

Gulf Coast Council, Inc. Boy Scouts of America

[Financial Statements](#)

Year Ended December 31, 2023



WIPFLI

Independent Auditor's Report

Board of Directors
Gulf Coast Council, Boy Scouts of America Inc.
Pensacola, Florida

Opinion

We have audited the financial statements of Gulf Coast Council, Boy Scouts of America Inc. (the "Council"), a nonprofit organization, which comprise the statement of financial position as of December 31, 2023, and the related 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 Gulf Coast Council, Boy Scouts of America Inc. as of December 31, 2023, 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 audit 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 Gulf Coast Council, Boy Scouts of America Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 GAAP, 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 Gulf Coast Council, Boy Scouts of America Inc.'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 Gulf Coast Council, Boy Scouts of America Inc.'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 Gulf Coast Council, Boy Scouts of America Inc.'s ability to continue as a going concern for a reasonable period of time.

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



Wipfli LLP

Duluth, Minnesota
October 16, 2024

Gulf Coast Council
Boy Scouts of America
Statement of Financial Position

December 31, 2023

Assets	Operating Fund	Capital Fund	Endowment Fund	Total
Current assets:				
Cash and cash equivalents	\$ 11,761	\$ 47,124	\$ 17,973	\$ 76,858
Accounts receivable	14,824	-	-	14,824
Prepaid expenses	16,431	-	-	16,431
Interfund loans	-	-	236,942	236,942
 Total current assets	 43,016	 47,124	 254,915	 345,055
Property and equipment - Net	-	497,093	-	497,093
Right of use asset - finance lease	-	8,818	-	8,818
 Other assets:				
Cash surrender value of life insurance policies	-	-	8,249	8,249
Investments	-	-	194,197	194,197
 Total other assets	 -	 -	 202,446	 202,446
 TOTAL ASSETS	 \$ 43,016	 \$ 553,035	 \$ 457,361	 \$ 1,053,412
Liabilities and Net Assets	Operating Fund	Capital Fund	Endowment Fund	Total
Current liabilities:				
Accounts payable	\$ 33,096	\$ 3,652	\$ -	\$ 36,748
Accrued expenses	42,546	-	-	42,546
Custodial accounts	45,670	-	-	45,670
Deferred revenue	117,090	-	-	117,090
Interfund loan	236,942			236,942
Line of credit	151,141	-	-	151,141
Current portion of finance lease liability	-	5,081	-	5,081
Current portion of note payable	8,074	-	-	8,074
Other current liabilities	15,989	-	-	15,989
 Total current liabilities	 650,548	 8,733	 -	 659,281
 Long-term liabilities:				
Finance lease liability - net of current portion	-	3,821	-	3,821
Note payable, net of current portion	491,926	-	-	491,926
 Total liabilities	 1,142,474	 12,554	 -	 1,155,028
 Net assets:				
Without donor restrictions	(1,104,608)	436,631	448,112	(219,865)
With donor restrictions	5,150	103,850	9,249	118,249
 Total net assets	 (1,099,458)	 540,481	 457,361	 (101,616)
 TOTAL LIABILITIES AND NET ASSETS	 \$ 43,016	 \$ 553,035	 \$ 457,361	 \$ 1,053,412

See accompanying notes to financial statements.

Gulf Coast Council
Boy Scouts of America

Statement of Activities

Year Ended December 31, 2023

	Operating Fund	Capital Fund	Endowment Fund	Total
Changes in net assets without donor restrictions:				
Direct support:				
Friends of Scouting	\$ 161,707	\$ -	\$ -	\$ 161,707
Contributions of non-financial assets	31,413	-	-	31,413
Other direct support	1,870	1,500	-	3,370
Special events	141,130	-	-	141,130
Less: Direct cost of special events	(24,100)	-	-	(24,100)
Special events - Net	117,030	-	-	117,030
Total direct support	312,020	1,500	-	313,520
Indirect support:				
United Way	1,578	-	-	1,578
Government grants	9,000	-	-	9,000
Other indirect support	742	-	-	742
Total indirect support	11,320	-	-	11,320
Revenue:				
Sales of supplies - gross	16,899	-	-	16,899
Less cost of goods sold	(12,330)	-	-	(12,330)
Net sales of supplies	4,569	-	-	4,569
Product sales	391,559	-	-	391,559
Less: Cost of goods sold	(136,970)	-	-	(136,970)
Less: Commissions paid to units	(144,360)	-	-	(144,360)
Net product sales	110,229	-	-	110,229
Other revenue:				
Camping revenue	161,176	-	-	161,176
Activity revenue	237,455	-	-	237,455
Investment income - Net	75	126	29,367	29,568
Council participation fees	120,386	-	-	120,386
Total other revenue	519,092	126	29,367	548,585
Total revenue	633,890	126	29,367	663,383
Total support and revenue	957,230	1,626	29,367	988,223

Gulf Coast Council
Boy Scouts of America
Statement of Activities (Continued)
Year Ended December 31, 2023

	Operating Fund	Capital Fund	Endowment Fund	Total
Expenses:				
Program services	933,417	62,776	-	996,193
Support services:				
Management and general	100,182	2,179	-	102,361
Fundraising	104,618	1,845	-	106,463
Total support services	204,800	4,024	-	208,824
Total functional expenses	1,138,217	66,800	-	1,205,017
Charter and National service fees	32,964	-	-	32,964
Total expenses	1,171,181	66,800	-	1,237,981
Increase (decrease) in net assets without donor restrictions	(213,951)	(65,174)	29,367	(249,758)
Changes in net assets with donor restrictions:				
Direct support:				
Capital campaign	-	11,150	-	11,150
Other direct	-	-	1,000	1,000
Project sales	5,150	-	-	5,150
Total direct support	5,150	11,150	1,000	17,300
Other revenue:				
Change in value of cash surrender value	-	-	1,034	1,034
Increase (decrease) in net assets with donor restrictions	5,150	11,150	2,034	18,334
Change in total net assets	(208,801)	(54,024)	31,401	(231,424)
Net assets, beginning of the year:				
Without donor restrictions	(918,680)	501,961	446,612	29,893
With donor restrictions	-	92,700	7,215	99,915
Total net assets, beginning of the year	(918,680)	594,661	453,827	129,808
Transfers of net assets	28,023	(156)	(27,867)	-
Net assets, end of the year:				
Without donor restrictions	(1,104,608)	436,631	448,112	(219,865)
With donor restrictions	5,150	103,850	9,249	118,249
Total net assets, end of the year	\$ (1,099,458)	\$ 540,481	\$ 457,361	\$ (101,616)

See accompanying notes to financial statements.

Gulf Coast Council

Boy Scouts of America

Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services	Supporting Services			Total
		Management and General	Fundraising		
Employee compensation:					
Salaries	\$ 342,087	\$ 54,523	\$ 46,135	\$ 442,745	
Employee benefits	75,617	12,935	10,944	99,496	
Payroll taxes and worker's compensation	25,503	4,362	3,691	33,556	
Total employee compensation	443,207	71,820	60,770	575,797	
Other expenses:					
Professional fees	47,422	8,112	6,864	62,398	
Supplies	170,151	2,387	12,615	185,153	
Supplies and other for special events	-	-	24,100	24,100	
Popcorn expenses	12,330	-	-	12,330	
Commissions paid to units	136,970	-	-	136,970	
Cost of supplies	144,360	-	-	144,360	
Telephone	8,361	1,112	940	10,413	
Postage and shipping	186	32	801	1,019	
Occupancy	62,531	3,530	2,987	69,048	
Rent and maintenance of equipment	14,938	1,223	1,034	17,195	
Printing and publications	7,917	1,354	1,146	10,417	
Travel	76,148	3,857	3,264	83,269	
Conferences and meetings	61,849	885	749	63,483	
Specific assistance to individuals	2,284	237	200	2,721	
Recognition awards	11,235	556	7,697	19,488	
Insurance	16,042	2,661	2,445	21,148	
Miscellaneous	21,116	3,316	3,867	28,299	
Total other expenses	793,840	29,262	68,709	891,811	
Expenses before depreciation & amortization	1,237,047	101,082	129,479	1,467,608	
Depreciation and amortization	52,806	1,279	1,084	55,169	
Total expenses	1,289,853	102,361	130,563	1,522,777	
Less expenses included with revenue on the statement of activities:					
Direct cost of special events	-	-	(24,100)	(24,100)	
Cost of goods sold - supplies	(12,330)	-	-	(12,330)	
Cost of goods sold - popcorn	(136,970)	-	-	(136,970)	
Commissions paid to units	(144,360)	-	-	(144,360)	
Total functional expenses	\$ 996,193	\$ 102,361	\$ 106,463	\$ 1,205,017	

See accompanying notes to financial statements.

Gulf Coast Council
Boy Scouts of America

Statement of Cash Flows

Year Ended December 31, 2023

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
Cash flows from operating activities:				
Change in net assets	\$ (208,801)	\$ (54,024)	\$ 31,401	\$ (231,424)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	- 55,169	- -	- 55,169	55,169
Realized loss on investments	- -	- 1,420	- 1,420	1,420
Unrealized gain on investments	- -	- (34,164)	- (34,164)	(34,164)
Change in cash surrender value	- -	- (1,034)	- (1,034)	(1,034)
Non-cash finance lease expense	- (35)	- -	- (35)	(35)
Contributions restricted for long-term purposes	- (11,150)	- (1,000)	- (12,150)	(12,150)
Changes in assets and liabilities:				
Accounts receivable	(14,824)	- -	- -	(14,824)
Prepaid expenses	5,994	- -	- -	5,994
Interfund loans	(31,367)	- 31,367	- -	- -
Accounts payable	376	3,686	- -	4,062
Accrued expenses	30,171	- -	- -	30,171
Custodial accounts	(11,324)	- -	- -	(11,324)
Deferred revenue	20,511	- -	- -	20,511
Other current liabilities	(3,448)	- -	- -	(3,448)
Net cash provided by (used in) operating activities	(212,712)	(6,354)	27,990	(191,076)
Cash flows from investing activities:				
Purchases of property and equipment	- (41,812)	- -	- -	(41,812)
Proceeds from sales of investments	- -	- 183	- 183	183
Net cash provided by (used in) investing activities	- (41,812)	183	183	(41,629)
Cash flows from financing activities:				
Draws on line of credit	313,825	- -	- -	313,825
Payments on line of credit	(162,684)	- -	- -	(162,684)
Payments on finance lease	- (5,065)	- -	- -	(5,065)
Contributions restricted for long-term purposes	- 11,150	1,000	12,150	12,150
Inter-fund transfers	28,023	(156)	(27,867)	- -
Net cash provided by (used in) financing activities	179,164	5,929	(26,867)	158,226
Net increase (decrease) in cash	(33,548)	(42,237)	1,306	(74,479)
Cash at beginning of year	45,309	89,361	16,667	151,337
Cash at end of year	\$ 11,761	\$ 47,124	\$ 17,973	\$ 76,858

See accompanying notes to financial statements.

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies

Nature of Operations

The Gulf Coast Council (the "Council") operates in Pensacola, Florida and serves the youth in Bay, Washington, Holmes, Gulf, Walton, Okaloosa, Santa Rosa, and Escambia Counties in Florida and Conecuh, Escambia, and Monroe Counties in Alabama. The Council is an independent not-for-profit corporation devoted to promoting, within the territory covered by the charter granted it by the Boy Scouts of America and in accordance with the congressional program, the ability of boys and young men and women to do things for themselves and others, training them in scoutcraft and teaching them patriotism, courage, self-reliance, and to prepare them to make ethical choices over their lifetime and achieve their full potential using the methods which are now in common use by the Boy Scouts of America.

The Council's programs are classified as follows:

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

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

Cub Scouting – Family and community-centered approach for boys ages 8 through 10 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 – Scouts BSA is a year-round program for youth 11-17 years old that provides fun, adventure, learning, challenge, and responsibility to help them become the best version of themselves.

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

Families can choose to sign up their sons and daughters who are ages 5-10 for Cub Scouts. Chartered organizations may choose to establish a new girl pack, establish a pack that consists of girl dens and boy dens or remain an all-boy pack. Cub Scout dens will be single gender - all boys or all girls. Using the same curriculum as the (now) former Boy Scouting program, Scouts BSA launched in February 2019, enabling all eligible youth ages 11-17, to earn the Eagle Scout rank. Scouts BSA is single gender - all-girl troops or all-boy troops. This unique approach allows the organization to maintain the integrity of the single-gender model while also meeting the needs of today's families.

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

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting

The financial statements of the Council has 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).
- *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.

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 capital fund is used to account for property, buildings, equipment, and legally restricted cash that is to be expended for property, buildings, and equipment and related debt payments. Also, included in this fund are investments either restricted or designated for capital repair and improvements where the income is either designated or restricted for those particular items. Revenues and expenses related to the capital fundraising campaign are also included in this fund.

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Accounting and Description of Funds (Continued)

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.

Certain donor-restricted net assets have been restricted by donors to be maintained by the Council in perpetuity.

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 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.

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 is stated at cost and consists primarily of costs incurred in the construction of building improvements. No provision for depreciation is made on construction in progress until the assets are complete and placed into service.

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.

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

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 statement 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.

Cash Surrender Value of Life Insurance Policies

The Council is the beneficiary of life insurance policies that were established by donors who pay the premiums and name the Council as beneficiary. Contribution revenue and a related asset were recognized at the date the policies were established at an amount equal to the cash surrender value of the policies. The life insurance policies are reported at the cash surrender value of the policies at December 31, 2023.

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.

Custodial Accounts

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

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies (Continued)

Lease Accounting

The Council is a lessee in a finance lease. 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 finance leases is amortized on a straight-line basis over the lease term.

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

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

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

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

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies (Continued)

Contribution Revenue (Continued)

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

Donated Materials, Facilities, and Services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Council reports the donations as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not either require specialized skills or enhance nonfinancial assets are not recorded in the accompanying 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

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

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

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

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. Per FASB ASU 2014-09, the Council is required to assess the probability of collecting these accounts receivable in order to determine whether there is a substantive transaction between the Council and the unit. In making this collectability assessment, the Council exercises judgment and considers all facts and circumstances, including its knowledge of the customer. The Council uses the Trail's End website to track and manage unit accounts receivable. With popcorn sales, the performance obligation is delivery of the product, which is fulfilled by the Council at predetermined times and locations. Revenue recognition occurs when the product has been delivered. The Council presents separately in its statement 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, 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 (shooting sports, for example), which are separately priced. BSA activities such as Wood Badge may involve program supplies, recognition items, and meals, and are also considered to be one performance obligation. Fees collected in advance of delivery of the camp or activity are initially recognized as liabilities (deferred revenue) and are only recognized in the statement of activities after delivery of the program has occurred.

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

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. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligations. Accordingly, the Council separately presents in its notes to financial statements the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Council in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Council follows AICPA guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

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

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Other Revenue - Other revenue consists of rent revenue 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, insurance, and professional fees, 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 statement 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 currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

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 differ from those estimates.

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

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 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 collectability 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 (ASC) 326. 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 October 16, 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	1/1/2023
Contract liabilities	\$ 117,090	\$ 52,919
Accounts receivable	\$ 14,824	\$ -

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 January 1, 2023. Contract liabilities represent the Council's obligation to transfer goods or services to a customer when consideration has already been received from the customer. When transfer of control of the related good or service occurs, contract liabilities are reclassified, and revenue is recognized.

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 3: Property and Equipment

A summary of property and equipment is as follows:

<i>As of December 31, 2023</i>	<i>Estimated Life</i>	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net</i>
Land		\$ 186,100	\$ -	\$ 186,100
Land improvements	10 yrs	513,510	399,185	114,325
Buildings	50 yrs	1,011,462	879,980	131,482
Leasehold improvements	20 yrs	15,569	15,569	-
Camp equipment	10 yrs	134,623	110,830	23,793
Office equipment	3 - 10 yrs	44,629	42,115	2,514
Vehicles	4 yrs	15,000	13,833	1,167
Construction in progress		37,712	-	37,712
Total		\$ 1,958,605	\$ 1,461,512	\$ 497,093

Depreciation expense totaled \$50,130 for the year ending December 31, 2023.

Note 4: Investments

Investments consisted of the following:

<i>As of December 31,</i>	<i>2023</i>
Mutual funds:	
Fixed income	\$ 51,058
Equity funds	12,773
Common stocks	122,879
Exchange-traded funds	7,487
Total	\$ 194,197

Net investment income consisted of the following:

<i>Year Ended December 31, 2023</i>	<i>2023</i>
Interest and dividends	\$ 4,927
Realized losses	(1,420)
Unrealized gains	34,164
Investment fees	(8,103)
Total	\$ 29,568

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 4: Investments (Continued)

Income from interest and dividends on investments and realized and unrealized gains and losses on the sales of investments ("Investment Income, Gains, and Losses") are recorded initially in the Endowment Fund. Distributions of Investment Income, Gains, and Losses from the Endowment Fund are recorded as income by the Operating and Capital Funds in the period in which the distributions are made in accordance with the Council's spending policy.

Note 5: Fair Value Measurements

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

- Mutual funds and exchange traded funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Council are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Council are deemed to be actively traded.
- Common stocks are valued at the daily closing price in an active market.
- The Council is the beneficiary of group of life insurance policies that were established by donors who pay the premiums and name the Council as beneficiary. Contribution revenue and a related asset were recognized at the date the policies were established at an amount equal to the cash surrender value of the policies. The fair value is the cash surrender value of the policies at December 31, 2023.

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

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

	Fair Value of Assets as of December 31, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds				
Fixed income	51,058	-	-	51,058
Equity funds	12,773	-	-	12,773
Common stock	122,879	-	-	122,879
Exchange-traded funds	7,487	- \$	-	7,487
Cash surrender value of life insurance policies	-	-	8,249	8,249
Total	\$ 194,197	\$ -	\$ 8,249	\$ 202,446

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 5: Fair Value Measurements (Continued)

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

Information regarding the changes in the fair value of the Council's assets using significant unobservable inputs (Level 3) follows:

<i>Year Ended December 31,</i>		2023
Beginning of year	\$	7,215
Change in value		1,034
Total	\$	8,249

Note 6: Leases

The Council leases office equipment at the rate of \$425 per month. The lease expires September 2025. There is not an option to renew.

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 only fixed payments.

Supplemental information related to leases is as follows for the year ended December 31, 2023:

Weighted-average remaining lease term - Finance leases 1.75 years

Weighted-average discount rate - Finance leases 0.31 %

Approximate future annual minimum payments as of December 31, 2023 are as follows:

<i>Years Ended December 31,</i>		Finance Leases
2024	\$	5,101
2025		3,821
Total lease payments		8,922
Less imputed interest		(104)
Total	\$	8,818

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 7: Long-Term Debt

Long-term debt consisted of the following at December 31, 2023:

	2023
2.75% unsecured note payable with Small Business Administration. The loan provides for monthly payments of \$2,203 with payments credited to accrued interest first before principal. The note matures on August 1, 2050.	\$ 500,000
Total long-term liabilities	500,000
Less: current maturities	(8,074)
Total long-term liabilities, net	\$ 491,926

Approximate future annual minimum payments as of December 31, 2023 are as follows:

2024	\$ 8,074
2025	12,872
2026	13,230
2027	13,599
2028	13,977
Thereafter	438,248
Total	\$ 500,000

Note 8: Line of Credit

The Council maintains a line of credit with ServisFirst Bank in the amount of \$250,000 with interest at the Prime Rate published in the Wall Street Journal. The effective rate at December 31, 2023, was 8.5%. The line of credit matures November 24, 2024. The line of credit is collateralized by real property. The balance on the line of credit at December 31, 2023 was \$151,141.

Note 9: Endowments

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

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 9: Endowments (Continued)

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

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

Return Objectives

The trust portfolio is intended to produce a total return that will exceed the sum of the 5% distribution plus inflation, management, and trustee fees. The Council's investment policy provides guidelines for each investment portfolio that are intended to control the level of overall risk and liquidity assumed in that portfolio. The endowment assets are invested in accordance with predetermined asset allocation and performance benchmarks. Investment performance is reviewed at least annually to determine attainment of investment objectives.

Spending Policy

The Council had a board approved spending policy that requires the withdrawal of funds from the trust accounts be consistent with the provisions of the existing trust agreement. The policy defined the total funds available from the endowment fund in a given year as 5% of the endowment fund's average market value over the preceding three years. However, the board has decided to freeze any withdrawal until the endowment fund's interfund loan is paid off.

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 9: Endowments (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 9,249	\$ 9,249
Board-designated endowment funds	448,112	-	448,112
Total	\$ 448,112	\$ 9,249	\$ 457,361

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	\$ 446,612	\$ 7,215	\$ 453,827
Contributions	-	1,000	1,000
Interest and dividends	4,726	-	4,726
Realized and unrealized gains	32,744	-	32,744
Investment fees	(8,103)	-	(8,103)
Change in cash surrender value of life insurance policies	-	1,034	1,034
Transfer	(27,867)	-	(27,867)
Endowment net assets, end of year	\$ 448,112	\$ 9,249	\$ 457,361

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

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 10: 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:				
Operating	\$ 5,150	\$ -	\$ 1,000	\$ 6,150
Capital projects/purchases	-	97,850	-	97,850
Latrine conversions	-	6,000	-	6,000
Total subject to expenditure for specified purpose	5,150	103,850	1,000	110,000
Subject to passage of time:				
Insurance policies cash surrender value	-	-	8,249	8,249
Total subject to passage of time	-	-	8,249	8,249
Total net assets with donor restrictions	\$ 5,150	\$ 103,850	\$ 9,249	\$ 118,249

Note 11: 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 12: Contributed Nonfinancial Assets

Contributed nonfinancial assets for the year ended December 31, 2023, consists of:

<i>Year Ended December 31, 2023</i>	<i>2023</i>
Bit-Wizards marketing services	\$ 31,413
Total	\$ 31,413

The Council recognizes contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor imposed restrictions. Bit-wizards marketing services are used in various programs and recorded at fair value based on the amount the vendor would charge in the open market for similar services.

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 13: Special Event Revenue

Gross receipts from special fundraising events recorded by the Council consist of exchange transaction revenue and contribution revenue as summarized below:

For the Year Ended December 31,	2023
Contribution revenue	\$ 117,030
Exchange transaction revenue (benefit to customer)	24,100
Total special event revenue	\$ 141,130

Note 14: Employee Benefit Plans

BSA Retirement Program

Local councils contributed 7.75% of the employee's compensation to the BSA retirement program through January 31, 2021. Effective February 1, 2021, the council's contribution to the BSA retirement program increased from 7.75% to 12%. Local councils are invoiced by the National council on a monthly basis for the difference between the 12% and the employer contributions to the BSA Match Savings Plan (see below). The Council made employer contributions to the plan of \$37,364 in 2023.

BSA Match Savings Plan

The Council participates in a defined contribution plan established by the National Council of the Boy Scouts of America. The plan name is the BSA Match Savings Plan, which covers substantially all of the employees of the Council. Participants in the BSA Match Savings Plan may elect to make voluntary before-tax and/or Roth after-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Internal Revenue Code of 1986, as amended. The Council matches employee contributions to the BSA Match Savings Plan up to 50 percent of contributions from each participant, limited to 6 percent of each employee's gross pay. The Council contributed approximately \$9,662 to the BSA Match Savings Plan in 2023.

Health Care Plan

The Council's employees participate in a health care plan provided by the National Council. The Council pays a portion of the cost for the employees, and the employees pay the remaining portion and the cost for any of their dependents participating in the plan. During the year ended December 31, 2023, the Council remitted approximately \$46,350, on behalf of its employees to the National Council related to the health care plan.

Note 15: Related Parties

The Council pays a national service fee to the Boy Scouts of America, Inc. (BSA), a related party, annually. The BSA oversees the Council's program and sets rules and regulations that the Council must follow. For the year ended December 31, 2023 this fee totaled \$32,964.

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 16: 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>	<i>2023</i>
Cash - Operating Fund	\$ 11,761
Accounts receivable - Operating Fund	13,274
 Total financial assets as of end of year	 25,035
 Less: Net assets with donor restrictions	 (5,150)
Less: Custodial accounts	(45,670)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ (25,785)

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

As part of the Council's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Council invests cash in excess of daily requirements in short-term investments. Additionally, the Council has a Board-designated endowment of \$448,112. 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.

Note 17: 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.

Gulf Coast Council, Boy Scouts of America Inc.

Notes to Financial Statement

Note 17: Commitments and Contingencies (Continued)

On February 18, 2020, the National Council filed for relief under Chapter 11 of the United States Bankruptcy Code to resolve all sexual abuse litigation against the National Council and against all local councils, including the Council, that arose prior to the date of filing. On September 8, 2022, the Bankruptcy Court entered an order confirming the Third Modified Fifth Amended Chapter 11 Plan of Reorganization, which required all local councils, including the Council, to make a substantial contribution to the Settlement Trust in exchange for such protection from sexual abuse claims. At that time, the Council committed to contribute \$140,734 to the Settlement Trust in accordance with the Plan of Reorganization. The Council paid the full amount of \$140,734 to the Settlement Trust in 2022, satisfying the Council's obligation. In return for the Council's contribution to the Settlement Trust, the Plan channels to the Settlement Trust abuse claims that arose prior to the filing date and the Council has no further liability for those claims. The National Council emerged from bankruptcy on April 19, 2023.

Note 18: Going Concern Consideration

As indicated in the accompanying financial statements, the Council showed a decrease in net assets of \$231,424 during the year ended December 31, 2023. In addition, the Council's operating fund has a deficit of \$1,099,458, and the operating cash flows for the year ended December 31, 2023 was a negative \$212,712. Those factors create an uncertainty about the Council's ability to continue as a going concern. Management of the Council is developing a plan to increase fundraising, camps and activities along with a yearly council fee charged to all members, hiring of a new Scout Executive, adding a development committee to focus on fundraising and execution, and a task force to determine how to increase revenue from properties. The ability of the Council to continue as a going concern is dependent on the plan's success. The financial statements do not include any adjustments that might be necessary if the Council is unable to continue as a going concern.