

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2010

MacGillivray & Co.

Chartered Accountants

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DAVID E. JAMES
Chartered Accountant
Licensed Public Accountant

AUDITOR'S REPORT

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

I have audited the statement of financial position of Provincial Council for Ontario; Boy Scouts of Canada as at August 31, 2010 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2010 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 11, 2010

MacGillivray & Co.

Chartered Accountant,
Licensed Public Accountant

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

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED AUGUST 31, 2010**



ASSETS

	2010	2009
CURRENT		
Cash	\$ 75,536	\$ 1,250,965
Accounts receivable (Note 2)	6,438	5,207
GST/HST recoverable	2,554	757
Current portion of loans receivable (Note 3)	375,000	75,000
Prepaid expenses	<u>3,524</u>	<u>3,629</u>
	463,052	1,335,558
Loans receivable (Note 3)	615,000	712,515
Investments (Note 4)	<u>6,491,604</u>	<u>4,698,998</u>
	<u>\$ 7,569,656</u>	<u>\$ 6,747,071</u>

LIABILITIES & NET ASSETS

CURRENT		
Accounts payable and accrued liabilities	<u>\$ 56,532</u>	<u>\$ 111,143</u>
Designated funds (Note 5)	<u>4,879,885</u>	<u>4,011,421</u>
NET ASSETS		
Unrestricted	2,633,239	2,624,507
Restricted	<u>-</u>	<u>-</u>
	<u>2,633,239</u>	<u>2,624,507</u>
COMMITMENTS (Note 6)	<u>\$ 7,569,656</u>	<u>\$ 6,747,071</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, 2010

	Operating Fund	Restricted Fund	2010 Total	2009 Total
Revenues				
Investment	\$ 64,311	\$ -	\$ 64,311	\$ 135,311
Supporters' contributions	<u>1,660</u>	<u>-</u>	<u>1,660</u>	<u>55,240</u>
	<u>65,971</u>	<u>-</u>	<u>65,971</u>	<u>190,551</u>
Expenses				
Personnel (Note 8)	60,524	-	60,524	63,515
Committee	13,794	-	13,794	13,790
Accounting and audit	16,484	-	16,484	17,118
Investment management fees	47,488	-	47,488	30,670
Legal	1,708	-	1,708	528
Projects (Note 8)	42,299	-	42,299	20,918
Membership grant	50,000	-	50,000	-
SCENES Conference	2,306	-	2,306	-
Blue Springs Scout Reserve	-	-	-	104,746
Office and general	565	-	565	780
Bad debts	<u>-</u>	<u>-</u>	<u>-</u>	<u>145</u>
	<u>235,168</u>	<u>-</u>	<u>235,168</u>	<u>252,210</u>
Excess (deficiency) of revenue over expenses	<u>\$ (169,197)</u>	<u>\$ -</u>	<u>\$ (169,197)</u>	<u>\$ (61,659)</u>

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

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2010

	Unrestricted Fund	Restricted Fund	2010 Total	2009 Total
Balance, beginning of year	\$ 2,624,507	\$ -	\$ 2,624,507	2,887,579
Excess (deficiency) of revenue over expenses	(169,197)	-	(169,197)	(61,659)
Unrealized gains (losses) on investments for the year	<u>177,929</u>	<u>-</u>	<u>177,929</u>	<u>(201,413)</u>
Balance, end of year	<u>\$ 2,633,239</u>	<u>\$ -</u>	<u>\$ 2,633,239</u>	<u>\$ 2,624,507</u>

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2010

	2010	2009
CASH PROVIDED BY (USED FOR)		
OPERATIONS		
Excess (deficiency) of revenue over expenses	\$ (169,197)	\$ (61,659)
Changes in non-cash working capital affecting operations:		
Accounts receivable	(1,231)	4,662
GST recoverable	(1,797)	8,359
Prepaid expenses	105	(3,629)
Accounts payable and accrued liabilities	<u>(54,611)</u>	<u>50,680</u>
Cash provided by (used for) operations	<u>(226,731)</u>	<u>(1,587)</u>
FINANCING ACTIVITIES		
Net increase in designated funds	595,670	1,418,248
Net decrease (increase) in loans receivable	<u>(202,485)</u>	<u>152,485</u>
Cash provided by (used for) financing activities	<u>393,185</u>	<u>1,570,733</u>
INVESTING ACTIVITIES		
Net decrease (increase) in investments	<u>(1,341,883)</u>	<u>(374,403)</u>
Cash provided by (used for) investing activities	<u>(1,341,883)</u>	<u>(374,403)</u>
NET INCREASE (DECREASE) IN CASH	(1,175,429)	1,194,743
CASH, beginning of year	<u>1,250,965</u>	<u>56,222</u>
CASH, end of year	<u>\$ 75,536</u>	<u>\$ 1,250,965</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2010

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 from time to time to create Development Funds as well as contributions and bequests received for the development of Scouting and Scouting programs in Ontario. There has been no Restricted Funds activity in the current year.

(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, 2010

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

Financial Statement Presentation

In the current year, the Corporation adopted revisions to the Canadian Institute of Chartered Accountants' ("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". No significant changes in presentation were required as a result of these revisions.

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

FOR THE YEAR ENDED AUGUST 31, 2010

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Recently adopted accounting pronouncements

Financial Instruments

The Corporation adopted the CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation. In accordance with the Accounting Standards Board's decision to exempt not-for-profit organizations from the disclosure requirements with respect to financial instruments contained in Section 3862, Financial Instruments - Disclosure and Section 3863 Financial Instruments - Presentation, the Corporation has elected not to adopt these standards in its financial statements.

(h) Recently issued accounting pronouncements

Currently, all not-for-profit organizations (NFPOs) in Canada, both in the private and public sectors, adhere to Canadian generally accepted accounting standards (GAAP) in financial statement reporting. The Public Sector Accounting Board (PSAB) proposes that government NFPOs follow the CICA Public Sector Accounting Handbook. The Accounting Standards Board (AcSB) proposes private sector NFPOs be given a choice to follow International Financial Reporting Standards (IFRS) or new accounting standards for not-for-profit organizations.

Consultations on these proposals are currently in process and must be resolved before the transition to IFRS is required in 2011. The impact on the Corporation of the implementation of IFRS or alternative accounting standards for not-for-profit organizations has yet to be determined.

NOTE 2: ACCOUNTS RECEIVABLE

Accounts receivable consist of:

	2010	2009
Councils and Groups	\$ 268	\$ 292
Interest receivable	<u>6,170</u>	<u>4,915</u>
	<u>\$ 6,438</u>	<u>\$ 5,207</u>

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

FOR THE YEAR ENDED AUGUST 31, 2010

NOTE 3: LOANS RECEIVABLE

Loans receivable consist of:

	2010	2009
National Operation	\$ 525,000	\$ 600,000
Northern Ontario Council	165,000	165,000
Southwestern Ontario Administrative Centre	300,000	-
Battlefields Council	<u>-</u>	<u>22,515</u>
	990,000	787,515
Less current portion	<u>375,000</u>	<u>75,000</u>
	<u>\$ 615,000</u>	<u>\$ 712,515</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 Grey 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 the Southwestern Ontario Administrative Centre is to provide bridge financing with designated reserve funds of Battlefields and Tri-Shores Councils resulting from property sales to be used as collateral. Interest is to be charged at the lesser of prime plus 1% or an amount equal to that earned on investments in the secured designated funds. The loan balance of \$300,000 plus interest is repayable on or before December 31, 2010.

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. The loan balance of \$22,515 was repaid out of Battlefields Council's Camp Peacehaven designated fund as of August 31, 2010.

Interest receivable on these loans is included in accounts receivable.

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

FOR THE YEAR ENDED AUGUST 31, 2010

NOTE 4: INVESTMENTS

Investments consist of:

	2010		2009	
	Cost	Market Value	Cost	Market Value
Government and other bonds	\$ 2,179,295	\$ 2,340,193	\$ 1,753,409	\$ 1,899,610
Shares in Canadian and foreign corporations	<u>3,878,615</u>	<u>4,151,411</u>	<u>2,962,618</u>	<u>2,799,388</u>
	<u>\$ 6,057,910</u>	<u>\$ 6,491,604</u>	<u>\$ 4,716,027</u>	<u>\$ 4,698,998</u>

Investments include \$4,590,782 (2009 - \$2,872,279) at cost and \$4,879,885 (2009 - \$2,948,149) 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:

	2010		2009	
	Cost	Market Value	Cost	Market Value
Provincial Funds	\$ 422,758	\$ 452,928	\$ 419,789	\$ 420,656
Greater Toronto Council	1,236,129	1,340,883	1,288,583	1,306,355
Shining Waters Council	680,788	729,974	712,227	710,680
White Pine Council	204,711	223,775	234,173	237,060
Tri-Shores Council	711,612	763,636	648,920	651,959
Battlefields Council	790,197	805,081	138,156	145,778
Voyageur Council	248,181	254,944	246,438	236,779
Northern Ontario Council	<u>296,406</u>	<u>308,664</u>	<u>306,826</u>	<u>302,154</u>
	<u>\$ 4,590,782</u>	<u>\$ 4,879,885</u>	<u>\$ 3,995,112</u>	<u>\$ 4,011,421</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 \$244,106 (2009 - \$158,893) to the Councils.

The Corporation received \$827,753 (2009 - \$1,483,098) from the sale of land properties by Council.

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

FOR THE YEAR ENDED AUGUST 31, 2010

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: 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 8: RELATED PARTY TRANSACTIONS

The Corporation is related to the National Operation and Councils of Scouts Canada. The Corporation has incurred charges of \$40,524 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. Additional charges representing salary, benefits and other expenses related to South Western Ontario Staff Assistance totalling \$23,499 are included under Projects.

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

NOTE 9: 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 2009.

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

FOR THE YEAR ENDED AUGUST 31, 2010

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, 2010 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.