



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

**Financial Statements**

**Year Ended August 31, 2019**

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PROVINCIAL COUNCIL FOR ONTARIO; BOY SCOUTS OF CANADA

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Year Ended August 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the financial statements of Provincial Council for Ontario; Boy Scouts of Canada (the Organization), which comprise the statement of financial position as at August 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the 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 a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Independent Auditor's Report to the Members of Provincial Council for Ontario; Boy Scouts of Canada (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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 the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Mississauga, Ontario

Licensed Public Accountants

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

**Statement of Financial Position**

**August 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 414,268	\$ -
Accounts receivable	3,168	3,570
Harmonized sales tax recoverable	2,735	3,068
	<u>420,171</u>	6,638
PROPERTY, PLANT AND EQUIPMENT <i>(Note 4)</i>	787	992
LONG TERM INVESTMENTS <i>(Note 5)</i>	13,360,740	13,630,486
<b>TOTAL ASSETS</b>	<b>\$ 13,781,698</b>	<b>\$ 13,638,116</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Bank indebtedness	\$ -	\$ 13,351
Accounts payable and accrued liabilities	100,849	33,360
	<u>100,849</u>	46,711
DESIGNATED FUNDS <i>(Note 6)</i>	10,520,371	10,408,524
<b>TOTAL LIABILITIES</b>	<b>10,621,220</b>	<b>10,455,235</b>
<b>NET ASSETS</b>	<b>3,160,478</b>	<b>3,182,881</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 13,781,698</b>	<b>\$ 13,638,116</b>

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

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

**Statement of Revenues and Expenditures**

**Year Ended August 31, 2019**

	2019	2018
<b>REVENUES</b>		
Dividends and other investment income	\$ 400,237	\$ 285,211
Interest on fixed income investments	49,303	47,773
Realized gains on sale of investments	73,465	214,343
Supporters' contributions	169	683
Miscellaneous revenue	545	14,741
Less: Net Investment Income Allocated to Designated Funds (Note 7)	<u>(308,982)</u>	<u>(326,517)</u>
	<u>214,737</u>	<u>236,234</u>
<b>EXPENSES</b>		
Accounting fees	18,979	17,588
Amortization	205	265
Projects (Note 8)	207,694	53,606
Committee	7,462	5,067
Penalty - ██████████ Woodland Trailer	-	7,510
Legal fees	-	111
Investment management fees	104,166	101,692
Office	418	2,515
Training Expense	1,284	-
Salaries and wages	<u>3,530</u>	<u>2,750</u>
	<u>343,738</u>	<u>191,104</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>(129,001)</b>	<b>45,130</b>
<b>NET UNREALIZED GAIN ON INVESTMENT</b>	<b><u>106,598</u></b>	<b><u>64,003</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b><u>\$ (22,403)</u></b>	<b><u>\$ 109,133</u></b>

See notes to financial statements

PROVINCIAL COUNCIL FOR ONTARIO; BOY SCOUTS OF CANADA

Statement of Changes in Net Assets

Year Ended August 31, 2019

	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 3,182,881</b>	<b>\$ 3,069,276</b>
Transfer from █████ - Membership Assistance Fund	-	4,176
Transfer from █████	-	296
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<b>(22,403)</b>	<b>109,133</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 3,160,478</b>	<b>\$ 3,182,881</b>

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

**Statement of Cash Flows  
Year Ended August 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
excess (deficiency) of revenues over expenses	\$ (22,403)	\$ 109,133
Items not affecting cash:		
Amortization of property, plant and equipment	205	265
Unrealized loss (gains) on investment	<u>(106,598)</u>	<u>(64,003)</u>
	<u>(128,796)</u>	<u>45,395</u>
Changes in non-cash working capital:		
Accounts receivable	402	(172)
Accounts payable and accrued liabilities	67,491	5,260
Harmonized sales tax payable	<u>333</u>	<u>(728)</u>
	<u>68,226</u>	<u>4,360</u>
Cash flow from (used by) operating activities	<u>(60,570)</u>	<u>49,755</u>
<b>INVESTING ACTIVITY</b>		
Net increase in investments	<u>(361,584)</u>	<u>(772,521)</u>
<b>FINANCING ACTIVITIES</b>		
Net increase in designated funds	849,773	608,113
	<u>-</u>	<u>-</u>
Cash flow from financing activities	<u>849,773</u>	<u>608,113</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<u>427,619</u>	<u>(114,653)</u>
Cash (deficiency) - beginning of year	<u>(13,351)</u>	<u>101,302</u>
<b>CASH (DEFICIENCY) - END OF YEAR</b>	<u>\$ 414,268</u>	<u>\$ (13,351)</u>



# PROVINCIAL COUNCIL FOR ONTARIO; BOY SCOUTS OF CANADA

## Notes to Financial Statements

Year Ended August 31, 2019

### 1. OBJECTIVE OF ORGANIZATION

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 build a better world where people are self-fulfilled as individuals and play a constructive role in society. Scout Canada was incorporated on June 12, 1914 by an Act of the Canadian Parliament.

The Provincial Council for Ontario; Boy Scouts of Canada (the "organization") was incorporated without share capital on March 26, 1963 under the Ontario Corporations Act. The objectives of the organization 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 organization is a registered charity under Section 149(1) of the Income Tax Act and as such is not subject to income taxes.

### 2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP).

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Fund accounting

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

The Unrestricted Fund accounts for the organization'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 or preceding year.

#### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Computer equipment	55%
Furniture and fixtures	20%

The organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### Cash and cash equivalents

All cash and short-term investment with original maturities of three months or less are considered cash and cash

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PROVINCIAL COUNCIL FOR ONTARIO; BOY SCOUTS OF CANADA

Notes to Financial Statements

Year Ended August 31, 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Unrestricted contributions are recognized as revenue in the year received.

Contributions for endowment are recognized as revenue in the Endowment Fund.

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.

Donated Goods & Materials

Volunteers donate services throughout the year to assist the organization 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.

Impairment of Long Lived Assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

4. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 1,825	\$ 1,817	\$ 8	\$ 18
Furniture and fixtures	2,143	1,364	779	974
	<u>\$ 3,968</u>	<u>\$ 3,181</u>	<u>\$ 787</u>	<u>\$ 992</u>

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

**Notes to Financial Statements**

**Year Ended August 31, 2019**

5. LONG TERM INVESTMENTS

	2019		2018	
	Cost	Market value	Cost	Market value
Government and other bonds	\$ 3,870,258	\$ 4,116,364	\$ 3,961,010	\$ 4,083,568
Shares in Canadian and foreign corporations	6,559,515	9,244,376	6,107,179	9,546,918
	<b>\$ 10,429,773</b>	<b>\$ 13,360,740</b>	<b>\$ 10,068,189</b>	<b>\$ 13,630,486</b>

Marketable securities include \$8,531,600 (2018: \$7,681,827) at cost and \$10,520,371 (2018: \$10,408,524) at market value relating to the designated funds detailed in Note 6.

6. DESIGNATED FUNDS

	2019		2018	
	Cost	Market value	Cost	Market value
Provincial Funds	832,693	\$ 1,015,623	647,624	\$ 897,175
Greater Toronto Council	1,570,495	2,130,076	1,531,904	2,246,256
Shining Waters Council	1,178,248	1,512,516	1,141,134	1,584,633
White Pine Council	700,011	798,335	529,492	674,212
Tri-Shores Council	983,824	1,132,294	758,671	991,299
Battlefields Council	729,486	844,238	641,175	832,011
Voyageur Council	758,454	860,512	742,130	906,620
Central Escarpment Council	1,686,016	2,069,567	1,601,964	2,112,448
Northern Ontario Council	92,372	157,210	87,733	163,870
	<b>8,531,599</b>	<b>\$ 10,520,371</b>	<b>7,681,827</b>	<b>\$ 10,408,524</b>

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 organisation transferred \$405,718 (2018: \$192,543) to the Councils.

The organization received \$947,266 (2018: \$477,384) from the Councils in the current year.

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

**Notes to Financial Statements**

**Year Ended August 31, 2019**

**7. NET INVESTMENT INCOME ALLOCATED TO DESIGNATED FUNDS**

Investment income is allocated between the organization and Designated Funds subject to the deduction of certain related administrative costs. The net investment income allocated to designated funds is determined as follows

	<u>2019</u>	<u>2018</u>
Interest on fixed income investments	\$ 49,303	\$ 47,773
Dividends and other investment income	400,237	285,211
Realized gains on sale of investments	73,465	214,343
<b>Total investment income</b>	<b>\$ 523,005</b>	<b>\$ 547,327</b>
Deduct expenses related to investment income:		
Investment management fees	\$ 104,166	\$ 101,692
Accounting and audit	18,979	17,588
	<b>\$ 123,145</b>	<b>\$ 119,280</b>
<b>Net income to be allocated between Designated Funds and organization's portion of investment</b>	<b>\$ 396,914</b>	<b>\$ 428,047</b>
<b>Allocation among Designated Funds in proportion to units held in each Designated Funds compared to total units held by all Designated Funds and organization's investment</b>	<b>\$ 308,982</b>	<b>\$ 326,517</b>

**8. RELATED PARTY TRANSACTIONS**

The organization is related to the National Operation and Councils of Scouts Canada and has incurred charges of \$3,530 (2018: \$2,475) representing a portion of salary and benefit costs of the recording secretary.

Additional charges included under Projects are as follows:

Project funding for Camp Attawandaron Cabin Project to Scouts Canada-Tri-shores council in the amount of \$25,000 for the 2018-2019 fiscal year;

Project funding for Camp Samac Project to Scouts Canada- white Pine council in the amount of \$9,694 for the 2018-2019 fiscal year;

Area Support Manager for Northern Ontario Council in the amount of \$18,000 (2018: \$24,044) for the 2018-2019 fiscal year;

Annual stipend to Scouts Canada - C.O.S.S.C. in amount of \$5,000 (2018: \$5,000) to offset the operating cost of office and Board meeting space.

National Funding grant of \$150,000 in total to C.O.S.S.C..

Other related party balances and transactions are disclosed in Notes 5 and 6.

**9. PROPERTIES**

The organization 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.

# PROVINCIAL COUNCIL FOR ONTARIO; BOY SCOUTS OF CANADA

## Notes to Financial Statements

Year Ended August 31, 2019

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### 10. COMMITMENTS

The organization 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 organization's commitment is enforceable only if the Councils and groups within Councils fail to make the lease payments.

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

The organization has committed to make contribution to the National Council in the next two years amounting to \$150,000 per year.

### 11. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of August 31, 2019.

#### *(a) Credit risk*

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization's policy is to manage and analyze the account balances on an ongoing basis and, by those actions, the exposure to doubtful accounts is minimized.

#### *(b) Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization meets its liquidity requirements by preparing and monitoring detailed annual budgets and maintaining adequate net assets held in cash or assets that can be readily converted in cash.

#### *(c) Currency risk*

Approximately 20% (2018: 15%) of the investment portfolio is held in foreign securities denominated in US dollars. Consequently, the organization is exposed to foreign exchange fluctuations between the Canadian and US dollars.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.