



JohnsonLambert LLP
cpas + consultants

National Capital Area Council, Boy Scouts of America (d.b.a Scouting America)

Audited Financial Statements and Supplemental Information

*Years ended December 31, 2025 and 2024
with Report of Independent Auditors*

National Capital Area Council, Boy Scouts of America (d.b.a. Scouting America)

Audited Financial Statements
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Years ended December 31, 2025 and 2024

Contents

Report of Independent Auditors.....1 - 3

Audited Financial Statements

Statements of Financial Position with Supplemental Financial Information.....4
Statements of Activities with Supplemental Financial Information.....5 - 6
Statements of Changes in Net Assets with Supplemental Financial Information.....7
Statements of Cash Flows with Supplemental Financial Information.....8 - 9
Statements of Functional Expenses10 - 11
Notes to Financial Statements.....12 - 31

Report of Independent Auditors

Board of Directors

National Capital Area Council, Boy Scouts of America (d.b.a. Scouting America)

Opinions

We have audited the financial statements of National Capital Area Council, Boy Scouts of America (d.b.a Scouting America) (the Council), which comprise the statements of financial position as of December 31, 2025 and 2024 and the related statements of activities, changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 the Council's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The 2025 fund detail consisting of the Operating fund, the Capital fund and the Endowment fund presented on pages 4 - 9 is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual funds and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Johnson Lambert LLP". The signature is written in a cursive, flowing style.

Vienna, Virginia
May 13, 2026

National Capital Area Council, Boy Scouts of America

Statements of Financial Position with Supplemental Information

As of December 31, 2025 and 2024

				Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2025	2024
Assets					
Cash and cash equivalents	\$ 4,311,896	\$ 1,778,582	\$ 1,554,057	\$ 7,644,535	\$ 4,419,438
Restricted cash	482,225	-	-	482,225	507,536
Pledges receivable, net	162,198	-	3,200	165,398	2,927,707
Accounts receivable	65,818	-	-	65,818	34,793
Inventories	164,040	-	-	164,040	175,593
Prepaid expenses and other assets	275,022	-	86,332	361,354	195,564
Investments	-	-	14,434,825	14,434,825	11,871,707
Land, buildings and equipment, net	-	22,650,588	-	22,650,588	23,650,690
ROU assets - operating leases	438,853	-	-	438,853	557,814
Total assets	<u>\$ 5,900,052</u>	<u>\$ 24,429,170</u>	<u>\$ 16,078,414</u>	<u>\$ 46,407,636</u>	<u>\$ 44,340,842</u>
Liabilities and net assets					
Liabilities:					
Accounts payable and accrued expenses	\$ 411,533	\$ 9,835	\$ -	\$ 421,368	\$ 426,985
Custodian accounts	429,401	-	-	429,401	456,745
Deferred revenue:					
Activity revenue	365,977	-	-	365,977	89,329
Camping program	80,042	-	-	80,042	91,615
Other	1,121,316	-	-	1,121,316	1,138,814
Lease liabilities - operating leases	476,268	-	-	476,268	599,710
Total liabilities	<u>2,884,537</u>	<u>9,835</u>	<u>-</u>	<u>2,894,372</u>	<u>2,803,198</u>
Net assets:					
Without donor restrictions	2,629,274	24,379,200	3,822,013	30,830,487	29,552,830
With donor restrictions	386,241	40,135	12,256,401	12,682,777	11,984,814
Total net assets	<u>3,015,515</u>	<u>24,419,335</u>	<u>16,078,414</u>	<u>43,513,264</u>	<u>41,537,644</u>
Total liabilities and net assets	<u>\$ 5,900,052</u>	<u>\$ 24,429,170</u>	<u>\$ 16,078,414</u>	<u>\$ 46,407,636</u>	<u>\$ 44,340,842</u>

See accompanying notes to financial statements.

National Capital Area Council, Boy Scouts of America

Statements of Activities with Supplemental Information

Years ended December 31, 2025 and 2024

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2025	2024
Changes in net assets without donor restrictions					
Public support and revenue:					
Direct public support:					
Friends of Scouting, net	\$ 713,346	\$ -	\$ -	\$ 713,346	\$ 710,315
Contributions	843,607	-	-	843,607	724,747
Special events revenue	183,399	-	-	183,399	163,711
Special fundraising events, gross	1,027,006	-	-	1,027,006	888,458
Less cost of direct benefits to donors	(183,399)	-	-	(183,399)	(163,711)
Special fundraising events, net	843,607	-	-	843,607	724,747
Foundations, estates and trusts, net	764,871	1,250,000	750,000	2,764,871	2,842,564
Other contributions	214,259	65,250	-	279,509	247,322
In-kind contributions	33,344	-	-	33,344	17,950
Total direct public support	2,569,427	1,315,250	750,000	4,634,677	4,542,898
Indirect public support:					
United Way and other support	95,935	-	-	95,935	123,358
Government fees and grants	-	-	-	-	10,000
Total indirect public support	95,935	-	-	95,935	133,358
Other revenue:					
Sale of supplies (less cost of goods sold of \$68,261 in 2025 and \$86,687 in 2024)	33,250	-	-	33,250	48,199
Product sales	2,215,559	-	-	2,215,559	2,031,601
Less cost of goods sold	(645,419)	-	-	(645,419)	(619,523)
Commissions paid to units	(815,018)	-	-	(815,018)	(753,277)
Product sales, net	755,122	-	-	755,122	658,801
Investment return, net	383,623	225,510	391,682	1,000,815	495,618
Camping fees	2,555,549	-	-	2,555,549	2,340,812
Activity revenue	599,278	-	-	599,278	636,891
Other revenue	2,342,218	5,000	-	2,347,218	3,817,225
Total other revenue	6,669,040	230,510	391,682	7,291,232	7,997,546
	9,334,402	1,545,760	1,141,682	12,021,844	12,673,802
Net assets released from restrictions	255,950	20,000	-	275,950	310,324
Total public support and revenue	\$ 9,590,352	\$ 1,565,760	\$ 1,141,682	\$ 12,297,794	\$ 12,984,126

See accompanying notes to financial statements.

National Capital Area Council, Boy Scouts of America

Statements of Activities with Supplemental Information (Continued)

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2025	2024
Expenses:					
Program services - Scouting	\$ 7,608,830	\$ 1,211,651	\$ -	\$ 8,820,481	\$ 8,620,327
Support services:					
Management and general	736,437	117,275	-	853,712	854,250
Fundraising	1,019,876	162,408	-	1,182,284	806,948
Total support services	1,756,313	279,683	-	2,035,996	1,661,198
Unallocated payments to Boy Scouts of America	163,660	-	-	163,660	170,461
Total expenses	9,528,803	1,491,334	-	11,020,137	10,451,986
Change in net assets without donor restrictions	61,549	74,426	1,141,682	1,277,657	2,532,140
Changes in net assets with donor restrictions					
Public support and revenue:					
Direct public support:					
Friends of Scouting, net	131,817	-	-	131,817	196,394
Special fundraising events, net	36,000	-	-	36,000	-
Other	13,750	25,250	54,568	93,568	218,523
Total direct public support	181,567	25,250	54,568	261,385	414,917
Indirect public support:					
United Way and other support	23,570	-	-	23,570	18,986
Total indirect public support	23,570	-	-	23,570	18,986
Investment return, net	-	14,485	674,473	688,958	591,243
Net assets released from restriction	(255,950)	(20,000)	-	(275,950)	(310,324)
Change in net assets with donor restrictions	(50,813)	19,735	729,041	697,963	714,822
Change in total net assets	\$ 10,736	\$ 94,161	\$ 1,870,723	\$ 1,975,620	\$ 3,246,962

See accompanying notes to financial statements.

National Capital Area Council, Boy Scouts of America

Statements of Changes in Net Assets with Supplemental Information

Years ended December 31, 2025 and 2024

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2025	2024
Net assets - beginning of year					
Net assets without donor restrictions	\$ 2,567,725	\$ 24,286,933	\$ 2,698,172	\$ 29,552,830	\$ 27,040,090
Net assets with donor restrictions	437,054	20,400	11,527,360	11,984,814	11,250,592
Total net assets - beginning of year	<u>3,004,779</u>	<u>24,307,333</u>	<u>14,225,532</u>	<u>41,537,644</u>	<u>38,290,682</u>
Change in net assets					
Net assets without donor restrictions	61,549	74,426	1,141,682	1,277,657	2,532,140
Net assets with donor restrictions	(50,813)	19,735	729,041	697,963	714,822
	<u>10,736</u>	<u>94,161</u>	<u>1,870,723</u>	<u>1,975,620</u>	<u>3,246,962</u>
Transfers between funds	-	17,841	(17,841)	-	-
Adjustments to net assets					
Net assets without donor restrictions	-	-	-	-	(19,400)
Net assets with donor restrictions	-	-	-	-	19,400
Total adjustments to net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets - end of year					
Without donor restrictions	2,629,274	24,379,200	3,822,013	30,830,487	29,552,830
With donor restrictions	<u>386,241</u>	<u>40,135</u>	<u>12,256,401</u>	<u>12,682,777</u>	<u>11,984,814</u>
Total net assets	<u>\$ 3,015,515</u>	<u>\$ 24,419,335</u>	<u>\$ 16,078,414</u>	<u>\$ 43,513,264</u>	<u>\$ 41,537,644</u>

See accompanying notes to financial statements.

National Capital Area Council, Boy Scouts of America

Statements of Cash Flows with Supplemental Information

Years ended December 31, 2025 and 2024

				Total All Funds	
	Operating Fund	Capital Fund	Endowment Fund	2025	2024
Cash flows from operating activities					
Change in total net assets	\$ 10,736	\$ 94,161	\$ 1,870,723	\$ 1,975,620	\$ 3,246,962
Transfers between funds	-	17,841	(17,841)	-	-
Adjustments to reconcile change in net assets and transfers between funds to net cash provided by (used in) operating activities:					
Depreciation	-	1,073,666	-	1,073,666	1,084,441
Contributions restricted for long term investment	-	-	(58,072)	(58,072)	(189,225)
Net gain on the sale of land	-	-	-	-	(1,398,842)
Proceeds from sale of stock donation	-	-	18,128	18,128	33,400
Change in provision for uncollectible pledges and unamortized discount	50,230	-	704	50,934	(22,459)
Change in fair value of investments	-	-	(1,135,931)	(1,135,931)	(643,066)
Noncash lease expense	118,961	-	-	118,961	116,888
Change in assets:					
Pledges receivable, net	506,997	450,000	1,754,378	2,711,375	(2,668,173)
Accounts receivable	(31,025)	-	-	(31,025)	75,527
Inventories	11,553	-	-	11,553	3,847
Prepaid expenses and other assets	(183,408)	-	17,618	(165,790)	13,323
Change in liabilities:					
Accounts payable and accrued expenses	6,233	(11,850)	-	(5,617)	(22,534)
Custodian accounts	(27,344)	-	-	(27,344)	(1,498,691)
Deferred revenue	247,577	-	-	247,577	462,504
Lease liability	(123,442)	-	-	(123,442)	(81,762)
Net cash provided by (used in) operating activities	<u>\$ 587,068</u>	<u>\$ 1,623,818</u>	<u>\$ 2,449,707</u>	<u>\$ 4,660,593</u>	<u>\$ (1,487,860)</u>

See accompanying notes to financial statements.

National Capital Area Council, Boy Scouts of America

Statements of Cash Flows with Supplemental Information (Continued)

	Operating Fund	Capital Fund	Endowment Fund	Total All Funds	
				2025	2024
Cash flows from investing activities					
Purchase of fixed assets	\$ -	\$ (73,564)	\$ -	\$ (73,564)	\$ (250,647)
Purchase of investments	-	-	(2,134,549)	(2,134,549)	(1,835,527)
Proceeds from the sale of investments	-	-	689,234	689,234	578,692
Net cash used in investing activities	-	(73,564)	(1,445,315)	(1,518,879)	(1,507,482)
Cash flows from financing activities					
Contributions to be held permanently	-	-	58,072	58,072	189,225
Net cash provided by financing activities	-	-	58,072	58,072	189,225
Change in cash and cash equivalents	587,068	1,550,254	1,062,464	3,199,786	(2,806,117)
Cash and cash equivalents, beginning of year	4,207,053	228,328	491,593	4,926,974	7,733,091
Cash and cash equivalents, end of year	<u>\$ 4,794,121</u>	<u>\$ 1,778,582</u>	<u>\$ 1,554,057</u>	<u>\$ 8,126,760</u>	<u>\$ 4,926,974</u>
Cash and cash equivalents:					
Cash	\$ 4,311,896	\$ 1,778,582	\$ 1,554,057	\$ 7,644,535	\$ 4,419,438
Restricted cash	482,225	-	-	482,225	507,536
	<u>\$ 4,794,121</u>	<u>\$ 1,778,582</u>	<u>\$ 1,554,057</u>	<u>\$ 8,126,760</u>	<u>\$ 4,926,974</u>

See accompanying notes to financial statements.

National Capital Area Council, Boy Scouts of America

Statement of Functional Expenses

Year ended December 31, 2025

	Program Services - Scouting	Supporting Services				Payments to National Organization	Total Expenses
		Management & General	Fundraising	Product Sales Cost of Sales	Cost of Direct Benefits to Donors	Total Supporting Services	
Expenses							
Employee compensation:							
Salaries	\$ 3,492,728	\$ 488,700	\$ 697,632	\$ -	\$ -	\$ 1,186,332	\$ -
Employee benefits	649,757	105,054	114,523	-	-	219,577	-
Payroll taxes	302,929	40,084	55,680	-	-	95,764	-
Employee related expense	25,455	3,481	2,050	-	-	5,531	-
Total employee compensation	4,470,869	637,319	869,885	-	-	1,507,204	-
Other expenses:							
Professional fees	231,069	92,673	93,892	-	-	186,565	-
Supplies	825,399	3,047	8,771	-	-	11,818	-
Telephone	41,921	4,590	5,555	-	-	10,145	-
Postage and shipping	5,600	1,076	1,814	-	-	2,890	-
Occupancy	1,044,776	27,287	24,217	-	-	51,504	-
Rent and maintenance of equipment	80,756	4,398	43,912	-	-	48,310	-
Publication and media	26,856	1,035	34,094	-	-	35,129	-
Travel/transportation	298,047	22,981	31,702	-	-	54,683	-
Conferences and training	115,315	11,029	14,653	-	-	25,682	-
Specific assistance to individuals	137,830	-	-	-	-	-	-
Recognition and awards	179,860	13,303	20,446	-	-	33,749	-
Cost of products sold and unit commissions	-	-	-	1,460,437	-	1,460,437	-
Cost of goods sold - scout shop and trading posts	68,261	-	-	-	-	-	-
Cost of direct benefit to donors	-	-	-	-	163,660	163,660	-
Insurance	236,630	13,557	4,347	-	-	17,904	-
Other expenses	79,068	2,467	20,764	-	-	23,231	-
Payments to Boy Scouts of America	-	-	-	-	-	-	163,660
Total other expenses	3,371,388	197,443	304,167	1,460,437	163,660	2,125,707	163,660
Expenses before depreciation	7,842,257	834,762	1,174,052	1,460,437	163,660	3,632,911	163,660
Depreciation	1,046,485	18,950	8,232	-	-	27,182	-
Total Functional Expenses	8,888,742	853,712	1,182,284	1,460,437	163,660	3,660,093	163,660
Expenses included with revenue on the statement of activities							
Cost of products sold and unit commissions	-	-	-	(1,460,437)	-	(1,460,437)	-
Cost of goods sold - scout shop and trading post	(68,261)	-	-	-	-	-	-
Cost of direct benefit to donors	-	-	-	-	(163,660)	(163,660)	-
Total expenses included in the expense section on the statement of activities	\$ 8,820,481	\$ 853,712	\$ 1,182,284	\$ -	\$ -	\$ 2,035,996	\$ 11,020,137

See accompanying notes to financial statements.

National Capital Area Council, Boy Scouts of America

Statement of Functional Expenses

Year ended December 31, 2024

	Supporting Services						Payments to National Organization	Total Expenses
	Program Services - Scouting	Management & General	Fundraising	Product Sales Cost of Sales	Cost of Direct Benefits to Donors	Total Supporting Services		
Expenses								
Employee compensation:								
Salaries	\$ 3,469,084	\$ 498,295	\$ 429,685	\$ -	\$ -	\$ 927,980	\$ -	\$ 4,397,064
Employee benefits	611,533	97,557	74,944	-	-	172,501	-	784,034
Payroll taxes	281,594	37,678	33,864	-	-	71,542	-	353,136
Employee related expense	21,443	2,400	17,539	-	-	19,939	-	41,382
Total employee compensation	4,383,654	635,930	556,032	-	-	1,191,962	-	5,575,616
Other expenses:								
Professional fees	287,558	91,866	95,887	-	-	187,753	-	475,311
Supplies	766,703	2,215	6,957	-	-	9,172	-	775,875
Telephone	48,758	4,223	4,743	-	-	8,966	-	57,724
Postage and shipping	3,988	1,039	3,214	-	-	4,253	-	8,241
Occupancy	863,839	25,004	21,121	-	-	46,125	-	909,964
Rent and maintenance of equipment	114,893	4,193	2,542	-	-	6,735	-	121,628
Publication and media	19,896	720	26,949	-	-	27,669	-	47,565
Travel/transportation	383,275	27,634	24,037	-	-	51,671	-	434,946
Conferences and training	142,610	9,085	5,241	-	-	14,326	-	156,936
Specific assistance to individuals	48,512	-	-	-	-	-	-	48,512
Recognition and awards	215,236	16,569	31,918	-	-	48,487	-	263,723
Interest	25	3	2	-	-	5	-	30
Cost of products sold and unit commissions	-	-	-	1,372,800	-	1,372,800	-	1,372,800
Cost of goods sold - scout shop and trading post	86,687	-	-	-	-	-	-	86,687
Cost of direct benefit to donors	-	-	-	-	163,711	163,711	-	163,711
Insurance	203,121	13,397	3,593	-	-	16,990	-	220,111
Other expenses	82,756	2,198	15,948	-	-	18,146	-	100,902
Payments to Boy Scouts of America	-	-	-	-	-	-	170,461	170,461
Total other expenses	3,267,857	198,146	242,152	1,372,800	163,711	1,976,809	170,461	5,415,127
Expenses before depreciation	7,651,511	834,076	798,184	1,372,800	163,711	3,168,771	170,461	10,990,743
Depreciation	1,055,503	20,174	8,764	-	-	28,938	-	1,084,441
Total Functional Expenses	8,707,014	854,250	806,948	1,372,800	163,711	3,197,709	170,461	12,075,184
Expenses included with revenue on the statement of activities								
Cost of products sold and unit commissions	-	-	-	(1,372,800)	-	(1,372,800)	-	(1,372,800)
Cost of goods sold - scout shop and trading post	(86,687)	-	-	-	-	-	-	(86,687)
Cost of direct benefit to donors	-	-	-	-	(163,711)	(163,711)	-	(163,711)
Total expenses included in the expense section on the statement of activities	\$ 8,620,327	\$ 854,250	\$ 806,948	\$ -	\$ -	\$ 1,661,198	\$ 170,461	\$ 10,451,986

See accompanying notes to financial statements.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements

Years ended December 31, 2025 and 2024

Note A - Nature of Operation and Significant Accounting Policies

Nature of Operation

The National Capital Area Council, Boy Scouts of America (d.b.a Scouting America) (the Council) is headquartered in Bethesda, Maryland, and operates in the District of Columbia, 16 counties in Maryland and Virginia and direct service units and members in North and South America. The Council is a not-for-profit organization devoted to promoting, within the territory covered by the charter granted it by the Boy Scouts of America, Inc. National Council (Boy Scouts of America) and in accordance with the Congressional Charter, Bylaws, and Rules and Regulations of the Boy Scouts of America, the Scouting program of promoting the ability of 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 kindred virtues, using the methods which are now in common use by the Boy Scouts of America.

Scouting programs include the following:

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 to learning citizenship, compassion, and courage through service projects, ceremonies, games, and other activities promoting character development and physical fitness.

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

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

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

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note A - Nature of Operation and Significant Accounting Policies (Continued)

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. The Boy Scouting program transitioned to Scouts BSA 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.ncacbsa.org.

Federal Income Tax Status

The Council is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), under Group Ruling number 1761 issued by the IRS to the Boy Scouts of America, as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. Management has concluded that the Council has maintained its exempt status. Additionally, management has concluded that there are no uncertain tax positions as of December 31, 2025.

Basis of Accounting

The financial statements of the Council have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Fund Accounting

The accounts of the Council are maintained using fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund to facilitate the preparation of the financial statements in the three-funds-plus-total-of-all-funds format, required by the Boy Scouts of America.

Subsequent Events

The Council has evaluated subsequent events for disclosure and recognition through May 13, 2026, the date on which these financial statements were available to be issued. All material subsequent events have been disclosed through that date.

Basis of Presentation

The financial statements of the Council are presented in accordance with the uniform accounting system prescribed by the Boy Scouts of America Local Council Accounting Manual. The manual is in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP) used for not-for-profit organizations.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note A - Nature of Operation and Significant Accounting Policies (Continued)

These standards require the Council to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions - represents resources which have met all applicable restrictions and/or resources generated by other sources.

Net assets with donor restrictions - represents resources recognized as restricted support until such a time when all associated restrictions have been met and resources that contain a stipulation that permanently restricts the use of such funds but allows earnings from the funds to be used in a certain manner.

Use of Estimates

The preparation of financial statements, in conformity with U.S. GAAP, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts and pledges receivable, accounts payable and accrued expenses approximate fair value because of the short maturity of these instruments.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Council considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Restricted cash is shown on the statements of financial position that relates to certain custodial accounts where cash is held by the Council on behalf of other organizations. Restricted cash is also shown on the statements of financial position that relates to amounts restricted for unemployment as required by state law.

Concentration of Credit Risk

Throughout the year, the Council may have cash and cash equivalents held by financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) coverage limit. Management believes these amounts are not subject to any significant risk.

Inventories

Trading post inventory is recorded at the lower of cost (first-in, first-out method) or market. Market is determined by the most recent purchase date.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note A - Nature of Operation and Significant Accounting Policies (Continued)

Pledges Receivable

Unconditional promises to give are recorded as revenue in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Pledges receivable that are expected to be collected within one year are reported net of any estimated uncollectible amounts. Pledges receivable expected to be collected beyond one year are discounted to present value using the interest rate in effect the year the pledge is received. The Council uses the allowance method to determine uncollectible, unconditional pledges receivable. The allowance is based on experience and analysis of specific promises made. The unamortized discount and allowance are reflected as reductions to pledges receivable in the statements of financial position.

Land, Building and Equipment, net

Land and land improvements, buildings, and equipment are stated at cost or, if donated, at the estimated fair value on the date of donation. The threshold for qualifying an item for capitalization is \$10,000. Depreciation is calculated over the estimated useful life of the related asset using the straight-line method.

Leasehold improvements are amortized using the straight-line method over the lesser of their estimated useful life or the life of the lease to their estimated residual values.

Investments

The Council accounts for investments in accordance with U.S. GAAP which requires that investments with readily determinable fair values be measured at fair value in the statements of financial position. Interest, dividends, realized and unrealized gain and loss on investments, net of fees, are recorded as investment return (loss) in the statements of activities. Realized gains and losses are determined on a specific identification basis.

Custodial Accounts

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

Leases

The Council determines if an arrangement is a lease or contains a lease at inception of a contract and classifies each lease as an operating or finance lease. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Council records a right-of-use (ROU) asset for the right to use an underlying asset for the lease term and a lease liability, on a discounted basis, for the obligation to make lease payments arising from the lease. The Council has elected the risk free rate as the discount rate for all its underlying leased assets. The Council has elected for all classes of underlying assets the practical expedient to not separate lease and nonlease components and account for them as a single lease component. ROU assets are subject to review for impairment.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note A - Nature of Operation and Significant Accounting Policies (Continued)

For operating leases, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is expensed as incurred. For finance leases, the amortization of the ROU asset is recognized over the shorter of the lease term or useful life of the underlying asset and interest expense is recorded using the effective interest rate method. The Council has elected as an accounting policy not to record ROU assets and lease liabilities that arise from short-term leases for any class of underlying asset.

Donated Services

No amounts are reflected in the financial statements for donated services from volunteers since no objective basis is available to measure the value of such services; however, a substantial number of volunteers donate significant amounts of time to assist in the operations of the Council. During 2025 and 2024, skilled services of \$33,344 and \$17,950, respectively, were received relating to video production were recorded in in-kind contributions in the statements of activities.

Contributions

Contributions received are recorded as an increase in net assets without donor restrictions or net assets with donor restrictions based on donor restrictions. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. If a restriction is fulfilled in the same fiscal year in which the contribution is received, the contribution is reported as net assets without donor restrictions. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend on have been met.

Expense Allocation

The costs of providing programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses which are not directly attributable to one function are allocated between program services, management and general and fundraising based on a time study prepared by management. The time study allocates services based on the number of employees involved, the amount of time spent, the percentage of their salary associated with that time and estimates made by the Council's management. The expenses in this category include occupancy, depreciation, program and other supplies, insurance, professional fees, rental and maintenance of equipment, travel, conferences and meetings, recognition and awards, salaries and employee benefits of support personnel, including the Scout Executive's, accounting, information technology personnel, and payroll taxes. In accordance with the Boy Scouts of America Local Council Accounting Manual, payment of the charter fee and other payments remitted to the Boy Scouts of America are not allocated as a functional expense.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note A - Nature of Operation and Significant Accounting Policies (Continued)

Contingency

In the course of providing the many outdoor programs that the Council supports, injuries, which are generally insured, occur. The Council is not aware of any material contingencies related to injuries as of December 31, 2025 and 2024. Additionally, see Note O for details regarding contingencies associated with the Boy Scouts of America.

Revenue Recognition

Revenue from Exchange Transactions: The Council recognizes revenue from exchange transactions that are bound by contracts or similar arrangements as performance obligations are satisfied in accordance with U.S. GAAP.

The Council records the following exchange transaction revenue in its statements of activities for the years ended December 31, 2025 and 2024:

Scout Shop and Trading Post sales - The Council operates a Scout Shop in its Service Center and various Trading Posts at its summer camps, which sell Scouting-related merchandise on a retail basis to customers. The revenue from these sales is recorded in other revenue in the statements of activities. 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. Payment is due at time of purchase. 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, 2025 and 2024.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note A - Nature of Operation and Significant Accounting Policies (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 online 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 Boy Scouts of America units are allowed to purchase popcorn "on account" with payment due at a later date. In accordance with U.S. GAAP, 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 statements of activities 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 by a return-by date of November 1, 2025 and October 19, 2024. As of December 31, 2025 and 2024, no probable popcorn returns existed. Accordingly, no liability for probable customer returns was considered necessary.

Camping and Activity revenue - The Council conducts program-related experiences such as Day Camps, Day Hikes, Weekend Overnights, Camporees, and Summer Camps where the performance obligation is delivery of the program. Fees for camps and activities are set by the Council. For resident camps, fees include program supplies, meals, lodging, recognition items, staffing, and facility costs. As is customary, these items are not separately priced and are therefore considered to be one performance obligation. 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 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.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note A - Nature of Operation and Significant Accounting Policies (Continued)

Special fundraising event revenue - The Council conducts special events in which a portion of the gross proceeds paid by the participants 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 exist 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 statements of activities. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Council. U.S. GAAP requires allocation of the transaction price to the performance obligation. Accordingly, the Council separates in its statements of activities 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 contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component.

Participation fee revenue - In order for the Council to provide district activities, extensive camping adventures, program resources, liability insurance, and youth protection which are essential and integral to delivering scouting program the Council has an annual council participation fee. This fee is assessed to all youth participating in Cub Scouts, Scouts BSA, Venturing, and Sea Scouts programs. The promised services 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. 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 (12 months). Participation fees collected in advance of satisfaction of the Council's performance obligation are recorded as a contract liabilities (deferred revenues) and are reclassified to revenues as the revenues are earned over the annual membership period.

Operating leases - The Council subleases various properties owned and records rental income under operating lease agreements on a straight-line basis over the lease term. Rental income related to these leases is included in other revenue in the statements of activities.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note B - Liquidity and Availability of Funds

The Council's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	2025	2024
Cash	\$ 5,870,919	\$ 3,688,788
Short term investments	52,824	50,791
Accounts receivable	65,818	34,793
Pledges receivable, net	<u>162,198</u>	<u>1,169,425</u>
Total financial assets at end of year	6,151,759	4,943,797
Appropriations from the general endowment for general expenditures in subsequent year	<u>614,231</u>	<u>478,001</u>
Total financial assets available to meet general expenditures within the next 12 months	<u>\$ 6,765,990</u>	<u>\$ 5,421,798</u>

The Council's endowment funds consist of donor-restricted endowments. Income from donor restricted endowments is restricted for specific purposes, except for the amount available for general use. Donor-restricted endowment funds are not available for general expenditure.

As described in Note F, the endowment fund is subject to an annual spending rate of no more than 5% of a three-year rolling average. \$614,231 and \$478,001 of appropriations without restrictions limiting their use will be available within the next 12 months as of December 31, 2025 and 2024, 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 short-term investments. To help manage unanticipated liquidity needs, the Council has a committed line of credit in the amount of \$1,500,000 which it could draw upon as described in Note K.

Note C - Pledges Receivable

Pledges receivable consist of various pledges for Friends of Scouting and other activities. At December 31, pledges are comprised as follows:

	2025	2024
Receivable within one year	\$ 250,738	\$ 2,962,113
Allowance for uncollectible amounts	<u>(85,340)</u>	<u>(34,406)</u>
Pledges receivable, net	<u>\$ 165,398</u>	<u>\$ 2,927,707</u>

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note D - Related Party Transactions

The Council recognized approximately \$553,209 and \$153,414 in related contribution revenue from Board members for the years ended December 31, 2025 and 2024, respectively. From time to time the Council may engage in business transactions with organizations who are represented on the Council's Board of Directors. These business arrangements are conducted in the normal course of business.

The Council is an affiliated organization of the Boy Scouts of America and is subject to the rules and regulations of the Boy Scouts of America. In accordance with an affiliation agreement between the Council and the Boy Scouts of America, certain expenses are paid to the Boy Scouts of America in the forms of periodic dues and an annual charter fee to support its activities. These expenses totaled \$163,660 and \$170,461 during the years ending December 31, 2025 and 2024, respectively.

Note E - Land, Buildings and Equipment

Land, buildings and equipment consist of the following at December 31:

	2025	2024
Buildings	\$ 24,030,149	\$ 24,008,622
Land and land improvements	18,236,069	18,199,969
Furniture and fixtures	1,282,851	1,266,912
Motor vehicles	667,376	694,376
Total	44,216,445	44,169,879
Less accumulated depreciation	(21,565,857)	(20,519,189)
Land, building and equipment, net	<u>\$ 22,650,588</u>	<u>\$ 23,650,690</u>

The estimated useful lives of assets are as follows:

Land improvements	15-30 years
Building	15-60 years
Furniture and fixtures	5 or 7 years
Vehicles	3 or 5 years

During the year ended December 31, 2024, a total land value of \$1,500,000 was sold. This resulted in a net gain on sale in 2024 of \$1,398,842, which is recognized in the statements of activities as Other Revenue.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note F - Life Endowment Program

The Boy Scout Accounting Manual policy is to recognize interest and dividend income, net of expenses earned by the Endowment Fund, as unrestricted income in the Operating Fund. However, the Council has elected to limit the income transferred to the Operating Fund each year to an annually approved amount, up to 5% of a three year rolling average, to pay for operations and leave the remaining income in the Endowment Fund, if any.

The amount of Endowment Fund income transferred to the Operating Fund for years ended December 31, 2025 and 2024 was \$368,371 and \$193,088, respectively. The amount of Endowment Fund income transferred to the Capital Fund for years ended December 31, 2025 and 2024 was \$257,836 and \$273,880, respectively.

Note G - Endowment

The Council's endowment consists of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

Interpretation of Relevant Law

In April 2019, the Council transferred donor-restricted funds from a trust which did not fall under the purview of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) to another financial institution and as a result of this transfer, determined UPMIFA applied to certain donor-restricted funds. Based on UPMIFA, the Council classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are restricted in perpetuity until the Board of Directors appropriates such amounts for expenditure. The Council's Board of Directors has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates 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.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note G - Endowment (Continued)

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 organization 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 organization
- (7) The investment policies of the Council

Endowment net assets consisted of the following at December 31:

	<u>2025</u>	<u>2024</u>
	With Donor Restrictions	With Donor Restrictions
Original donor gifts - perpetual in duration	\$ 8,815,707	\$ 8,757,635
Accumulated investment earnings	<u>1,566,038</u>	<u>1,040,243</u>
Total endowment net assets	<u>\$ 10,381,745</u>	<u>\$ 9,797,878</u>

Changes in endowment net assets for the year ended December 31:

	<u>2025</u>	<u>2024</u>
	With Donor Restrictions	With Donor Restrictions
Endowment net assets - beginning of year	\$ 9,797,878	\$ 9,132,120
Investment return, net	525,795	476,533
Contributions	<u>58,072</u>	<u>189,225</u>
Endowment net assets - end of year	<u>\$ 10,381,745</u>	<u>\$ 9,797,878</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment fund may fall below the level that the donor or applicable state law requires the Council to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. Deficiencies of this nature doesn't exist in any donor restricted endowment funds as of December 31, 2025 and 2024.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note G - Endowment (Continued)

Return Objectives and Risk Parameters

The Council has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Council must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that it will earn a base return of 6.25 percent of the original principal, expressed in dollars, above the trailing three-year average of the Consumer Price Index. Asset allocations should be targeted to produce expected returns consistent with this target using long term historical returns of assets classes as a guide. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

Money from the endowment fund can be spent at the discretion of the board as long as the spending is in alignment with the purpose of the restriction. Reference is made to Note F for further details regarding the spending policy.

Note H - Retirement Plans

The National Council has a qualified defined benefit pension plan (the plan) administered at the National Service Center that covers employees of the National Council and local councils, including the Local Council, Inc. The plan name is the *Boy Scouts of America Master Pension Trust – Boy Scouts of America Retirement Plan for Employees*. Effective December 31, 2018, the plan was frozen to employees with less than 15 years of vesting service, and whose age plus vesting service equaled less than 60 as of December 31, 2018 (non-grandfathered employees). Effective August 1, 2020, the plan was frozen to grandfathered employees, thereby freezing the plan for all BSA employees. The Council contributed 12 percent in 2025 and 2024 of eligible employees' compensation to the BSA retirement program. Pension expense (excluding the contributions made by employees) for the years ended December 31, 2025 and 2024 was \$363,179 and \$355,263, respectively, and covered current service cost. Council contributions do not exceed 5% of aggregate contributions made by all participants in the Plan.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note H - Retirement Plans (Continued)

The actuarial information for the multi-employer plan as of February 1, 2025 indicates that it is in compliance with the Employment Retirement Income Security Act of 1974 (ERISA) regulations regarding funding and the Plan's net assets available for benefits exceed the present value of both vested and non-vested accumulated benefits. The assumed rate of return used in determining the actuarial value of present accumulated benefits was 6.50% as of both February 1, 2025 and 2024. The aggregate method is the cost method used in the estimated actuarial valuation; amortization of gains and losses is over seven years; and the amortization of past or prior service cost is seven years. The actuarial valuation includes all plan amendments as of February 1, 2025.

Total plan assets at January 31, 2025 and 2024 were \$1,475,404,753 and \$1,427,951,500, respectively. The actuarial present value of accumulated plan benefits at January 31, 2025 and 2024 was \$1,332,491,605 and \$1,344,426,886, respectively.

Effective August 1, 2020, the Plan was amended to freeze disability benefits.

Effective January 1, 2019, the Council participates in a defined contribution plan established by the 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 9 percent of each employee's gross pay. The Council contributed approximately \$134,200 and \$94,660 during 2025 and 2024, respectively.

Note I - Investments

As of December 31, 2025 and 2024, the Council held investments, at fair value, as follows:

	<u>2025</u>	<u>2024</u>
Mutual Funds - Equities	\$ 14,186,506	\$ 11,325,399
Mutual Funds - Bonds	<u>248,319</u>	<u>546,308</u>
Total investments	<u>\$ 14,434,825</u>	<u>\$ 11,871,707</u>

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note I - Investments (Continued)

Investment return, net of fees, is comprised of the following for the years ended December 31, 2025 and 2024:

	2025	2024
Interest and dividends	\$ 616,869	\$ 443,339
Realized and unrealized gain on investments, net	1,135,931	711,960
Investment return	1,752,800	1,155,299
Investment fees	(63,027)	(54,329)
Investment return, net	<u>\$ 1,689,773</u>	<u>\$ 1,100,970</u>

Note J - Fair Value Measurement

The Council's classifications for assets and liabilities measured at fair value on a recurring basis are subject to the fair value measurement disclosures and are based on the framework established in the Fair Value Measurement and Disclosure accounting guidance. The framework is based on the inputs in the valuation and requires that observable inputs be used in the valuations when available. The disclosure of fair value estimates in the fair value accounting guidance includes a hierarchy based on whether significant valuation inputs are observable. In determining the level of the hierarchy in which the estimate is disclosed, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect the Council's significant assumptions.

The three levels of the hierarchy are as follows:

Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Council has the ability to access. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable, for substantially the full period, for the asset or liability and market corroborated inputs.

Level 3 - Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note J - Fair Value Measurement (Continued)

Investments

The Council's investments at fair value at December 31, 2025 and 2024 by fair value hierarchy category in accordance with U.S. GAAP, are shown below:

<u>Class of Security</u>	<u>2025</u>	<u>2024</u>	<u>Level</u>
Mutual Funds - Equities	\$ 14,186,506	\$ 11,325,399	1
Mutual Funds - Bonds	248,319	546,308	1
Total investments, at fair value	<u>\$ 14,434,825</u>	<u>\$ 11,871,707</u>	

Note K - Line of Credit

The Council has a \$1,500,000 line of credit that is available to be used for unanticipated cash needs. As of December 31, 2025 and 2024 there was no balance outstanding on this line of credit. The interest rate on the line of credit was approximately 6% and 7%, respectively, for the years ending December 31, 2025 and 2024.

Note L - Net Assets Released from Restrictions

Net assets were released from net assets with donor restrictions by incurring expenses for activities in accordance with the restricted purposes or expiration of time restrictions specified by the donors as follows for the year ended December 31:

	<u>2025</u>	<u>2024</u>
<i>Time restriction:</i>		
Available for future periods	\$ 196,394	\$ 194,148
<i>Purpose restriction:</i>		
Program specific support	59,556	101,688
Camping	<u>20,000</u>	<u>14,488</u>
Net assets released from restriction	<u>\$ 275,950</u>	<u>\$ 310,324</u>

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note M - Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following as of December 31:

	<u>2025</u>	<u>2024</u>
<i>Subject to the passage of time:</i>		
Available for future periods	\$ 181,567	\$ 197,969
<i>Subject to expenditure for a specific purpose:</i>		
Maintenance Endowment	1,125,327	743,703
Wetlands	1,177,325	1,059,962
Camping	204,780	201,760
Camperships	700,178	690,721
Scouting Cares Programs	203,716	127,632
Various funds	274,177	205,432
<i>Perpetual in nature:</i>		
Endowment funds	<u>8,815,707</u>	<u>8,757,635</u>
	<u>\$ 12,682,777</u>	<u>\$ 11,984,814</u>

Note N - Leases

The Council entered into an operating lease for office space in Springfield, Virginia which runs from March 2014 through May 2024. The lease also contains yearly rental increases based on CPI. The Council entered into an extension with this operating lease extending the lease term from May 2024 to May 2029. As a result, the Council reassessed the classification, discount rate, and remeasured the ROU asset and corresponding lease liability.

The Council entered into a financing lease for a copier which ran from November 2019 through November 2024. The lease payments were fixed over the term of the lease.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note N - Leases (Continued)

The Council's lease costs, terms and discount rates are as follows for the years ending December 31:

	<u>2025</u>	<u>2024</u>
Operating lease cost:		
Lease cost	\$ 142,676	\$ 140,106
Sublease income	<u>(249,670)</u>	<u>(268,257)</u>
Total lease cost	<u>\$ (106,994)</u>	<u>\$ (128,151)</u>

Other Information

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 147,155	\$ 104,936
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Weighted-average remaining lease term - operating leases

3.42 years	4.41 years
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Weighted-average discount rate - operating leases

4.36 %	4.36 %
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Future minimum lease payments and reconciliation to the statements of financial position as of December 31, 2025 are as follows:

	<u>Operating</u>
2026	\$ 150,259
2027	153,441
2028	156,702
2029	<u>52,599</u>
Total undiscounted future lease payments	513,001
Less: present value adjustment	<u>(36,733)</u>
Lease liability	<u>\$ 476,268</u>

The Council subleased its property located in the US Virgin Islands with a commencement date of January 1997, which expired on December 2024. There were no termination options. The Council also subleases its property and office space in Maryland and Virginia, respectfully, with varying commencement and termination dates.

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note N - Leases (Continued)

The Council has elected for all classes of underlying assets the practical expedient to not separate lease and nonlease components (such as tenant reimbursements of property operating expenses) and account for them as a single lease component.

	2025
Operating lease income	\$ 249,670
Total lease income	\$ 249,670

Maturity schedule of fixed operating lease payments (the below does not include variable lease payments to be received in future years) to be received as of December 31, 2025 are as follows:

2026	\$ 32,010
2027	32,010
2028	8,003
Total lease payments to be received	\$ 72,023

Note O - Commitments and Contingencies

On February 18, 2020, the Boy Scouts of America filed for protection until Chapter 11 of the United States Bankruptcy Code as a result of it being named as defendant in numerous civil lawsuits alleging sexual abuse. The Boy Scouts of America's Plan of Reorganization became effective on April 19, 2023. The Council completely fulfilled its required obligation of \$8 million to the Scouting Settlement Fund through two installments. The initial installment was paid in 2022, and the remaining balance was paid in 2024.

Note P - Contract Balances

The Council's contract assets and liabilities consist of the following:

	2025		2024	
	Opening balance	Closing balance	Opening balance	Closing balance
Receivables	\$ 34,793	\$ 65,818	\$ 110,320	\$ 34,793
Contract liabilities	\$ 1,319,758	\$ 1,567,335	\$ 857,254	\$ 1,319,758

National Capital Area Council, Boy Scouts of America

Notes to Financial Statements (Continued)

Note Q - William B Snyder Charitable Trust

During 2023, the Council was notified that they were made the beneficiary of the William B Snyder Charitable Trust (the Trust). The Council made reasonable efforts to obtain the information necessary to measure their beneficial interest in the Trust at fair value, but were unable to obtain the information necessary to do so. Accordingly, the Council did not record their beneficial interest in the trust in the statement of financial position and only disclosed the known facts and circumstances. During 2025 and 2024 the Council received distributions from the Trust for a total amount of \$2,694,373 and \$2,703,661 respectively, which are recorded under foundations, estates and trusts, net in the statements of activities.