

**PROVINCIAL COUNCIL FOR ONTARIO;
BOY SCOUTS OF CANADA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2007

MacGillivray & Co.

Chartered Accountants
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PARTNERS

D.E. JAMES C.A.

G.G. WILSON C.A., C.B.V.

AUDITOR'S REPORT

To the Members of
Provincial Council for Ontario; Boy Scouts of Canada:

We have audited the statement of financial position of Provincial Council for Ontario; Boy Scouts of Canada as at August 31, 2007 and the statement of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2007 and the results of operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Brampton, Ontario
November 5, 2007

Chartered Accountants,
Licensed Public Accountants

**PROVINCIAL COUNCIL FOR ONTARIO;
BOY SCOUTS OF CANADA**

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2007

ASSETS

	2007	2006 (Note 2)
CURRENT		
Cash	\$ 195,199	\$ 199,021
Accounts receivable (Note 3)	61,558	49,084
GST recoverable	6,703	10,630
Current portion of loans receivable (Note 4)	<u>75,000</u>	<u>-</u>
	338,460	258,735
 Loans receivable (Note 4)	 675,000	 750,000
 Investments (Note 5)	 <u>4,482,901</u>	 <u>4,348,256</u>
	 <u>\$ 5,496,361</u>	 <u>\$ 5,356,991</u>

LIABILITIES & NET ASSETS

CURRENT		
Accounts payable and accrued liabilities	\$ <u>103,216</u>	\$ <u>71,821</u>
 Designated funds (Note 6)	 <u>2,512,868</u>	 <u>2,430,624</u>
NET ASSETS		
Unrestricted	2,759,232	2,614,179
Restricted (Note 8)	<u>121,045</u>	<u>240,367</u>
	<u>2,880,277</u>	<u>2,854,546</u>
 COMMITMENTS (Note 7)	 <u>\$ 5,496,361</u>	 <u>\$ 5,356,991</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

**PROVINCIAL COUNCIL FOR ONTARIO;
BOY SCOUTS OF CANADA**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED AUGUST 31, 2007

	Operating Fund	Restricted Fund	2007 Total	2006 Total (Notes 2&12)
Revenues				
Investment	\$ 263,636	\$ -	\$ 263,636	\$ 304,916
Supporters' contributions	<u>3,087</u>	<u>-</u>	<u>3,087</u>	<u>5,299</u>
	<u>266,723</u>	<u>-</u>	<u>266,723</u>	<u>310,215</u>
Expenses				
Office operations	37,113	-	37,113	132,694
Committee and activity costs	78,461	-	78,461	56,371
Investment management fees	41,518	-	41,518	40,234
Blue Springs Scout Reserve	-	82,900	82,900	131,933
Allowance for doubtful loans	-	-	-	31,214
Bad debts	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>-</u>
	<u>158,092</u>	<u>82,900</u>	<u>240,992</u>	<u>392,446</u>
Excess (deficiency) of revenue over expenses	<u>\$ 108,631</u>	<u>\$ (82,900)</u>	<u>\$ 25,731</u>	<u>\$ (82,231)</u>

See accompanying notes.

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Chartered Accountants

**PROVINCIAL COUNCIL FOR ONTARIO;
BOY SCOUTS OF CANADA**

STATEMENT OF CHANGES IN NET ASSETS

AS AT AUGUST 31, 2007

	Unrestricted Fund	Restricted Fund	2007 Total	2006 Total
Balance, beginning of year as originally reported	\$ 2,835,170	\$ 215,367	\$ 3,050,537	2,936,777
Correction of Error - 2006, (Note 2)	<u>(220,991)</u>	<u>25,000</u>	<u>(195,991)</u>	<u>-</u>
Balance, beginning of year as restated	2,614,179	240,367	2,854,546	2,936,777
Excess (deficiency) of revenue over expenses	108,631	(82,900)	25,731	(82,231)
Transfer from Blue Springs Development Funds	<u>36,422</u>	<u>(36,422)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 2,759,232</u>	<u>\$ 121,045</u>	<u>\$ 2,880,277</u>	<u>\$ 2,854,546</u>

**PROVINCIAL COUNCIL FOR ONTARIO;
BOY SCOUTS OF CANADA**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2007

	2007	2006 (Note 2)
CASH PROVIDED BY (USED FOR)		
OPERATIONS		
Excess (deficiency) of revenue over expenses	\$ 25,731	\$ (82,231)
Changes in non-cash working capital affecting operations:		
Accounts receivable	(12,474)	(9,163)
GST recoverable	3,927	(10,263)
Accounts payable and accrued liabilities	<u>31,395</u>	<u>(22,285)</u>
Cash provided by operations	<u>48,579</u>	<u>(123,942)</u>
FINANCING ACTIVITIES		
Net increase (decrease) in designated funds	82,244	409,832
Net increase in loans receivable	<u>-</u>	<u>(230,000)</u>
Cash provided by (used for) financing activities	<u>82,244</u>	<u>179,832</u>
INVESTING ACTIVITIES		
Net decrease (increase) in investments	<u>(134,645)</u>	<u>16,039</u>
Cash provided by (used for) investing activities	<u>(134,645)</u>	<u>16,039</u>
NET INCREASE (DECREASE) IN CASH	(3,822)	71,929
CASH, beginning of year	<u>199,021</u>	<u>127,092</u>
CASH, end of year	<u>\$ 195,199</u>	<u>\$ 199,021</u>

See accompanying notes.

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**PROVINCIAL COUNCIL FOR ONTARIO;
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2007

Scouts Canada is a national organization operating programs aimed at contributing to the education of young people through a value system based on the Scout Promise and Law, to help build a better world where people are self-fulfilled as individuals and play a constructive role in society. Scouts Canada was incorporated on June 12, 1914 by an Act of the Canadian Parliament.

The Provincial Council for Ontario; Boy Scouts of Canada (the "Corporation"), was incorporated without share capital on March 26, 1963 under the Ontario Corporations Act. The objectives of the Corporation include promoting and expanding Scouts Canada in the Province of Ontario; acquiring, holding, selling, exchanging, and disposing of real and personal property and accepting donations, gifts, legacies and bequests. The Corporation is a registered charity under the Income Tax Act and as such is not subject to income taxes.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Fund accounting

The Corporation follows the restricted fund method of accounting for not-for-profit organizations.

The Unrestricted Fund accounts for the Corporation's operations and administrative activities.

Restricted Funds include contributions allocated by the Board for the Professional Development Fund and the Blue Springs Development Funds, as well as contributions and bequests received for the development of Scouting and Scouting programs in Ontario.

(b) Investments

Investments are recorded at cost plus accrued interest. Investments are written down to market value if the decline in value is considered to be other than temporary by management.

(c) Revenue recognition

Unrestricted contributions are recognized as revenue in the year received.

Restricted contributions relating to general operations are recognized as revenue of the unrestricted fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate Restricted Fund in the year received.

Pledges of contributions are not recorded until received.

Investment income is recognized when earned.

**PROVINCIAL COUNCIL FOR ONTARIO;
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2007

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Donated materials and services

Volunteers donate services throughout the year to assist the Corporation in carrying out its operations. Because of the difficulty of tracking and determining their fair value, contributed materials and services are not recorded in these financial statements.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

(f) Financial instruments

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest rate or credit risks arising from the financial instruments. The fair value of these financial instruments approximates their carrying value unless otherwise indicated.

NOTE 2: CORRECTION OF AN ERROR

Subsequent to the Approval of the 2006 Annual Financial Statements at the Annual meeting held in late April 2007, an error was discovered with respect to the Allocation of Income to the Designated Funds as well as a misallocation between the Unrestricted and Restricted Funds. The impact of these errors was to overstate the Investment income of the Operating Fund, the Excess of revenue over expenses of the Operating Fund for 2006, as well as Net Assets of the Unrestricted Fund at 31 August, 2006 by \$195,991.

In addition, the Restricted Fund was understated and the Operating Fund was overstated by an amount of \$25,000 with respect to the reversal of the Legal Defence Fund.

These errors have been treated as a prior period adjustment and all amounts for the year ended August 31, 2006 have been corrected in these financial statements.

**PROVINCIAL COUNCIL FOR ONTARIO;
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2007

NOTE 3: ACCOUNTS RECEIVABLE

	2007	2006
Councils and Groups	\$ 6,659	\$ 8,533
National Operation - Interest receivable	<u>54,899</u>	<u>40,551</u>
	<u>\$ 61,558</u>	<u>\$ 49,084</u>

NOTE 4: LOANS RECEIVABLE

Loans receivable consist of:

	2007	2006
National Operation	\$ 750,000	\$ 750,000
Less current portion	<u>75,000</u>	<u>-</u>
	<u>\$ 675,000</u>	<u>\$ 750,000</u>

The loans to the National Operation bears interest at the bank rate less one percent based on the rate charged by the Corporations's bankers at the dates of the advances. The loan principal is repayable \$75,000 annually commencing May 31, 2008.

Interest receivable on these loans is included in accounts receivable.

NOTE 5: INVESTMENTS

Investments consist of:

	2007		2006	
	Carrying Value	Market Value	Carrying Value	Market Value
Government and other bonds	\$ 2,512,868	\$ 2,134,057	\$ 2,430,624	\$ 2,140,072
Shares in Canadian and foreign corporations	<u>1,970,033</u>	<u>2,899,870</u>	<u>1,917,632</u>	<u>2,750,085</u>
	<u>\$ 4,482,901</u>	<u>\$ 5,033,927</u>	<u>\$ 4,348,256</u>	<u>\$ 4,890,157</u>

Investments include \$2,512,868 (2006 - \$2,430,624) of carrying value and \$2,564,012 (2006 - \$2,552,627) of market value relating to the designated funds detailed in note 6.

**PROVINCIAL COUNCIL FOR ONTARIO;
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2007

NOTE 6: DESIGNATED FUNDS

Designated funds held for Councils, and groups within these Councils, consist of:

	2007		2006	
	Carrying Value	Market Value	Carrying Value	Market Value
Provincial Funds	\$ 422,838	\$ 432,490	\$ 386,485	\$ 409,381
Greater Toronto Council	163,088	172,164	197,291	208,978
Shining Waters Council	755,347	772,865	697,129	737,208
White Pine Council	233,366	241,412	228,313	242,628
Tri-Shores Council	436,436	448,796	412,541	438,273
Battlefields Council	134,882	145,346	165,117	177,932
Voyageur Council	193,281	184,721	184,088	180,800
Central Escarpment Council	26,271	27,754	23,938	26,272
Northern Ontario Council	<u>147,359</u>	<u>138,464</u>	<u>135,721</u>	<u>131,155</u>
	<u>\$ 2,512,868</u>	<u>\$ 2,564,012</u>	<u>\$ 2,430,624</u>	<u>\$ 2,552,627</u>

The Corporation received \$16,695 (2006 - \$374,713) from the sale of land properties by Councils, and bequests and designated donations to the Corporation.

During the year, the Corporation transferred \$154,425 (2006 - \$74,592) to the Councils.

Provincial Funds are available to Councils and groups within Councils to fund their activities upon application and approval by the Board.

NOTE 7: COMMITMENTS

The Corporation is titled on leases on varying lengths for the lease of land and buildings in Ontario, entered into by the Councils and groups within Councils in Ontario. The lease payments are the responsibility of the Councils and groups within Councils; the Corporation's commitment is enforceable only if the Councils and groups within Councils fail to make the lease payments.

During the year, the Corporation did not make any lease payments on behalf of Councils and groups within Councils.

**PROVINCIAL COUNCIL FOR ONTARIO;
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2007**

NOTE 8: RESTRICTED FUNDS

Restricted funds consist of:

	2007	2006
Blue Springs Development Funds	\$ 104,746	\$ 224,068
Professional Development Fund	<u>16,299</u>	<u>16,299</u>
	<u>\$ 121,045</u>	<u>\$ 240,367</u>

The Blue Springs Development Fund's purpose is to fund capital or maintenance projects at the Blue Springs Scout Reserve.

The Professional Development Fund's purpose is to fund personnel related expenses such as training and relocation.

NOTE 9: PROPERTIES

The Corporation holds legal title to properties located in the Province of Ontario for the Councils. These properties are not reported in these financial statements but are reported in the financial statements of the Councils, which control, manage and use the properties in their operations.

NOTE 10: RELATED PARTY TRANSACTIONS

The Corporation is related to the National Operation and Councils of the Boy Scouts of Canada in Ontario. The Corporation has incurred charges of \$20,000 to support the salary for an administrative assistant at the Central Ontario Administrative Centre and \$36,148 towards the travel, accommodation and meeting costs of personnel of the National Operation.

Other related party balances and transactions are disclosed in notes 3, 4, 5 and 6.

**PROVINCIAL COUNCIL FOR ONTARIO;
BOY SCOUTS OF CANADA**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2007

NOTE 11: FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair value because of the relatively short period to maturity of these financial instruments.

The carrying value of loans receivable approximates its fair value because the interest rate approximates the market rate.

The fair market value of investments is disclosed in note 5.

NOTE 12: COMPARATIVE FIGURES

Certain 2006 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2007.