

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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2009**

# 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, 2009 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, 2009 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 23, 2009

*MacGillivray & Co.*

Chartered Accountants,  
Licensed Public Accountants

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

**STATEMENT OF FINANCIAL POSITION**

**FOR THE YEAR ENDED AUGUST 31, 2009**

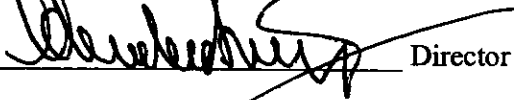
**ASSETS**

	2009	2008
<b>CURRENT</b>		
Cash	\$ 1,250,965	\$ 56,222
Accounts receivable (Note 2)	5,207	9,869
GST recoverable	757	9,116
Current portion of loans receivable (Note 3)	75,000	175,000
Prepaid expenses	<u>3,629</u>	<u>-</u>
	1,335,558	250,207
 Loans receivable (Note 3)	 712,515	 765,000
 Investments (Note 4)	 <u>4,698,998</u>	 <u>4,669,222</u>
	<u>\$ 6,747,071</u>	<u>\$ 5,684,429</u>

**LIABILITIES & NET ASSETS**

<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ <u>111,143</u>	\$ <u>60,463</u>
 Designated funds (Note 5)	 <u>4,011,421</u>	 <u>2,736,387</u>
<b>NET ASSETS</b>		
Unrestricted	2,624,507	2,782,833
Restricted (Note 7)	<u>-</u>	<u>104,746</u>
	<u>2,624,507</u>	<u>2,887,579</u>
 COMMITMENTS (Note 6)	 <u>\$ 6,747,071</u>	 <u>\$ 5,684,429</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, 2009**

	Operating Fund	Restricted Fund	2009 Total	2008 Total
<b>Revenues</b>				
Investment	\$ 135,311	\$ -	\$ 135,311	\$ 99,258
Supporters' contributions	<u>55,240</u>	<u>-</u>	<u>55,240</u>	<u>5,843</u>
	<u>190,551</u>	<u>-</u>	<u>190,551</u>	<u>105,101</u>
<b>Expenses</b>				
Personnel	63,515	-	63,515	93,461
Committee	13,790	-	13,790	17,720
Accounting and audit	17,118	-	17,118	15,173
Investment management fees	30,670	-	30,670	37,741
Legal	528	-	528	35,497
Projects	20,918	-	20,918	53,250
National Staff Conference	-	-	-	16,299
Blue Springs Scout Reserve (Note 7)	-	104,746	104,746	-
Office and general	780	-	780	2,021
Bad debts	<u>145</u>	<u>-</u>	<u>145</u>	<u>1,814</u>
	<u>147,464</u>	<u>104,746</u>	<u>252,210</u>	<u>272,976</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ 43,087</u>	<u>\$ (104,746)</u>	<u>\$ (61,659)</u>	<u>\$ (167,875)</u>

See accompanying notes.

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

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED AUGUST 31, 2009**

	Unrestricted Fund	Restricted Fund	2009 Total	2008 Total
Balance, beginning of year as originally reported	\$ 2,782,833	\$ 104,746	\$ 2,887,579	2,880,277
Accumulated unrealized gains on investments at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>499,882</u>
Balance, beginning of year as restated	2,782,833	104,746	2,887,579	3,380,159
Excess (deficiency) of revenue over expenses	43,087	(104,746)	(61,659)	(167,875)
Transfer from Designated Funds	-	-	-	7,101
Unrealized gains (losses) on investments for the year	<u>(201,413)</u>	<u>-</u>	<u>(201,413)</u>	<u>(331,806)</u>
Balance, end of year	<u>\$ 2,624,507</u>	<u>\$ -</u>	<u>\$ 2,624,507</u>	<u>\$ 2,887,579</u>

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

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED AUGUST 31, 2009**

	2009	2008
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATIONS</b>		
Excess (deficiency) of revenue over expenses	\$ (61,659)	\$ (167,875)
Changes in non-cash working capital affecting operations:		
Accounts receivable	4,662	51,689
GST recoverable	8,359	(2,413)
Prepaid expenses	(3,629)	-
Accounts payable and accrued liabilities	<u>50,680</u>	<u>(42,753)</u>
Cash provided by (used for) operations	<u>(1,587)</u>	<u>(161,352)</u>
<b>FINANCING ACTIVITIES</b>		
Net increase in designated funds	1,418,248	71,098
Net decrease (increase) in loans receivable	<u>152,485</u>	<u>(190,000)</u>
Cash provided by (used for) financing activities	<u>1,570,733</u>	<u>(118,902)</u>
<b>INVESTING ACTIVITIES</b>		
Net decrease (increase) in investments	<u>(374,403)</u>	<u>141,277</u>
Cash provided by (used for) investing activities	<u>(374,403)</u>	<u>141,277</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	1,194,743	(138,977)
CASH, beginning of year	<u>56,222</u>	<u>195,199</u>
CASH, end of year	<u>\$ 1,250,965</u>	<u>\$ 56,222</u>

See accompanying notes.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2009**

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, 2009**

**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 Assets and Liabilities**

On initial recognition, all financial assets and liabilities are measured and recognized at fair value. Financial assets and liabilities are measured as follows:

*Financial assets held for trading*

Financial assets held for trading, consisting of cash, are measured at fair value and any changes in fair value are recognized in excess of revenues over expenses. Changes in fair value include interest, realized and unrealized gains (losses).

*Financial assets available for sale*

Financial assets available for sale, consisting of portfolio investments, are measured at fair value and any changes in fair value are recognized in comprehensive income. Changes in fair value include interest, dividends and realized and unrealized gains (losses).

*Loans and receivables and other financial liabilities*

Loans and receivables and other financial liabilities are measured at amortized cost using the effective interest method (including any impairment of financial assets). Interest rate on these instruments approximates the market rate, therefore policy has no impact on these financial statements.

**(g) Recently adopted accounting pronouncements**

*Capital Disclosures*

On September 1, 2008, the Corporation adopted the new recommendations in Section 1535 "Capital Disclosures" of the Canadian Institute of Chartered Accountants ("CICA") Handbook. Section 1535 establishes standards for disclosure of an entity's objectives, policies and procedures for managing capital, quantitative data about what is considered capital and whether an entity has complied with any capital requirements. Adoption of the new recommendation resulted in additional disclosure provided in Note 11.



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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2009**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Going Concern*

During the year, the Corporation adopted the new recommendations in Section 1400 "General Standards of Financial Statement Presentation". The additional requirements require management to make an assessment of the entity's ability to continue as a going concern and to disclose any material uncertainties related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. There was no impact to the financial statements arising from the adoption of this accounting pronouncement.

**(g) Recently issued accounting pronouncements**

*Financial Instruments*

In December 2006, the CICA issued Section 3862 "Financial Instruments - Disclosures" and Section 3863 "Financial Instruments - Presentation". Both sections were to be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. On October 15, 2008 the CICA deferred implementation of these sections for Not-For-Profit organizations for an additional year and accordingly, the Corporation will adopt the new standards for its fiscal year beginning September 1, 2009. Section 3862 on financial instruments disclosures, requires the disclosure of information about: (a) the significance of financial instruments for the entity's financial position and performance and (b) the nature and extent of risks arising from the financial instruments to which the Corporation is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation for financial instruments establishes standards for presentation of financial instruments and non-financial derivatives.

These changes in accounting policies, which will be adopted effective September 1, 2009, will require additional disclosures in the financial statements. In the meantime, the Corporation will continue to apply Section 3861 Financial Instruments - Disclosure and Presentation as applicable.

*Financial Statement Presentation*

In the upcoming year, the Corporation will be required to adopt revisions to the CICA Handbook Section 4430 "Capital Assets Held By Not-for-Profit Organizations", Section 4460 "Disclosure of Related Party Transactions by Not-for-Profit Organizations" and new Section 4470 "Disclosure of Allocated Expenses by Not-for-Profit Organizations". These changes enhance the presentation of financial statements and existing disclosure requirements.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2009**

**NOTE 2: ACCOUNTS RECEIVABLE**

	2009	2008
Councils and Groups	\$ 292	\$ 2,235
Interest receivable	<u>4,915</u>	<u>7,634</u>
	<u>\$ 5,207</u>	<u>\$ 9,869</u>

**NOTE 3: LOANS RECEIVABLE**

Loans receivable consist of:

	2009	2008
National Operation	\$ 600,000	\$ 675,000
Northern Ontario Council	165,000	165,000
White Pine Council	-	100,000
Battlefield	<u>22,515</u>	<u>-</u>
	787,515	940,000
Less current portion	<u>75,000</u>	<u>175,000</u>
	<u>\$ 712,515</u>	<u>\$ 765,000</u>

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

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.

The loan to Battlefields Council bears interest at the bank rate plus one percent based on the prime rate charged by the Corporation's bankers at the date of the advance on August 26, 2009.

Interest receivable on these loans is included in accounts receivable.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2009**

**NOTE 4: INVESTMENTS**

Investments consist of:

	2009		2008	
	Cost	Market Value	Cost	Market Value
Government and other bonds	\$ 1,753,409	\$ 1,899,610	\$ 1,984,995	\$ 2,044,591
Shares in Canadian and foreign corporations	<u>2,962,618</u>	<u>2,799,388</u>	<u>2,356,629</u>	<u>2,624,631</u>
	<u>\$ 4,716,027</u>	<u>\$ 4,698,998</u>	<u>\$ 4,341,624</u>	<u>\$ 4,669,222</u>

Investments include \$2,872,289 (2008 - \$2,576,865) at cost and \$2,948,149 (2008 - \$2,736,387) at market value relating to the designated funds detailed in note 5.

**NOTE 5: DESIGNATED FUNDS**

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

	2009		2008	
	Cost	Market Value	Cost	Market Value
Provincial Funds	\$ 419,789	\$ 420,656	\$ 403,829	\$ 430,601
Greater Toronto Council	1,288,583	1,306,355	161,862	178,029
Shining Waters Council	712,227	710,680	735,205	784,068
White Pine Council	234,173	237,060	229,244	247,398
Tri-Shores Council	648,920	651,959	484,714	514,889
Battlefields Council	138,156	145,778	137,644	154,227
Voyageur Council	246,438	236,779	237,068	242,376
Central Escarpment Council	-	-	19,836	22,378
Northern Ontario Council	<u>306,826</u>	<u>302,154</u>	<u>167,464</u>	<u>162,421</u>
	<u>\$ 3,995,112</u>	<u>\$ 4,011,421</u>	<u>\$ 2,576,866</u>	<u>\$ 2,736,387</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 \$158,893 (2008 - \$80,705) to the Councils.

The Corporation received \$1,483,098 (2008 - \$96,273) from the sale of land properties by Councils, and bequests and designated donations to the Corporation.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED AUGUST 31, 2009**

**NOTE 6: COMMITMENTS**

The Corporation is titled on leases of 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.

**NOTE 7: RESTRICTED FUNDS**

Restricted funds consist of:

	2009	2008
Blue Springs Development Funds	\$ <u>-</u>	\$ <u>104,746</u>

The Blue Springs Development Fund's purpose is to fund capital or maintenance projects at the Blue Springs Scout Reserve. The remaining funds were distributed to the Central Escarpment Council to complete several capital projects in the current year.

**NOTE 8: 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 9: RELATED PARTY TRANSACTIONS**

The Corporation is related to the National Operation and Councils of Scouts Canada. The Corporation has incurred charges of \$43,515 representing a portion of the salary and benefit costs of secretary of the Corporation for the year and \$20,000 towards the salary of the recording secretary.

Other related party balances and transactions are disclosed in notes 2, 3, 4 and 5.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2009**

**NOTE 10: FINANCIAL INSTRUMENTS**

**Fair Values**

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 amortized cost 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, 2009 is disclosed in note 5.

**Risks Arising from Financial Instruments**

*Credit Risk*

The Corporation's cash and investment portfolio are each held at a major financial institution and are exposed to credit risk associated with this concentration of assets.

*Interest Risk*

Loans receivable and the fixed income portion of the investment portfolio, representing approximately 40% of the total portfolio, have fixed interest rates and long-term maturity dates.

*Currency Risk*

Approximately 20% of the investment portfolio is held in foreign securities denominated in US dollars. Consequently, the Corporation is exposed to foreign exchange fluctuations between the Canadian and US dollars.

**NOTE 11: CAPITAL DISCLOSURES**

The Corporation manages its capital to ensure that it will be able to continue as a going concern while maximizing the return and other benefits to its stakeholders. The capital structure consists of designated funds held for Councils, and groups within these Councils as well as the maintenance of restricted and unrestricted net asset funds.

The Corporation is not subject to externally imposed capital requirements and the overall strategy remains unchanged from 2008.