



LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

AUDITED CONSOLIDATED
FINANCIAL STATEMENTS

Years ended December 31, 2025 and 2024

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LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Laurel Highlands Council,
Boy Scouts of America

Opinion

We have audited the accompanying consolidated financial statements of Laurel Highlands Council, Boy Scouts of America, which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Laurel Highlands Council, Boy Scouts of America 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 Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Laurel Highlands Council, Boy Scouts of America and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT

(continued)

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

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

In performing an audit in accordance with U.S. GAAS, we:

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

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

Sistersen & Co. LLP

May 19, 2026

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2025

	<u>Operating Fund (Fund #1)</u>	<u>Capital Fund (Fund #2)</u>	<u>Endowment Fund (Fund #3)</u>	<u>Total All Funds</u>
<u>ASSETS</u>				
Current assets				
Cash	\$ 2,975,592	\$ 98,023	\$ 44,276	\$ 3,117,891
Short-term investments (Note 4)	561,662	291,959	--	853,621
Pledges receivable (Note 2)	47,193	--	72,500	119,693
Inventories	318,983	--	--	318,983
Prepaid expenses and other assets	280,021	--	--	280,021
Total current assets	4,183,451	389,982	116,776	4,690,209
Non-current assets				
Pledges receivable (Note 2)	10,710	--	483,750	494,460
Land, buildings and equipment, net (Note 6)	--	12,131,516	--	12,131,516
Long-term investments (Notes 4 and 5)	99,100	2,972,800	25,991,680	29,063,580
Total non-current assets	109,810	15,104,316	26,475,430	41,689,556
Total assets	\$ 4,293,261	\$ 15,494,298	\$ 26,592,206	\$ 46,379,765
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$ 27,882	\$ 4,074	\$ --	\$ 31,956
Accrued expenses	152,604	5,489	--	158,093
Custodian accounts (Notes 7 and 10)	309,116	--	2,514,635	2,823,751
Deferred income	756,888	--	--	756,888
Total current liabilities	1,246,490	9,563	2,514,635	3,770,688
Net assets				
Without donor restrictions				
Board designated (Notes 3, 14 and 15)	--	--	5,505,914	5,505,914
Undesignated	2,894,373	14,090,039	3,007,429	19,991,841
	2,894,373	14,090,039	8,513,343	25,497,755
With donor restrictions (Notes 12 and 15)	152,398	1,394,696	15,564,228	17,111,322
Total net assets	3,046,771	15,484,735	24,077,571	42,609,077
Total liabilities and net assets	\$ 4,293,261	\$ 15,494,298	\$ 26,592,206	\$ 46,379,765

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2024

	<u>Operating Fund (Fund #1)</u>	<u>Capital Fund (Fund #2)</u>	<u>Endowment Fund (Fund #3)</u>	<u>Total All Funds</u>
<u>ASSETS</u>				
Current assets				
Cash	\$ 2,699,660	\$ 145,817	\$ 20,000	\$ 2,865,477
Short-term investments (Note 4)	561,373	283,441	--	844,814
Pledges receivable (Note 2)	148,742	--	98,367	247,109
Inventories	372,101	--	--	372,101
Prepaid expenses and other assets	45,978	--	--	45,978
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	3,827,854	429,258	118,367	4,375,479
Non-current assets				
Pledges receivable (Note 2)	21,250	--	523,750	545,000
Land, buildings and equipment, net (Note 6)	--	12,115,008	--	12,115,008
Long-term investments (Notes 4 and 5)	88,968	2,639,794	22,974,800	25,703,562
	<hr/>	<hr/>	<hr/>	<hr/>
Total non-current assets	110,218	14,754,802	23,498,550	38,363,570
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	\$ 3,938,072	\$ 15,184,060	\$ 23,616,917	\$ 42,739,049
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$ 72,949	\$ --	\$ --	\$ 72,949
Accrued expenses	124,787	--	--	124,787
Custodian accounts (Notes 7 and 10)	286,255	--	2,276,415	2,562,670
Deferred income	530,014	--	--	530,014
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	1,014,005	--	2,276,415	3,290,420
Net assets				
Without donor restrictions				
Board designated (Notes 3, 14 and 15)	--	--	4,942,987	4,942,987
Undesignated	1,750,751	14,057,438	2,377,251	18,185,440
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	1,750,751	14,057,438	7,320,238	23,128,427
With donor restrictions (Notes 12 and 15)				
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	1,173,316	1,126,622	14,020,264	16,320,202
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Total net assets	2,924,067	15,184,060	21,340,502	39,448,629
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Total liabilities and net assets	\$ 3,938,072	\$ 15,184,060	\$ 23,616,917	\$ 42,739,049
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The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2025

	Operating Fund (Fund #1)	Capital Fund (Fund #2)	Endowment Fund (Fund #3)	Total All Funds
Changes in net assets without donor restrictions				
Support and revenue				
Direct support				
Friends of Scouting	\$ 301,645	\$ --	\$ --	\$ 301,645
Special events, gross	237,483	--	--	237,483
Less: cost of direct benefit	(102,839)	--	--	(102,839)
Net special events	134,644	--	--	134,644
Legacies and bequests	750,000	--	19,384	769,384
Foundations and trusts	420,003	2,344	--	422,347
Other direct support	2,164	17,477	--	19,641
Total direct support	1,608,456	19,821	19,384	1,647,661
Indirect support				
United Way	49,852	--	--	49,852
Total indirect support	49,852	--	--	49,852
Revenue				
Sale of supplies, gross	501,526	--	--	501,526
Less: cost of goods sold	(340,898)	--	--	(340,898)
Net sale of supplies	160,628	--	--	160,628
Product sales, gross	688,293	--	--	688,293
Less: cost of goods sold	(263,395)	--	--	(263,395)
Less: commissions paid to units	(244,981)	--	--	(244,981)
Net product sales	179,917	--	--	179,917
Investment return, net (Note 4)	914,212	328,949	1,173,721	2,416,882
Camping revenue	2,457,083	--	--	2,457,083
Activity revenue	164,793	--	--	164,793
Gain from the sale of land, buildings and equipment	--	232,062	--	232,062
Other revenue	475,898	150,145	--	626,043
Total revenue	4,352,531	711,156	1,173,721	6,237,408

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

(continued)

Year ended December 31, 2025

	Operating Fund (Fund #1)	Capital Fund (Fund #2)	Endowment Fund (Fund #3)	Total All Funds
Net assets released from restrictions (Note 13)				
Satisfaction of program restrictions	\$ 981,000	\$ 246,000	\$ --	\$ 1,227,000
Expiration of time restrictions	88,516	--	--	88,516
Total net assets released from restrictions	<u>1,069,516</u>	<u>246,000</u>	<u>--</u>	<u>1,315,516</u>
Total support and revenue	<u>7,080,355</u>	<u>976,977</u>	<u>1,193,105</u>	<u>9,250,437</u>
Expenses				
Program services	<u>5,574,579</u>	<u>780,460</u>	<u>--</u>	<u>6,355,039</u>
Support services				
Management and general	218,005	9,535	--	227,540
Fundraising	<u>137,324</u>	<u>4,236</u>	<u>--</u>	<u>141,560</u>
Total support services	<u>355,329</u>	<u>13,771</u>	<u>--</u>	<u>369,100</u>
Total functional expenses	5,929,908	794,231	--	6,724,139
Charter and national service fee (Note 10)	<u>156,970</u>	<u>--</u>	<u>--</u>	<u>156,970</u>
Total expenses	<u>6,086,878</u>	<u>794,231</u>	<u>--</u>	<u>6,881,109</u>
Increase in net assets without donor restrictions	<u>993,477</u>	<u>182,746</u>	<u>1,193,105</u>	<u>2,369,328</u>
Changes in net assets with donor restrictions				
Support and revenue				
Direct support				
Friends of Scouting	48,424	--	--	48,424
Special events	174	--	--	174
Foundations and trusts	--	--	442,477	442,477
Other direct support	<u>--</u>	<u>395,145</u>	<u>--</u>	<u>395,145</u>
Total direct support	<u>48,598</u>	<u>395,145</u>	<u>442,477</u>	<u>886,220</u>
Revenue				
Investment return, net (Note 4)	<u>--</u>	<u>118,929</u>	<u>1,101,487</u>	<u>1,220,416</u>
Total revenue	<u>--</u>	<u>118,929</u>	<u>1,101,487</u>	<u>1,220,416</u>

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

(continued)

Year ended December 31, 2025

	Operating Fund (Fund #1)	Capital Fund (Fund #2)	Endowment Fund (Fund #3)	Total All Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net assets released from restrictions (Note 13)				
Satisfaction of program restrictions	\$ (981,000)	\$ (246,000)	\$ --	\$ (1,227,000)
Expiration of time restrictions	(88,516)	--	--	(88,516)
Total net assets released from restrictions	<u>(1,069,516)</u>	<u>(246,000)</u>	<u>--</u>	<u>(1,315,516)</u>
Total support and revenue	<u>(1,020,918)</u>	<u>268,074</u>	<u>1,543,964</u>	<u>791,120</u>
Increase (decrease) in net assets with donor restrictions	<u>(1,020,918)</u>	<u>268,074</u>	<u>1,543,964</u>	<u>791,120</u>
Increase (decrease) in total net assets	<u>(27,441)</u>	<u>450,820</u>	<u>2,737,069</u>	<u>3,160,448</u>
Net assets, beginning of year				
Without donor restrictions	1,750,751	14,057,438	7,320,238	23,128,427
With donor restrictions	<u>1,173,316</u>	<u>1,126,622</u>	<u>14,020,264</u>	<u>16,320,202</u>
Total net assets, beginning of year	<u>2,924,067</u>	<u>15,184,060</u>	<u>21,340,502</u>	<u>39,448,629</u>
 Fund transfers (Note 18)				
Without donor restrictions	<u>150,145</u>	<u>(150,145)</u>	<u>--</u>	<u>--</u>
Total adjustments to net assets	<u>150,145</u>	<u>(150,145)</u>	<u>--</u>	<u>--</u>
 Net assets, end of year				
Without donor restrictions	2,894,373	14,090,039	8,513,343	25,497,755
With donor restrictions	<u>152,398</u>	<u>1,394,696</u>	<u>15,564,228</u>	<u>17,111,322</u>
Total net assets, end of year	<u>\$ 3,046,771</u>	<u>\$ 15,484,735</u>	<u>\$ 24,077,571</u>	<u>\$ 42,609,077</u>

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year ended December 31, 2024

	Operating Fund (Fund #1)	Capital Fund (Fund #2)	Endowment Fund (Fund #3)	Total All Funds
Changes in net assets without donor restrictions				
Support and revenue				
Direct support				
Friends of Scouting	\$ 325,751	\$ --	\$ --	\$ 325,751
Special events, gross	403,746	--	--	403,746
Less: cost of direct benefit	(153,641)	--	--	(153,641)
Net special events	250,105	--	--	250,105
Legacies and bequests	1,000,000	--	224,126	1,224,126
Foundations and trusts	231,936	--	--	231,936
Other direct support	2,202	122,985	--	125,187
Total direct support	1,809,994	122,985	224,126	2,157,105
Indirect support				
United Way	70,784	--	--	70,784
Total indirect support	70,784	--	--	70,784
Revenue				
Sale of supplies, gross	497,839	--	--	497,839
Less: cost of goods sold	(310,992)	--	--	(310,992)
Net sale of supplies	186,847	--	--	186,847
Product sales, gross	561,926	--	--	561,926
Less: cost of goods sold	(213,685)	--	--	(213,685)
Less: commissions paid to units	(193,847)	--	--	(193,847)
Net product sales	154,394	--	--	154,394
Investment return, net (Note 4)	888,939	219,166	419,959	1,528,064
Camping revenue	2,688,182	--	--	2,688,182
Activity revenue	164,539	--	--	164,539
Other revenue	412,474	--	--	412,474
Total revenue	4,495,375	219,166	419,959	5,134,500

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

(continued)

Year ended December 31, 2024

	Operating Fund (Fund #1)	Capital Fund (Fund #2)	Endowment Fund (Fund #3)	Total All Funds
Net assets released from restrictions (Note 13)				
Satisfaction of program restrictions	\$ 275,000	\$ --	\$ --	\$ 275,000
Expiration of time restrictions	57,036	--	--	57,036
Total net assets released from restrictions	332,036	--	--	332,036
Total support and revenue	6,708,189	342,151	644,085	7,694,425
Expenses				
Program services	5,639,124	747,320	--	6,386,444
Support services				
Management and general	248,833	10,742	--	259,575
Fundraising	86,495	2,123	--	88,618
Total support services	335,328	12,865	--	348,193
Total functional expenses	5,974,452	760,185	--	6,734,637
Charter and national service fee (Note 10)	140,249	--	--	140,249
Total expenses	6,114,701	760,185	--	6,874,886
Increase (decrease) in net assets without donor restrictions	593,488	(418,034)	644,085	819,539
Changes in net assets with donor restrictions				
Support and revenue				
Direct support				
Friends of Scouting	45,432	--	--	45,432
Special events	26,834	--	--	26,834
Foundations and trusts	856,000	--	454,355	1,310,355
Other direct support	125,000	185,000	--	310,000
Total direct support	1,053,266	185,000	454,355	1,692,621
Revenue				
Investment return, net (Note 4)	--	19,172	710,201	729,373
Total revenue	--	19,172	710,201	729,373

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

(continued)

Year ended December 31, 2024

	Operating Fund (Fund #1)	Capital Fund (Fund #2)	Endowment Fund (Fund #3)	Total All Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net assets released from restrictions (Note 13)				
Satisfaction of program restrictions	\$ (275,000)	\$ --	\$ --	\$ (275,000)
Expiration of time restrictions	(57,036)	--	--	(57,036)
Total net assets released from restrictions	<u>(332,036)</u>	<u>--</u>	<u>--</u>	<u>(332,036)</u>
Total support and revenue	<u>721,230</u>	<u>204,172</u>	<u>1,164,556</u>	<u>2,089,958</u>
Increase in net assets with donor restrictions	<u>721,230</u>	<u>204,172</u>	<u>1,164,556</u>	<u>2,089,958</u>
Increase (decrease) in total net assets	<u>1,314,718</u>	<u>(213,862)</u>	<u>1,808,641</u>	<u>2,909,497</u>
Net assets, beginning of year				
Without donor restrictions	1,157,263	15,019,472	6,132,153	22,308,888
With donor restrictions	452,086	922,450	12,855,708	14,230,244
Total net assets, beginning of year	<u>1,609,349</u>	<u>15,941,922</u>	<u>18,987,861</u>	<u>36,539,132</u>
 Fund transfers (Note 18)				
Without donor restrictions	--	(544,000)	544,000	--
Total adjustments to net assets	<u>--</u>	<u>(544,000)</u>	<u>544,000</u>	<u>--</u>
 Net assets, end of year				
Without donor restrictions	1,750,751	14,057,438	7,320,238	23,128,427
With donor restrictions	1,173,316	1,126,622	14,020,264	16,320,202
Total net assets, end of year	<u>\$ 2,924,067</u>	<u>\$ 15,184,060</u>	<u>\$ 21,340,502</u>	<u>\$ 39,448,629</u>

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2025

	Program Services	Management and General	Fundraising	Product Sales Cost of Sales	Cost of Direct Benefits to Donors	Total Expenses
Employee compensation						
Salaries	\$ 2,489,700	\$ 112,506	\$ 49,983	\$ --	\$ --	\$ 2,652,189
Employee benefits	463,979	31,743	14,103	--	--	509,825
Payroll taxes	184,551	8,278	3,678	--	--	196,507
Employee related expenses	4,539	319	142	--	--	5,000
Total employee compensation	<u>3,142,769</u>	<u>152,846</u>	<u>67,906</u>	<u>--</u>	<u>--</u>	<u>3,363,521</u>
Other expenses						
Supplies	823,838	2,108	18,017	--	--	843,963
Depreciation of buildings of equipment	696,551	3,649	1,621	--	--	701,821
Occupancy	570,869	8,489	3,771	--	--	583,129
Cost of products sold and unit commissions	--	--	--	508,376	--	508,376
Cost of goods sold - Scout Shop and Trading Posts	340,898	--	--	--	--	340,898
Professional fees	282,588	17,948	30,037	--	--	330,573
Travel	226,635	9,610	4,269	--	--	240,514
Insurance	197,986	13,889	6,171	--	--	218,046
Cost of direct benefit to donors	--	--	--	--	102,839	102,839
Other expenses	77,478	5,117	2,274	--	--	84,869
Telephone	76,998	3,596	1,597	--	--	82,191
Conferences and meetings	65,926	3,420	1,520	--	--	70,866
Printing and publications	64,832	3,717	1,651	--	--	70,200
Specific assistance to individuals (Note 10)	60,870	--	--	--	--	60,870
Recognition awards	55,039	2,620	2,490	--	--	60,149
Rent and maintenance of equipment	8,016	229	102	--	--	8,347
Postage and shipping	4,644	302	134	--	--	5,080
Total other expenses	<u>3,553,168</u>	<u>74,694</u>	<u>73,654</u>	<u>508,376</u>	<u>102,839</u>	<u>4,312,731</u>
Total functional expenses	6,695,937	227,540	141,560	508,376	102,839	7,676,252
Expenses included with revenue on the statement of activities:						
Cost of products sold and unit commissions	--	--	--	(508,376)	--	(508,376)
Cost of direct benefit of donors	--	--	--	--	(102,839)	(102,839)
Cost of goods sold - Scout Shop and Trading Posts	(340,898)	--	--	--	--	(340,898)
Total expenses included in the expense section on that statement of activities	<u>\$ 6,355,039</u>	<u>\$ 227,540</u>	<u>\$ 141,560</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,724,139</u>

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2024

	Program Services	Management and General	Fundraising	Product Sales Cost of Sales	Cost of Direct Benefits to Donors	Total Expenses
Employee compensation						
Salaries	\$ 2,390,753	\$ 129,192	\$ 25,532	\$ --	\$ --	\$ 2,545,477
Employee benefits	395,499	32,383	6,400	--	--	434,282
Payroll taxes	197,879	8,986	1,776	--	--	208,641
Total employee compensation	<u>2,984,131</u>	<u>170,561</u>	<u>33,708</u>	<u>--</u>	<u>--</u>	<u>3,188,400</u>
Other expenses						
Supplies	1,076,222	2,109	11,690	--	--	1,090,021
Depreciation of buildings of equipment	654,291	2,975	588	--	--	657,854
Occupancy	517,770	12,657	2,501	--	--	532,928
Cost of products sold and unit commissions	--	--	--	407,532	--	407,532
Professional fees	316,431	21,124	27,099	--	--	364,654
Cost of goods sold - Scout Shop and Trading Posts	310,992	--	--	--	--	310,992
Insurance	226,397	18,902	3,736	--	--	249,035
Travel	209,490	10,519	2,079	--	--	222,088
Cost of direct benefit to donors	--	--	--	--	153,641	153,641
Printing and publications	73,089	5,163	1,020	--	--	79,272
Recognition awards	71,277	3,425	3,798	--	--	78,500
Other expenses	66,845	5,002	988	--	--	72,835
Telephone	65,194	3,631	718	--	--	69,543
Specific assistance to individuals (Note 10)	63,569	--	--	--	--	63,569
Conferences and meetings	47,506	2,773	548	--	--	50,827
Rent and maintenance of equipment	9,054	329	65	--	--	9,448
Postage and shipping	5,178	405	80	--	--	5,663
Total other expenses	<u>3,713,305</u>	<u>89,014</u>	<u>54,910</u>	<u>407,532</u>	<u>153,641</u>	<u>4,418,402</u>
Total functional expenses	<u>6,697,436</u>	<u>259,575</u>	<u>88,618</u>	<u>407,532</u>	<u>153,641</u>	<u>7,606,802</u>
Expenses included with revenue on the statement of activities:						
Cost of products sold and unit commissions	--	--	--	(407,532)	--	(407,532)
Cost of direct benefit of donors	--	--	--	--	(153,641)	(153,641)
Cost of goods sold - Scout Shop and Trading Posts	(310,992)	--	--	--	--	(310,992)
Total expenses included in the expense section on that statement of activities	<u>\$ 6,386,444</u>	<u>\$ 259,575</u>	<u>\$ 88,618</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,734,637</u>

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2025

	Operating Fund (Fund #1)	Capital Fund (Fund #2)	Endowment Fund (Fund #3)	Total All Funds
Cash flows from operating activities				
Increase (decrease) in total net assets	\$ (27,441)	\$ 450,820	\$ 2,737,069	\$ 3,160,448
Adjustments to reconcile increase (decrease) in total net assets to net cash provided by operating activities				
Depreciation of buildings and equipment	--	701,821	--	701,821
Gain from the sale of land, buildings and equipment	--	(232,062)	--	(232,062)
Contribution of securities sold nearly immediately upon receipt	(209,027)	--	--	(209,027)
Proceeds from securities sold nearly immediately upon receipt	209,027	--	--	209,027
Gain on investments	--	(339,662)	(2,342,099)	(2,681,761)
Contributions restricted for long-term purposes	--	(395,145)	(442,477)	(837,622)
Increase (decrease) in cash from changes in				
Pledges receivable	112,089	--	65,867	177,956
Inventories	53,118	--	--	53,118
Prepaid expenses and other assets	(234,043)	--	--	(234,043)
Accounts payable	(45,067)	4,074	--	(40,993)
Accrued expenses	27,817	5,489	--	33,306
Custodian accounts	12,729	--	--	12,729
Deferred income	226,874	--	--	226,874
Net cash provided by operating activities	<u>126,076</u>	<u>195,335</u>	<u>18,360</u>	<u>339,771</u>
Cash flows from investing activities				
Purchase of land, buildings and equipment	--	(718,329)	--	(718,329)
Proceeds from sale of land, buildings, and equipment	--	232,062	--	232,062
Net decrease in short-term investments	(289)	(8,518)	--	(8,807)
Sales of investments	--	687,645	5,471,608	6,159,253
Purchases of investments	--	(680,989)	(5,908,169)	(6,589,158)
Net cash used in investing activities	<u>(289)</u>	<u>(488,129)</u>	<u>(436,561)</u>	<u>(924,979)</u>
Cash flows from financing activities				
Fund transfers	150,145	(150,145)	--	--
Contributions restricted for long-term purposes	--	395,145	442,477	837,622
Net cash provided by financing activities	<u>150,145</u>	<u>245,000</u>	<u>442,477</u>	<u>837,622</u>
Net increase (decrease) in cash	275,932	(47,794)	24,276	252,414
Cash, beginning of year	<u>2,699,660</u>	<u>145,817</u>	<u>20,000</u>	<u>2,865,477</u>
Cash, end of year	<u>\$ 2,975,592</u>	<u>\$ 98,023</u>	<u>\$ 44,276</u>	<u>\$ 3,117,891</u>

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended December 31, 2024

	Operating Fund (Fund #1)	Capital Fund (Fund #2)	Endowment Fund (Fund #3)	Total All Funds
Cash flows from operating activities				
Increase (decrease) in total net assets	\$ 1,314,718	\$ (213,862)	\$ 1,808,641	\$ 2,909,497
Adjustments to reconcile increase (decrease) in total net assets to net cash provided by (used in) operating activities				
Depreciation of buildings and equipment	--	657,854	--	657,854
Contribution of securities sold nearly immediately upon receipt	(54,725)	--	--	(54,725)
Proceeds from securities sold nearly immediately upon receipt	54,725	--	--	54,725
Gain on investments	--	(239,298)	(1,363,782)	(1,603,080)
Contributions restricted for long-term purposes	--	(185,000)	(454,355)	(639,355)
Increase (decrease) in cash from changes in				
Pledges receivable	(25,991)	--	--	(25,991)
Inventories	6,008	--	--	6,008
Prepaid expenses and other assets	13,775	--	--	13,775
Accounts payable	(32,413)	(5,195)	--	(37,608)
Accrued expenses	24,946	--	--	24,946
Custodian accounts	(111,971)	--	--	(111,971)
Deferred income	43,420	--	--	43,420
Net cash provided by (used in) operating activities	<u>1,232,492</u>	<u>14,499</u>	<u>(9,496)</u>	<u>1,237,495</u>
Cash flows from investing activities				
Purchase of land, buildings and equipment	--	(570,750)	--	(570,750)
Net decrease in short-term investments	120	289,944	3,969,000	4,259,064
Sales of investments	--	1,317,276	15,562,360	16,879,636
Purchases of investments	--	(1,306,260)	(20,520,219)	(21,826,479)
Net cash provided by (used in) investing activities	<u>120</u>	<u>(269,790)</u>	<u>(988,859)</u>	<u>(1,258,529)</u>
Cash flows from financing activities				
Fund transfers	--	(544,000)	544,000	--
Contributions restricted for long-term purposes	--	185,000	454,355	639,355
Net cash provided by (used in) financing activities	<u>--</u>	<u>(359,000)</u>	<u>998,355</u>	<u>639,355</u>
Net increase (decrease) in cash	1,232,612	(614,291)	-	618,321
Cash, beginning of year	<u>1,467,048</u>	<u>760,108</u>	<u>20,000</u>	<u>2,247,156</u>
Cash, end of year	<u>\$ 2,699,660</u>	<u>\$ 145,817</u>	<u>\$ 20,000</u>	<u>\$ 2,865,477</u>

The accompanying notes are an integral part of this consolidated financial statement.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF LAUREL HIGHLANDS COUNCIL, BOY SCOUTS OF AMERICA

Laurel Highlands Council, Boy Scouts of America (the "Council") is one of the largest Boy Scouts Councils in Pennsylvania. The Council operates in Pittsburgh, Pennsylvania, serving various counties in Pennsylvania (Allegheny, Beaver, Bedford, Cambria, Greene, Indiana, Somerset, Washington, portions of Armstrong, Clearfield, Fayette, Huntingdon and Westmoreland), Maryland (Allegany and Garrett), and West Virginia (Hardy, Hampshire, Grant and Mineral). The Council also has service centers in Pittsburgh, Pennsylvania, Johnstown, Pennsylvania, and has six camp facilities. The Council is a not-for-profit organization devoted to promoting, within the territory covered by the charter from time to time granted it by the National Council of the Boy Scouts of America (the "National Council") and in accordance with the 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.

The mission of the Council is to "Prepare young people to make ethical and moral choices over their lifetimes by instilling in them the values of the Scout Oath and Law". The mission is principally achieved through Scouting activities, the objectives of which are character development, citizenship training, and physical and mental fitness throughout these counties in Pennsylvania, West Virginia and Maryland. The Council's website address is www.lhscouting.org.

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

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 1 - DESCRIPTION OF LAUREL HIGHLANDS COUNCIL, BOY SCOUTS OF AMERICA (continued)

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

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

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.

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 was 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 Council to maintain the integrity of the single-gender model while also meeting the needs of today's families.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The Council had voting control over and an economic interest in a trust fund, which resulted in the accounts of the trust fund being consolidated with those of the Council in the accompanying consolidated financial statements. The trust was liquidated during 2017, and formally dissolved in August 2025. All intercompany balances and transactions have been eliminated in consolidation. The Council and trust fund are collectively referred to as the "Council".

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of presentation

In accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), the consolidated financial statements of the Council have been prepared on the accrual basis of accounting, which is also in accordance with the National Council Accounting Manual. The Council is required to present consolidated statements of cash flows.

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

Without donor restrictions

Net assets without donor restrictions are not subject to donor-imposed stipulations and are available for general use.

With donor restrictions

Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met, either by actions of the Council and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities and changes in net assets as net assets released from restrictions.

In addition, net assets with donor restrictions may be subject to donor-imposed stipulations that they be maintained permanently with the use of all or part of the income earned on any related investments for general or specific purposes. Also, under current Pennsylvania nonprofit law, additional income up to specified limits may be allocated for general or designated purposes at the discretion of the Board of Directors. The Council's beneficial interest in various irrevocable trusts is included in net assets with donor restrictions.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund accounting

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

Separate accounts are maintained for each fund; however, in the accompanying consolidated financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Operating Fund (Fund #1): Day-to-day operations of the Council flow through this fund, primarily camping, unit and institutional services, and contributions without donor restrictions.

Capital Fund (Fund #2): Reflects all activity associated with capital expenditures, depreciation, and repairs and maintenance. Recognizes contributions whereby the donors have restricted the use of the funds for capital expenditures. This fund also includes contributions from donors whereby the principal amount is nonexpendable (with donor restrictions), unless designated to this fund by the Board of Directors, and only the interest and dividends earned are expendable for capital purposes, as well as contributions from donors whereby the principal, interest and dividends earned are all expendable for capital purposes (with donor restrictions).

Endowment Fund (Fund #3): Recognizes contributions whereby the principal amount is nonexpendable (with donor restrictions), unless designated to this fund by the Board of Directors. Income and realized and unrealized gains and losses on certain funds in the endowment are either without donor restrictions or with donor restrictions as defined by the terms of the gift.

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

Contributions and pledges

Contributions receivable are recognized upon notification of a donor's unconditional promise to give to the Council. All contributions received are considered to be available for use without restriction unless specifically restricted by the donor. Pledges receivable, less an allowance for credit losses, are recorded as public support revenue in the year pledged. An allowance for uncollectible contributions is maintained for any pledge past due 90 days or more.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions and pledges (continued)

Anticipated collections of pledges receivable are as follows as of December 31:

	<u>2025</u>	<u>2024</u>
Within one year	\$ 119,693	\$ 247,109
One to five years	274,460	260,000
More than five years	<u>220,000</u>	<u>285,000</u>
	<u>\$ 614,153</u>	<u>\$ 792,109</u>

As of December 31, 2025 and 2024, one donor accounts for 99% and 85% of pledges receivable, respectively. Pledges receivable are not recorded at their present values using a discount rate commensurate with the risks involved because the present value is not materially less than the amounts expected to be received.

The Council relies upon the participation and contributions of the communities it serves to support the majority of operations. These include numerous individuals, foundations, and area businesses. Donated property, marketable securities and other noncash donations are recorded as contributions at their fair value at the date of donation.

During 2025, the Council was awarded a contribution totaling approximately \$300,000, which is conditional upon satisfactory project performance or the achievement of certain milestones. Income in the amount of approximately \$150,000 from this contribution is reflected in the 2025 consolidated statement of activities and changes in net assets, as other direct support with donor restrictions, since certain conditions upon which it was to be received had been satisfied. As of December 31, 2025, a conditional contribution totaling approximately \$150,000 remains to be recognized related to the 2025 award, and is not reflected in the consolidated financial statements as conditions upon which it is to be received have not yet been satisfied. No conditional contributions were awarded to the Council as of December 31, 2024.

Contributions with restrictions met in the same year

Although contributions with donor restrictions typically are reported as support that increases net assets with donor restrictions, they may be reported as support without donor restrictions if the restrictions are met in the same reporting period, the policy is followed consistently, and it is disclosed.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated materials and services

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair value at their date of donation. The Council reports the donations as increases to net assets 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 increases to 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 require specialized skills or enhance nonfinancial assets are not recorded in the accompanying consolidated financial statements because no objective basis is available to measure the fair value of such services. A substantial number of volunteers have donated significant amounts of their time to the Council's program services and its fundraising campaigns, the value of which is not recorded in the accompanying consolidated financial statements as it is impracticable to determine the fair value of all donated services by the volunteers of the Boy Scouts of America beyond those required to be recognized as income.

The Council received no donated services or donated materials in 2025 and 2024.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities, and money market mutual funds. The Council accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations (ASC 958-320 and subsections). This standard requires that investments in equity securities and money market mutual funds with readily determinable fair values and all investments in debt securities be measured at fair value on the consolidated statements of financial position. Fair value of marketable equity and debt securities and money market mutual funds are based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the consolidated statements of activities and changes in net assets. Realized gains and losses on disposals of investments are determined by the specific identification method, except for mutual funds for which the cost of shares sold is determined by the average cost method. Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported on the consolidated statements of financial position.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Beneficial interests

Beneficial interests in irrevocable trusts for which the trustee does not maintain "variance power" are recorded at the fair values of the Council's interest in investments held within the trusts on the consolidated statements of financial position. Changes in fair values are reported as increases (decreases) to net assets with donor restrictions in the consolidated statements of activities and changes in net assets. Investment income received from the trusts is recorded as increases to net assets without donor restrictions in the consolidated statements of activities and changes in net assets.

Beneficial interests in irrevocable trusts for which the trustee does maintain "variance power" are not recorded on the Council's consolidated statements of financial position. Income received from the trusts is recorded as foundation and other contributions and is reported as an increase in net assets without donor restrictions in the consolidated statements of activities and changes in net assets, unless such amounts are restricted by the donor.

Investment policy

The Council's investment policy, including the Endowment Fund, intends for the Council to invest in assets that would provide sufficient proceeds in the form of a total return from all dividends, income, earnings and appreciation to meet the Council's current budgetary requirements and maintain the endowment for future operational needs of the Council. The objective is to preserve the principal over time in real dollar purchasing power, after annual income distributions and costs of management are satisfied.

To meet the stated objectives, a portion of the portfolio is to be dedicated to an equity position in order to produce the long-term appreciation of principal. Another portion is committed to fixed income investments in order to provide a consistent level of income. The diversity of holdings reasonably attempt to reduce overall portfolio volatility while maintaining a total return investment concept for budgetary requirements. This policy is to maintain an overall asset allocation of 55% to 80% in equities, 20% to 45% in fixed income with limitations to small cap, mid cap, large cap, international, emerging markets, and real estate investment trust funds, 0% to 20% in cash equivalents, and 0% to 10% in alternatives.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Spending policy

The Commonwealth of Pennsylvania has not adopted the *Uniform Management of Institutional Funds Act* (UMIFA) or the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA). Rather, the *Pennsylvania Uniform Principal and Income Act* ("Pennsylvania Act") governs the investment, use, and management of the Council's endowment funds. The Pennsylvania Act does not require the preservation of the fair value of a donor's original gift as of the gift date of a donor-restricted endowment fund, absent explicit donor stipulations to the contrary. However, based on its interpretation of the Pennsylvania Act and relevant accounting literature, 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 Pennsylvania Act allows a nonprofit to elect to appropriate for expenditure between 2 and 7 percent of the endowment's fair value, determined at least annually and averaged over a period of three or more preceding years.

The Council has interpreted that under current Pennsylvania nonprofit law, additional income up to specified limits may be allocated for general or designated purposes at the discretion of the Board of Directors. As of December 31, 2025 and 2024, the approved spending policy of the Council was 4% of the prior three years' fair value, as of the end of the year, for certain investments held by the Council. The Council's spending policy permits spending from those donor-restricted endowment funds where the fair value of assets associated with individual donor-restricted endowment funds have fallen below the level that the donor required the Council to retain as a fund of perpetual duration (see Note 15). During 2017, the spending policy was amended to state that income withdrawals shall be not greater than 4%, and shall remain as such, unless an adjustment is determined and approved by the Board of Directors.

Inventories

Inventories consist of Scouting and other items available for resale and are stated at the lower of cost or net realizable value. Cost is determined using the average cost method through the Sellwise cash receipting system at the Flag Plaza, Johnstown, and Cumberland stores. The camps using point of sale registers state inventories at cost, determined on the first-in, first out method.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land, buildings and equipment

Land, buildings and equipment are carried at cost. Donated land, buildings and equipment are recorded at the approximate fair value of the asset on the date of donation. Improvements or betterments of a permanent nature are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The costs of assets retired or otherwise disposed of, and the related accumulated depreciation, are eliminated from the accounts in the year of disposal. Gains or losses resulting from property disposals are credited or charged to operations currently. Land improvements, buildings and equipment are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings and land improvements	10 - 25 years
Equipment	3 - 10 years

Construction in progress represents costs incurred on the construction of assets that have not been completed or placed in service as of the end of the year. Depreciation will commence upon the asset being placed in service.

Cash

The Council maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Council does not believe it is exposed to any significant credit risk on cash.

Use of estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of year-end and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Functional allocation of expenses

The costs of providing the various programs and supporting services have been summarized in the consolidated statements of activities and changes in net assets on a functional basis. Most expenses can be directly allocated to one of the programs or supporting functions. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses in this category include occupancy, depreciation, office expenses, insurance, salaries and wages of support personnel, including the Scout executive's, accounting, information technology personnel, and payroll taxes.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses (continued)

The basis of allocation of these expenses is the result of a time study of staff on an annual basis. For 2025, the time study percentages were: 91% program services, 6% management and general, and 3% fundraising based on the time study performed in 2025. For 2024, the time study percentages were: 91% program services, 8% management and general, and 1% fundraising based on the time study performed in 2024. The percentage of time allocated to each of the programs and the supporting functions is based on the average of the results of separate studies performed throughout each year and is applied to the expenses that are allocated. In accordance with the policy of the National Council, the payment of the charter fee to the National Council is not allocated as a functional expense. The consolidated financial statements report expenses by function in the consolidated statements of functional expenses.

Advertising costs

Advertising costs are expensed when incurred.

Income taxes

The Council is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law as a charitable organization, whereby only unrelated business income, as defined by Section 509(a)(1) of the Code is subject to federal income tax. The Council currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded. FASB ASC 740 and subsections, clarifies the recognition, measurement, presentation and disclosure relating to uncertain tax positions. The Council does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits. There was no interest or penalties recorded or included in the 2025 or 2024 consolidated financial statements.

Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicated that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the net assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. No impairment charges were recorded during the years ended December 31, 2025 and 2024.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from Exchange Transactions – The Council recognizes revenue in accordance with FASB Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*, as amended (FASB ASC Topic 606). 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 recorded the following exchange transaction revenue in its consolidated statements of activities and changes in net assets for the years ended December 31, 2025 and 2024:

Scout Shop and Trading Post sales

The Council operates Scout Shops in its service centers in Pittsburgh, Pennsylvania and Johnstown, Pennsylvania, and various Trading Posts at its summer camps, which sell Scouting-related merchandise on a retail basis to customers. The performance obligation is the delivery of the good to the customer. The transaction price is established by the Council based on retail prices suggested by the suppliers. As each item is individually priced, no allocation of the transaction price is necessary. The Council recognizes revenue as the customer pays and takes possession of the merchandise. Some merchandise is sold with a right of return. If probable customer returns exist at the end of the accounting period, the Council establishes and records in its consolidated financial statements a liability for such returns, which offsets revenue. No liability for probable customer returns was considered necessary as of December 31, 2025 and 2024.

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 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. With popcorn sales, the performance obligation is the delivery of the product, which is fulfilled by the Council at predetermined times and locations. The Council presents separately in its consolidated statements of activities and changes in net assets gross revenue from popcorn sales, cost of goods sold, and unit commissions (retained by or paid to the unit).

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Product sales (continued)

For the years ended December 31, 2025 and 2024, the Council recognized popcorn sales as product sales, gross and commissions paid to units in the consolidated statements of activities and changes in net assets. Sales incurred for periods subsequent to December 31, 2025 and 2024 are included in deferred income on the consolidated statements of financial position in the amount of \$120,725 and \$155,044, respectively. Scout units have the right to return to the Council any unsold product, subject to a return-by date of November 30 of each year. As of December 31, 2025 and 2024, no probable popcorn returns existed. Accordingly, no liability for probable customer returns was considered necessary. As of January 1, 2024, deferred revenue related to product sales was \$142,244.

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 therefore are 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. Boy Scouts of America ("BSA") activities such as Wood Badge may involve program supplies, recognition items, and meals, and are also considered to be one performance obligation. Fees collected in advance of delivery of the camp or activity are initially recognized as liabilities (deferred revenue) and are only recognized in the consolidated statements of activities and changes in net assets after delivery of the program has occurred. As of January 1, 2024, deferred revenue related to camping and activity revenue was \$344,350.

Special fundraising event revenue

The Council conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event – the exchange component, and a portion represents a contribution to the Council. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Council. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit.

LAUREL HIGHLANDS COUNCIL,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Special fundraising event revenue (continued)

The direct costs of the special events, which ultimately benefit the donor rather than the Council, are recorded as costs of direct donor benefits in the consolidated statements of 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 obligation(s). Accordingly, the Council separately presents in its consolidated statements of activities and changes in net assets the exchange and contribution components of the gross proceeds from special events. Special event fees collected by the Council in advance of its delivery are initially recognized as liabilities (deferred revenue) and recognized as special event revenue after delivery of the event. For special event fees received before year-end for an event to occur after year-end, the Council follows American Institute of Certified Public Accountants guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance with the exchange component.

Other revenue

Other revenue consists primarily of rent revenue, royalties and certain camper fees and is recognized on a monthly or one-time basis as earned.

Reserve for unemployment claims

The Council records an accrual for the estimated amount of unemployment claims based on historical experience.

Reclassifications

Certain amounts presented in the 2024 financial statements have been reclassified to be consistent with 2025 presentation.

Subsequent events

The Council evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through May 19, 2026, the date on which the consolidated financial statements were available to be issued.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FUNDS

The Council's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, are as follows as of December 31:

	2025	2024
Cash – Operating Fund	\$ 2,975,592	\$ 2,699,660
Short-term investments – Operating Fund	561,662	561,373
Pledges receivable – Operating Fund	47,193	148,742
Total financial assets as of end of year	3,584,447	3,409,775
Appropriation from investments per spending policy for general expenditures in subsequent year	814,744	659,592
Less: Purpose restricted net assets – Operating Fund	(48,598)	(1,053,266)
Less: Custodian accounts – Operating Fund	(309,116)	(286,255)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 4,041,477	\$ 2,729,846

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. As described in Note 2, as of December 31, 2025 and 2024, the endowment has a spending rate of 4% of the prior-three year's fair value of certain investments held by the Council. Appropriations from those investments of \$814,744 and \$659,592 will be available within the next twelve 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 excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Council maintains a Board designated endowment of \$5,505,914 and \$4,942,987 as of December 31, 2025 and 2024, respectively. In addition, as disclosed in Note 17, the Council also maintains a line of credit available to meet short-term cash needs should an unforeseen liquidity need arise.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 4 - INVESTMENTS

The fair values of short-term investments approximate cost. The fair values of money market mutual funds, fixed income mutual funds, equity stocks and equity mutual funds are based on quoted market prices. Using the provisions within FASB ASC 820 and subsections, the Council has characterized its investments, based on the priority of the inputs used to value the investments, according to a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities ("Level I"), and the lowest priority to unobservable inputs ("Level III"). All Council investments, including those held as custodian but with the exception of beneficial interests, fall in Level I as these investments are valued based on unadjusted quoted prices for identical assets in an active market. Beneficial interests fall in Level III as there is no market in which the beneficial interests trade and the fact that these assets are to remain in trust in perpetuity and not revert to the Council (see Note 5).

The valuation of the Council's investments by the above fair value hierarchy levels are as follows as of December 31:

	2025		
	Level I	Level III	Total
Short-term investments	\$ 853,621	\$ --	\$ 853,621
Equity mutual funds	18,245,176	--	18,245,176
Fixed income mutual funds	8,007,795	--	8,007,795
Money market mutual funds	1,300,208	--	1,300,208
Beneficial interests (Note 5)	--	1,510,401	1,510,401
	\$ 28,406,800	\$ 1,510,401	\$ 29,917,201
	2024		
	Level I	Level III	Total
Short-term investments	\$ 844,814	\$ --	\$ 844,814
Equity mutual funds	15,774,753	--	15,774,753
Fixed income mutual funds	7,602,516	--	7,602,516
Money market mutual funds	949,593	--	949,593
Beneficial interests (Note 5)	--	1,376,700	1,376,700
	\$ 25,171,676	\$ 1,376,700	\$ 26,548,376

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 4 - INVESTMENTS (continued)

The long-term investment portfolio's historical cost and quoted fair values (carrying values) are as follows as of December 31:

	2025		2024	
	Cost	Fair value	Cost	Fair value
Equity mutual funds	\$ 13,079,194	\$ 18,245,176	\$ 12,757,117	\$ 15,774,753
Fixed income mutual funds	7,846,459	8,007,795	7,686,447	7,602,516
Money market mutual funds	1,300,208	1,300,208	949,593	949,593
	\$ 22,225,861	\$ 27,553,179	\$ 21,393,157	\$ 24,326,862

The following schedule summarizes the investment return, net in the consolidated statements of activities and changes in net assets for the years ended December 31:

	2025	2024
Interest and dividends	\$ 1,113,365	\$ 963,321
Net realized gains	346,823	1,463,065
Net unrealized gains (losses)	2,261,388	(104,621)
Investment expenses	(84,278)	(64,328)
Total investment return, net	\$ 3,637,298	\$ 2,257,437

The above investment return, net is classified in the 2025 and 2024 consolidated statements of activities and changes in net assets as follows:

	2025	2024
Within net assets with donor restrictions	\$ 1,220,416	\$ 729,373
Within net assets without donor restrictions	2,416,882	1,528,064
Total investment return, net	\$ 3,637,298	\$ 2,257,437

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 5 - BENEFICIAL INTERESTS

The Council is the beneficiary of the income from certain irrevocable trust funds held by bank trustees who do not maintain "variance power." Using the provisions within FASB ASC Topic 820 and subsections, the Council has characterized its beneficial interest in irrevocable trusts for which the trustee does not maintain variance power, as Level III investments as defined above, as there is no market in which the beneficial interests trade and the fact that these assets are to remain in trust in perpetuity and not revert to the Council. The Council has used the fair value of the underlying trust assets to determine the fair value of the beneficial interest, in addition to the Council's percentage interest in the trust. The Council has not adjusted any of the fair values provided by the trustees. All trust assets are Level I investments. See Note 4 for classification within the fair value hierarchy. Income received from the trusts was \$48,186 and \$56,880 in 2025 and 2024, respectively.

Following is a summary of the estimated fair value of the Council's beneficial interest in the trusts, which are reported on the consolidated statements of financial position as long-term investments as of December 31:

	2025	2024
Charles Brooks for Charities Trust	\$ 1,123,566	\$ 1,021,440
Trust of W.H. Davis	275,004	252,040
Trust of Louis Moses	36,118	33,104
Trust of R. Grier Muller	33,182	30,634
Trust of James H. Lockhart & Florence D. Lockhart	27,797	25,520
Trust of Frederick Hartman	14,734	13,962
	\$ 1,510,401	\$ 1,376,700

The following table sets forth the reconciliation of changes in the fair value of the beneficial interest investments classified as Level III in the fair value hierarchy noted above:

Balance as of January 1, 2024	\$ 1,292,485
Unrealized gain on investments included in investment return, net	84,215
Balance as of December 31, 2024	1,376,700
Unrealized gain on investments included in investment return, net	133,701
Balance as of December 31, 2025	\$ 1,510,401

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 5 - BENEFICIAL INTERESTS (continued)

There were no purchases or transfers in or out of Level 3 investments during 2025 and 2024.

The Council is also the beneficiary of an investment that was donated to and is held by The Pittsburgh Foundation on behalf of the Council. The Pittsburgh Foundation maintains variance power (as defined by U.S. GAAP) over these assets. Income from this investment approximated \$55,000 for both years ended December 31, 2025 and 2024, and is without donor restrictions as to use.

The Council is named a beneficiary of Dietrich Foundation. The Council has a 1% interest in the investments held by Dietrich Foundation on behalf of the Council and other beneficiaries. Dietrich Foundation maintains "variance power" over these assets. The fair value of the Council's 1% interest in the trust as estimated by Dietrich Foundation was approximately \$15,786,000 and \$14,613,000 as of December 31, 2025 and 2024, respectively. Distributions from the Dietrich Foundation are with donor restrictions as to use. Income earned from these distributions will also be restricted as to use as determined by Dietrich Foundation. Distributions approximated \$442,000 and \$454,000 in 2025 and 2024, respectively.

In accordance with U.S. GAAP, the Council did not record the assets and related contributions from the beneficial interests held by The Pittsburgh Foundation and Dietrich Foundation due to these organizations maintaining variance power over the ultimate disposition of the funds. As such, distributions from these beneficial interests will be recognized as contributed support as they are received in the future.

NOTE 6 - LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consisted of the following as of December 31:

	2025	2024
Land	\$ 1,571,843	\$ 1,576,843
Buildings	20,949,826	20,784,862
Land improvements	4,006,518	4,003,705
Equipment	6,579,023	6,376,663
Construction in progress	171,071	--
	33,278,281	32,742,073
Less: accumulated depreciation	21,146,765	20,627,065
	\$ 12,131,516	\$ 12,115,008

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 6 - LAND, BUILDINGS AND EQUIPMENT (continued)

During 2020, the Council sold Camp Twin Echo. As part of the sale, the purchaser and the Council agreed to transfer the entire oil and gas estate associated with the property to a newly established limited liability company ("LLC"). The purchaser and the Council each holds a 50% membership interest in the LLC with the Council as a non-voting member. As of December 31, 2025 and 2024, management has determined that there is no discernible value associated with this interest in the LLC.

NOTE 7 - CUSTODIAN FUNDS

The Council maintains various assets it does not own, and therefore records an offsetting liability. The custodian funds in the Operating Fund consists of the C.T. Koval Trust (fair value was \$99,100 and \$88,968 as of December 31, 2025 and 2024, respectively, included in long-term investments on the consolidated statements of financial position), membership registration fees, other funds due to the National Council, and funds held by the Council on behalf of local affiliated entities (total of \$205,988 and \$197,287 as of December 31, 2025 and 2024, respectively, and included in cash on the consolidated statements of financial position). The custodian funds in the Endowment Fund represent the William K. Fitch Boy Scouts Development Fund and amounts due to the Westmoreland-Fayette Council, Boy Scouts of America.

Prior to January 1, 2019, the William K. Fitch Boy Scouts Development Fund ("Fund") provided matching funds to all of the Council's full-time personnel who participated in the Council sponsored William K. Fitch Boy Scouts Savings and Incentive Plan ("Plan").

Effective January 1, 2019, the National Council implemented the *BSA Match Savings Plan* for all active employees, which was adopted by the Council (see Note 8). Participation in the Plan by employees was ceased effective December 31, 2018, and all employees were enrolled in the *BSA Match Savings Plan*. As a result of this new plan adoption, the investment income from the Fund is used to offset the cost of the *BSA Match Savings Plan*, and the investment income follows the Council spending policy. The fair value of the Fund was \$2,136,409 and \$1,932,122 as of December 31, 2025 and 2024, respectively, and is included in long-term investments on the consolidated statements of financial position. Investment income for the Fund was \$71,191 and \$72,329 in 2025 and 2024, respectively.

In 2000, the Council received an anonymous gift to be included in the Endowment Fund. In accordance with the donor's stipulations, 5% of the annual value of the endowment is to be withdrawn and used for specific purposes as established by the donor. Since one-third of this annual withdrawal must be remitted to the Westmoreland-Fayette Council, Boy Scouts of America, the fair value of those allocated assets are reported with an offsetting liability to the Westmoreland-Fayette Council, Boy Scouts of America. The fair value was \$378,226 and \$344,293 as of December 31, 2025 and 2024, respectively, and included in long-term investments on the consolidated statements of financial position.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 8 - PENSION PLAN AND BSA MATCH SAVINGS PLAN

The National Council has a qualified defined benefit pension plan ("pension plan") administered at the National Service Center that covers employees of the National Council and local councils, including the Council. 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 pension plan was frozen to employees with less than 15 years of vesting service, and whose age plus vesting service equaled less than 60 as of December 31, 2018 (non-grandfathered employees). From January 1, 2020 through July 31, 2020, employees with at least 15 years of vesting service and whose age plus vesting service equaled 60 or more as of December 31, 2018 (grandfathered employees) contributed 4.25% of compensation to the pension plan. Effective August 1, 2020, the pension plan was frozen to grandfathered employees, thereby freezing the pension plan for all employees. The Council contributes 7.75% of eligible employees' compensation to the BSA retirement program, which includes both the pension plan and the BSA Match Savings Plan. The actuarial information for the pension plan as of February 1, 2020 indicates that it is in compliance with ERISA regulations regarding funding.

The Council participates in a defined contribution plan established by the National Council. 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. Under the *BSA Match Savings Plan*, for grandfathered employees, the BSA matches 50% of contributions up to 6% per pay. Grandfathered employees are fully vested in the new plan. For the non-grandfathered employees, the BSA matches 100% of contributions up to 6%, with an additional 1.75% even if they do not contribute. Effective January 1, 2025, the BSA matches 50% of contributions up to 9% per pay. There is a three-year vesting schedule that includes past service. In 2020, the Council cost for the plan was 7.75% of all eligible employees, regardless of participation levels. Effective February 1, 2021, the Council cost for the plan increased to 12% of all eligible employees. The first 0.50% is used to cover certain expenses. The remaining 11.50% will be used to cover matching contributions to the plan. The Council's expense relative to the pension plan and the *BSA Match Savings Plan* was \$181,493 and \$205,047 for 2025 and 2024, respectively.

NOTE 9 - HEALTH CARE PLAN

Eligible Council employees are covered under a health care plan provided by the National Council, where the Council pays a portion of the cost for employees with the employees paying the remaining portion and any additional premiums for their dependents.

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 10 - RELATED PARTY TRANSACTIONS

The Council paid the National Council for the following during the years ended December 31:

	2025	2024
Employee benefits	\$ 534,913	\$ 500,332
Employee recognitions	13,936	4,261
Specific assistance to individuals	49,982	61,970
Purchases from the Scout Shop	264,254	297,932
Charter and national service fee	156,970	140,249
Computer service fees and support	193	474
Directors and officers insurance	3,877	4,183
Conference fees	12,155	6,635

As discussed in Note 7, the Council has recorded a liability of \$4,028 and \$0 as of December 31, 2025 and 2024, respectively, for membership registration fees and other funds due to the National Council. Accounts payable and accrued expenses of \$0 and \$10,078 as of December 31, 2025 and 2024, respectively, was also due to the National Council representing the Council's costs, as well as employees' voluntary deductions, relating to insurance and retirement benefits. In addition, as discussed in Note 7, the Council has recorded a liability of \$205,988 and \$197,287 as of December 31, 2025 and 2024, respectively, for funds held on behalf of local affiliated entities.

During 2024, the Council entered into a shared services agreement with a local affiliated council to perform administrative services. Total compensation under the shared services agreement was \$1 for both the years ended December 31, 2025 and 2024.

NOTE 11 - ALLOCATION OF JOINT COSTS

The Council's operations include requests for contributions, as well as program and management and general components. Those operations include direct mail campaigns and special events. The costs of conducting those operations included a total of \$3,572,057 and \$3,419,967 of joint costs for 2025 and 2024, respectively, which are not specifically attributable to particular components of the operations (joint costs), as follows:

	2025	2024
Program services	\$ 3,243,428	\$ 3,109,092
Management and general	227,540	259,575
Fundraising	101,089	51,300
	\$ 3,572,057	\$ 3,419,967

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows as of December 31:

	2025			
	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditure for a specific purpose:				
Foundations and trusts	\$ --	\$ --	\$ --	\$ --
Other direct support	--	--	--	--
Future capital expenditures	--	1,132,867	--	1,132,867
Camping and related expenditures	--	--	1,598,568	1,598,568
Maintenance of certain equipment	--	--	135,000	135,000
	--	1,132,867	1,733,568	2,866,435
Total purpose restrictions				
Subject to the passage of time:				
Friends of Scouting	48,424	--	--	48,424
Special events	174	--	--	174
Foundations and trusts	103,800	--	--	103,800
	152,398	--	--	152,398
Total time restrictions				
Perpetual in duration	--	261,829	13,830,660	14,092,489
	--	261,829	13,830,660	14,092,489
Total net assets with donor restrictions	\$ 152,398	\$ 1,394,696	\$ 15,564,228	\$ 17,111,322

	2024			
	Operating Fund	Capital Fund	Endowment Fund	Total
Subject to expenditure for a specific purpose:				
Foundations and trusts	\$ 856,000	\$ --	\$ --	\$ 856,000
Other direct support	125,000	--	--	125,000
Future capital expenditures	--	983,722	--	983,722
Camping and related expenditures	--	--	1,598,568	1,598,568
Maintenance of certain equipment	--	--	135,000	135,000
	981,000	983,722	1,733,568	3,698,290
Total purpose restrictions				
Subject to the passage of time:				
Friends of Scouting	45,432	--	--	45,432
Special events	26,884	--	--	26,884
Foundations and trusts	120,000	--	--	120,000
	192,316	--	--	192,316
Total time restrictions				
Perpetual in duration	--	142,900	12,286,696	12,429,596
	--	142,900	12,286,696	12,429,596
Total net assets with donor restrictions	\$ 1,173,316	\$ 1,126,622	\$ 14,020,264	\$ 16,320,202

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 13 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions in the operating fund during 2025 and 2024 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows:

	2025	2024
Satisfaction of program restrictions:		
Foundations and trusts	\$ 856,000	\$ 275,000
Other direct support	125,000	--
Total expiration of program restrictions	981,000	275,000
Expiration of time restrictions:		
Friends of Scouting	45,432	37,961
Special events	26,834	2,825
Foundations and trusts	16,250	16,250
Total expiration of time restrictions	88,516	57,036
Total net assets released from restrictions	\$ 1,069,516	\$ 332,036

Net assets were released from donor restrictions in the capital fund during 2025 and 2024 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors as follows:

	2025	2024
Satisfaction of program restrictions:		
Foundations and trusts	\$ 246,000	\$ --
Total net assets released from restrictions	\$ 246,000	\$ --

NOTE 14 - BOARD DESIGNATED NET ASSETS

The Board of Directors has designated a portion of the net assets with donor restrictions as follows as of December 31:

	2025	2024
Endowment Fund		
General operations of the Council	\$ 5,505,914	\$ 4,942,987

LAUREL HIGHLANDS COUNCIL,
BOY SCOUTS OF AMERICA

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 15 - CAPITAL AND ENDOWMENT FUNDS

The Council has adopted the disclosure provisions of FASB ASC 958-205 and subsections. The Capital Fund includes \$1,394,696 and \$1,126,622 of donor-restricted funds as of December 31, 2025 and 2024, respectively. The Endowment Fund includes \$15,564,228 and \$14,020,264 of donor-restricted funds and \$5,505,914 and \$4,942,987 of endowment funds without donor restrictions established by the Board of Directors for a variety of purposes as of December 31, 2025 and 2024, respectively.

Changes in the Capital Fund net assets are as follows for the years ended December 31:

	2025		Total
	Without donor restrictions	With donor restrictions	
Capital Fund net assets - beginning of year	\$ 14,057,438	\$ 1,126,622	\$ 15,184,060
Investment return, net:			
Investment income	114,874	--	114,874
Net realized and unrealized gains	214,075	118,929	333,004
Total investment return, net	328,949	118,929	447,878
Contributions	19,821	395,145	414,966
Gain from the sale of land, buildings, and equipment	232,062	--	232,062
Other revenue	150,145	--	150,145
Expenses	(794,231)	--	(794,231)
Fund transfers	(150,145)	--	(150,145)
Release from restrictions	246,000	(246,000)	--
Capital Fund net assets - end of year	\$ 14,090,039	\$ 1,394,696	\$ 15,484,735

LAUREL HIGHLANDS COUNCIL,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 15 - CAPITAL AND ENDOWMENT FUNDS (continued)

	2024		
	Without donor restrictions	With donor restrictions	Total
Capital Fund net assets - beginning of year	\$ 15,019,472	\$ 922,450	\$ 15,941,922
Investment return, net:			
Investment income	10,056	--	10,056
Net realized and unrealized gains	209,110	19,172	228,282
Total investment return, net	219,166	19,172	238,338
Contributions	122,985	185,000	307,985
Expenses	(760,185)	--	(760,185)
Fund transfers	(544,000)	--	(544,000)
Capital Fund net assets - end of year	\$ 14,057,438	\$ 1,126,622	\$ 15,184,060

Changes in the Endowment Fund net assets are as follows for years ended December 31:

	2025		
	Without donor restrictions	With donor restrictions	Total
Endowment Fund net assets - beginning of year	\$ 7,320,238	\$ 14,020,264	\$ 21,340,502
Investment return, net:			
Net realized and unrealized gains	1,173,721	1,101,487	2,275,208
Contributions	19,384	--	19,384
Donor-restricted endowment funds, perpetual in duration	--	442,477	442,477
Endowment Fund net assets - end of year	\$ 8,513,343	\$ 15,564,228	\$ 24,077,571

LAUREL HIGHLANDS COUNCIL,
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(continued)

NOTE 15 - CAPITAL AND ENDOWMENT FUNDS (continued)

	2024		
	Without donor restrictions	With donor restrictions	Total
Endowment Fund net assets - beginning of year	\$ 6,132,153	\$ 12,855,708	\$ 18,987,861
Investment return, net:			
Net realized and unrealized gains	419,959	710,201	1,130,160
Contributions	224,126	--	224,126
Donor-restricted endowment funds, perpetual in duration	--	454,355	454,355
Fund transfers	544,000	--	544,000
Endowment Fund net assets – end of year	\$ 7,320,238	\$ 14,020,264	\$ 21,340,502

Net assets with donor restrictions are primarily restricted for general support of Council operations. From time to time, the fair value of assets associated with individual donor-restricted endowment funds 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. As of December 31, 2025 and 2024, no donor-restricted endowment funds had a shortfall.

NOTE 16 - LEASES

The Council leases office space, office production printers, office copiers, and a camp under non-cancelable operating leases, which expire at various times through 2030. Total rent expense on operating leases amounted to \$17,400 and \$40,723 for the years ended December 31, 2025 and 2024, respectively. The Council has not recorded a right-of-use asset and corresponding lease liability for these leases under FASB ASC Topic 842, as the amounts are not material to the consolidated financial statements as a whole.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 16 - LEASES (continued)

Future minimum rental payments for leases that have not been accounted for in accordance with FASB ASC Topic 842 are as follows:

Year ending December 31,

2026	\$	30,379
2027		14,596
2028		8,239
2029		8,239
2030		<u>6,498</u>
	\$	<u>67,951</u>

NOTE 17 - LINE OF CREDIT FACILITY

In January 2023, the Council entered into a secured line of credit arrangement with a financial institution, which is secured by a lien on certain assets of the Council, as defined in the executed agreement. Maximum allowable borrowings on the line of credit are \$500,000, with an effective interest rate at the prime rate (6.75% and 7.50% as of December 31, 2025 and 2024, respectively) plus 0.92%. As of December 31, 2025 and 2024, there were no borrowings outstanding on the line of credit.

NOTE 18 - FUND TRANSFERS

During 2025, the Council transferred \$150,145 into the Operating Fund from the Capital Fund. During 2024, the Council transferred \$544,000 into the Endowment Fund from the Capital Fund.

NOTE 19 - COMMITMENTS

The Council has entered into an agreement with the National Council relating to the 2026 National Scout Jamboree. Total remaining commitments under this agreement were approximately \$139,000 as of December 31, 2025.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(continued)

NOTE 20 - PLAN OF MERGER

The Council and the Bucktail Council have entered into a Plan of Merger adopted by the Board of Directors of Bucktail Council on November 3, 2025, and the Council on November 10, 2025.

The Council and Bucktail Council have agreed that the service to youth will be promoted, and administrative efficiencies will be effected by merging Bucktail Council into the Council with a list of, and all title documents to, all of its property, real and personal, tangible and intangible, and every other asset, including trust funds and those rights personal, tangible and intangible, and every other asset, including trust funds and those rights which it enjoys as a beneficiary of a trust or similar arrangement, and all of its records, all of which property, assets, rights and records shall inure to the benefit of the Council.

This plan shall be submitted to the respective members of the constituent corporations for its adoption by their respective votes, contingent on the sale of Camp Mountain Run, and the subsequent repayment of the Economic Injury Disaster Relief loan, following which Articles of Merger shall be filed with the Pennsylvania Secretary of State, all as required by Pennsylvania law. The merger shall become effective upon approval of the Articles of Merger by the Secretary of State. Each corporation shall conduct its own affairs until the merger becomes effective.