less: Net assets with donor restrictions	(782,929)	(784,565)
Less: Custodial accounts	(228,711)	(184,287)
Financial assets available to meet cash needs for general expenditures within one year	\$ 598,400	\$ 2,520,463

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 endowment has a spending rate of up to 5% of the preceding four years ending June 30 average balance of the endowment fund. \$714,928 and \$804,000 of appropriations from the endowment will be available within the next 12 months as of December 31, 2023 and 2022, 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 Board-designated endowment. 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.

Additionally, the Council has entered into an agreement which allows it to borrow against its investment portfolio. At December 31, 2023, the maximum borrowing amount available to the Council was \$2,789,004.

Greater Los Angeles Area Council, Inc.

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Notes to Financial Statements

Note 19: Commitments and Contingencies

Litigation and Contingencies

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. The Council committed to contribute \$8,000,000 to the Settlement Trust in accordance with the Plan of Reorganization. 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. No additional liability exists beyond the already contributed \$8,000,000.

Note 20: Subsequent Events

The Council has the following subsequent events:

- Notes receivable - subsequent to year end but prior to the issuance of the financial statements the note receivable of \$2,818,334 as described in Note 4 was paid in full.
- Subsequent to year end but prior to the issuance of the financial statements the Council paid \$2,818,334 towards the outstanding principal on the aggregate margin loan referenced in Note 8, resulting in outstanding principal of approximately \$885,000.
- Subsequent to year end but prior to the issuance of the financial statements the Council entered into a transaction to sell the office building in San Gabriel Valley as part of a coordinated strategy to dispose of ancillary property unrelated to core program delivery.
- Subsequent to year end but prior to the issuance of the financial statements the Camp Cherry Valley property has been leased to a new tenant and the Council has no further financial liability.