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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2008

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, 2008 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, 2008 and the results of operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Brampton, Ontario
October 27, 2008

Chartered Accountants,
Licensed Public Accountants

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

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 2008**

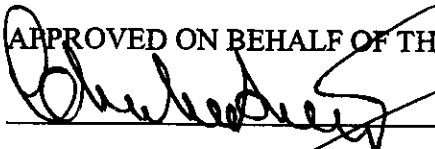
ASSETS

	2008	2007
CURRENT		
Cash	\$ 56,222	\$ 195,199
Accounts receivable (Note 3)	9,869	61,558
GST recoverable	9,116	6,703
Current portion of loans receivable (Note 4)	<u>175,000</u>	<u>75,000</u>
	250,207	338,460
 Loans receivable (Note 4)	 765,000	 675,000
 Investments (Note 5)	 <u>4,669,222</u>	 <u>4,482,901</u>
	 <u>\$ 5,684,429</u>	 <u>\$ 5,496,361</u>

LIABILITIES & NET ASSETS

CURRENT		
Accounts payable and accrued liabilities	\$ <u>60,463</u>	\$ <u>103,216</u>
 Designated funds (Note 6)	 <u>2,736,387</u>	 <u>2,512,868</u>
NET ASSETS		
Unrestricted	2,782,833	2,759,232
Restricted (Note 8)	<u>104,746</u>	<u>121,045</u>
	<u>2,887,579</u>	<u>2,880,277</u>
 COMMITMENTS (Note 7)	 <u>\$ 5,684,429</u>	 <u>\$ 5,496,361</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, 2008

	Operating Fund	Restricted Fund	2008 Total	2007 Total (Note 12)
Revenues				
Investment	\$ 99,258	\$ -	\$ 99,258	\$ 263,636
Supporters' contributions	<u>5,843</u>	<u>-</u>	<u>5,843</u>	<u>3,087</u>
	<u>105,101</u>	<u>-</u>	<u>105,101</u>	<u>266,723</u>
 Expenses				
Personnel	93,461	-	93,461	56,148
Committee	17,720	-	17,720	3,087
Accounting and audit	15,173	-	15,173	8,762
Investment management fees	37,741	-	37,741	41,518
Legal	35,497	-	35,497	2,435
Projects	53,250	-	53,250	39,227
National Staff Conference (Note 8)	-	16,299	16,299	-
Blue Springs Scout Reserve	-	-	-	82,900
Office and general	2,021	-	2,021	5,915
Bad debts	<u>1,814</u>	<u>-</u>	<u>1,814</u>	<u>1,000</u>
	<u>256,677</u>	<u>16,299</u>	<u>272,976</u>	<u>240,992</u>
 Excess (deficiency) of revenue over expenses	 <u>\$ (151,576)</u>	 <u>\$ (16,299)</u>	 <u>\$ (167,875)</u>	 <u>\$ 25,731</u>

See accompanying notes.

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

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2008

	Unrestricted Fund	Restricted Fund	2008 Total	2007 Total
Balance, beginning of year as originally reported	\$ 2,759,232	\$ 121,045	\$ 2,880,277	3,050,537
Correction of Error - 2006, (Note 2)	-	-	-	(195,991)
Accumulated unrealized gains on investments at beginning of year (Note 1f)	<u>499,882</u>	<u>-</u>	<u>499,882</u>	<u>-</u>
Balance, beginning of year as restated	3,259,114	121,045	3,380,159	2,854,546
Excess (deficiency) of revenue over expenses	(151,576)	(16,299)	(167,875)	25,731
Transfer from Designated Funds (Note 6)	7,101	-	7,101	-
Unrealized gains (losses) on investments for the year (Note 1f)	<u>(331,806)</u>	<u>-</u>	<u>(331,806)</u>	<u>-</u>
Balance, end of year	<u>\$ 2,782,833</u>	<u>\$ 104,746</u>	<u>\$ 2,887,579</u>	<u>\$ 2,880,277</u>

See accompanying notes.

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2008

	2008	2007
CASH PROVIDED BY (USED FOR)		
OPERATIONS		
Excess (deficiency) of revenue over expenses	\$ (167,875)	\$ 25,731
Changes in non-cash working capital affecting operations:		
Accounts receivable	51,689	(12,474)
GST recoverable	(2,413)	3,927
Accounts payable and accrued liabilities	<u>(42,753)</u>	<u>31,395</u>
Cash provided by (used for) operations	<u>(161,352)</u>	<u>48,579</u>
FINANCING ACTIVITIES		
Net increase (decrease) in designated funds	71,098	82,244
Net increase in loans receivable	<u>(190,000)</u>	<u>-</u>
Cash provided by (used for) financing activities	<u>(118,902)</u>	<u>82,244</u>
INVESTING ACTIVITIES		
Net decrease (increase) in investments	<u>141,277</u>	<u>(134,645)</u>
Cash provided by (used for) investing activities	<u>141,277</u>	<u>(134,645)</u>
NET INCREASE (DECREASE) IN CASH	(138,977)	(3,822)
CASH, beginning of year	<u>195,199</u>	<u>199,021</u>
CASH, end of year	<u>\$ 56,222</u>	<u>\$ 195,199</u>

See accompanying notes.

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MacGillivray & Co.
Chartered Accountants

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2008

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 classified as available-for-sale. They are measured at fair value with changes in fair value recognized in comprehensive income as unrealized gains or losses.

(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;
BOY SCOUTS OF CANADA**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2008

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) Recently adopted accounting pronouncements - Financial instruments

On September 1, 2007, the Corporation adopted the new recommendations in Section 1530 "Comprehensive Income", Section 3855, "Financial Instruments - Recognition and Measurement" and Section 3861, "Financial Instruments - Disclosure and Presentation" of the Canadian Institute of Chartered Accountants Handbook.

Section 3855 and 3861 deal with the recognition, measurement, presentation and disclosure of financial instruments and non-financial derivatives in the financial statements. Section 1530 addresses the reporting of unrealized gains and losses arising on available-for-sale securities. The transitional provisions of these sections require that the Corporation remeasure the financial assets and liabilities as appropriate at the beginning of its fiscal year. Any adjustment of the previous carrying amount is recognized as an adjustment to net assets at the beginning of the fiscal year. The financial statements of the prior fiscal years are not restated.

Adoption of these new recommendations, results in the following impact on the classification and measurement of the Corporation's financial instruments, which were previously recorded at cost:

Investments are classified as available-for-sale. They are measured at fair value with changes in fair value recognized in comprehensive income. The balance of net assets at the beginning of the year has been adjusted to reflect the accumulated unrealized gain on investments of \$499,882. Net unrealized gains (losses) of \$(331,806) for the current year have been reported as comprehensive income in the statement of changes in net assets.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2008

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Recently issued accounting pronouncements - Capital disclosures

In the upcoming year, the Corporation will be required to adopt the Canadian Institute of Chartered Accountants Handbook Section 1535 "Capital Disclosures". Under the requirements of the new standard, the organization will disclose information about its objectives, policies and procedures for managing capital, quantitative information about what the organization regards as capital and information regarding its compliance with any externally imposed capital requirements and the consequences of any non-compliance.

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.

NOTE 3: ACCOUNTS RECEIVABLE

	2008	2007
Councils and Groups	\$ 2,235	\$ 6,659
Interest receivable	<u>7,634</u>	<u>54,899</u>
	<u>\$ 9,869</u>	<u>\$ 61,558</u>

NOTE 4: LOANS RECEIVABLE

Loans receivable consist of:

	2008	2007
National Operation	\$ 675,000	\$ 750,000
White Pine Council	100,000	-
Northern Ontario Council	<u>165,000</u>	<u>-</u>
	940,000	750,000
Less current portion	<u>175,000</u>	<u>75,000</u>
	<u>\$ 765,000</u>	<u>\$ 675,000</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2008

NOTE 4: LOANS RECEIVABLE (continued)

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.

The bridge financing to White Pines Council is secured with a promissory note which bears interest at the bank prime rate and is payable in full on or before August 31, 2009.

The loan to Northern Ontario Council is secured by the amount of Designated Funds held on behalf of the Northern Ontario Council with respect to Smooth Rock Falls, Trout Lake and Gray Wolf. Interest is to be charged on the loan at an amount equal to that earned on investments held in the secured designated funds.

Interest receivable on these loans is included in accounts receivable.

NOTE 5: INVESTMENTS

Investments consist of:

	2008		2007	
	Cost	Market Value	Cost	Market Value
Government and other bonds	\$ 1,984,995	\$ 2,044,591	\$ 2,124,509	\$ 2,134,057
Shares in Canadian and foreign corporations	<u>2,356,629</u>	<u>2,624,631</u>	<u>2,358,392</u>	<u>2,899,870</u>
	<u>\$ 4,341,624</u>	<u>\$ 4,669,222</u>	<u>\$ 4,482,901</u>	<u>\$ 5,033,927</u>

Investments include \$2,576,865 (2007 - \$2,512,868) at cost and \$2,736,387 (2007 - \$2,564,012) at market value relating to the designated funds detailed in note 6.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2008

NOTE 6: DESIGNATED FUNDS

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

	2008		2007	
	Cost	Market Value	Cost	Market Value
Provincial Funds	\$ 403,829	\$ 430,601	\$ 422,838	\$ 432,490
Greater Toronto Council	161,862	178,029	163,088	172,164
Shining Waters Council	735,205	784,068	755,347	772,865
White Pine Council	229,244	247,398	233,366	241,412
Tri-Shores Council	484,713	514,889	436,436	448,796
Battlefields Council	137,644	154,227	134,882	145,346
Voyageur Council	237,068	242,376	193,281	184,721
Central Escarpment Council	19,836	22,378	26,271	27,754
Northern Ontario Council	<u>167,464</u>	<u>162,421</u>	<u>147,359</u>	<u>138,464</u>
	<u>\$ 2,576,865</u>	<u>\$ 2,736,387</u>	<u>\$ 2,512,868</u>	<u>\$ 2,564,012</u>

Provincial Funds are available to Councils and groups within Councils to fund their activities upon application and approval by the Board. During the year, the Corporation transferred \$80,705 (2007 - \$154,425) to the Councils.

The Corporation received \$96,273 (2007 - \$16,695) from the sale of land properties by Councils, and bequests and designated donations to the Corporation. Administration fees on sale proceeds of \$1,130 were withdrawn.

Funds from the C. Brittain Estate Trust amounting to \$7,101 were transferred from a Designated Fund to unrestricted funds during the year.

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;
BOY SCOUTS OF CANADA**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2008

NOTE 8: RESTRICTED FUNDS

Restricted funds consist of:

	2008	2007
Blue Springs Development Funds	\$ 104,746	\$ 104,746
Professional Development Fund	<u>-</u>	<u>16,299</u>
	<u>\$ 104,746</u>	<u>\$ 121,045</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 was to fund personnel related expenses such as training and relocation. During the year, this Fund was transferred from a Restricted fund to an internally restricted Staff Development Fund and subsequently divided among the Ontario Councils based upon the staff attending the National Staff Conference.

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 Scouts Canada. The Corporation has incurred charges of \$73,461 representing 100% of the salary and benefit costs of the manager of properties and facilities for the year, \$20,000 towards the salary of the recording secretary and \$34,983 representing 50% of legal fees and costs regarding environmental charges and settlement.

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, 2008**

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 loan to the Northern Ontario Council bears an interest rate equal to the return on investments held in designated funds. For the short period this loan has been outstanding, it is not determinable whether the effective interest rate will approximate the market rate.

The fair market value of investments at August 31, 2008 is disclosed in note 5. Major general declines in world financial markets have occurred subsequent to the date of these financial statements resulting in significant declines in the market value of the investments held.

NOTE 12: COMPARATIVE FIGURES

Certain 2007 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2008.