

**ONTARIO INCORPORATED BODY;  
SCOUTS CANADA**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2022**

COPY 1

Independent Auditor's Report

Statement of Financial Position

Statement of Revenue and Expenditures and Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements



## INDEPENDENT AUDITOR'S REPORT

To the Members of Ontario Incorporated Body; Scouts Canada

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### Opinion

We have audited the accompanying financial statements of Ontario Incorporated Body; Scouts Canada ("the Organization"), which comprise the statement of financial position as at August 31, 2022, and the statements of revenue and expenditures and 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, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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### 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 these 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 these 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 related 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.




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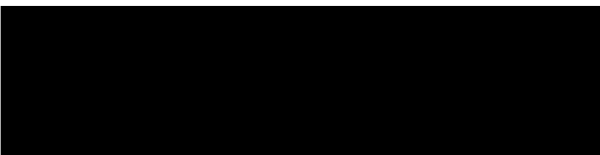
## Auditor's Responsibilities for the Audit of the Financial Statements

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:

- 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.
- 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.

Stittsville, Ontario  


  
Authorized to practise public accounting by  
The Chartered Professional Accountants of Ontario

ONTARIO INCORPORATED BODY; SCOUTS CANADA

STATEMENT OF FINANCIAL POSITION

As at August 31, 2022

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,010,151	\$ 194,382
Government receivables	13,418	3,858
Other receivable (note 3)	<u>121,696</u>	<u>113,785</u>
	1,145,265	312,025
<b>CAPITAL ASSETS (note 4)</b>	399	499
<b>INVESTMENTS (note 5)</b>	15,623,503	16,895,570
	<u><b>\$16,769,167</b></u>	<u><b>\$17,208,094</b></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 183,700	\$ 43,409
<b>DESIGNATED FUNDS (note 6)</b>	<u>12,048,770</u>	<u>13,092,209</u>
	12,232,470	13,135,618
<b>NET ASSETS</b>	4,536,697	4,072,476
	<u><b>\$16,769,167</b></u>	<u><b>\$17,208,094</b></u>

The accompanying notes are an integral part of these financial statements.

**ONTARIO INCORPORATED BODY; SCOUTS CANADA**

**STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN NET ASSETS**

**For the year ended August 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>REVENUE</b>		
Dividends and other investment income	\$ 403,008	\$ 337,724
Interest on fixed income investments	70,920	81,631
Realized gains on sale of investments	773,497	520,580
Supporters' contributions	10,447	75
Miscellaneous revenue	8,746	379
Less: net investment income allocated to designated funds (note 7)	<u>(851,482)</u>	<u>(621,222)</u>
	<u>415,136</u>	<u>319,167</u>
<b>EXPENDITURES</b>		
Projects (note 8)	150,000	155,651
Investment management fees	136,226	114,332
Accounting and audit fees	13,876	19,111
Salaries and wages	1,776	2,056
Committee	1,613	548
Office	4,081	3,410
Legal fees	4,768	-
Amortization	<u>100</u>	<u>129</u>
	<u>312,440</u>	<u>295,237</u>
<b>NET REVENUE FROM OPERATIONS</b>	<b>102,696</b>	<b>23,930</b>
<b>UNREALIZED GAIN ON INVESTMENTS</b>	<u><b>361,525</b></u>	<u><b>750,112</b></u>
<b>NET REVENUE</b>	<b>464,221</b>	<b>774,042</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>4,072,476</b>	<b>3,298,434</b>
<b>NET ASSETS - END OF YEAR</b>	<u><u><b>\$ 4,536,697</b></u></u>	<u><u><b>\$ 4,072,476</b></u></u>

The accompanying notes are an integral part of these financial statements.

**ONTARIO INCORPORATED BODY; SCOUTS CANADA**

**STATEMENT OF CASH FLOWS**

**For the year ended August 31, 2022**

	2022	2021
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net revenue	\$ 464,221	\$ 774,042
Items not affecting cash:		
Amortization	100	129
Unrealized gain on investments	(361,525)	(750,112)
Net change in non-cash working capital items:		
Accounts receivable	-	3,168
Government receivables	(9,560)	(1,161)
Other receivable	(7,911)	-
Accounts payable and accrued liabilities	<u>140,291</u>	<u>17,558</u>
	225,616	43,624
<b>INVESTING ACTIVITIES</b>		
Net change in investments	1,633,592	(2,420,347)
<b>FINANCING ACTIVITIES</b>		
Net change in designated funds	<u>(1,043,439)</u>	<u>2,527,009</u>
<b>NET CHANGE IN CASH</b>	815,769	150,286
<b>CASH - BEGINNING OF YEAR</b>	194,382	44,096
<b>CASH - END OF YEAR</b>	<b>\$ 1,010,151</b>	<b>\$ 194,382</b>

The accompanying notes are an integral part of these financial statements.

# ONTARIO INCORPORATED BODY; SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

August 31, 2022

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### 1. NATURE AND PURPOSE

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. Scouts Canada was incorporated on June 12, 1914 by an Act of Special Parliament.

The Ontario Incorporated Body; Scouts 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The principal accounting policies of the Organization are summarized as follows:

#### 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.

ONTARIO INCORPORATED BODY; SCOUTS CANADA

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2022

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2. 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 restricted 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.

Capital Assets

Capital assets are stated at cost. Amortization on current purchases is provided at half-rate. When capital assets are disposed of, the related profit or loss is included in current operations. Amortization is provided using the declining balance method at the following annual rates:

Computer equipment	-	55%
Furniture and fixtures	-	20%

Investments and Other Financial Instruments

Investments are recorded at fair value when acquired. In subsequent periods, investments with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other investments and 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.

Contributed Services

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 services are not recognized in the financial statements.



**ONTARIO INCORPORATED BODY; SCOUTS CANADA**

**NOTES TO THE FINANCIAL STATEMENTS**

**August 31, 2022**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Accounting Estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

**3. OTHER RECEIVABLE**

The other receivable represents legal fees and other expenses paid by Scouts Canada on behalf of [REDACTED]. These amounts will be recovered subsequent to the disposal of the [REDACTED] property.

**4. CAPITAL ASSETS**

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Computer equipment	\$ 1,825	\$ 1,825	\$ -	\$ -
Furniture and fixtures	2,143	1,744	399	499
	<b>\$ 3,968</b>	<b>\$ 3,569</b>	<b>\$ 399</b>	<b>\$ 499</b>

**5. INVESTMENTS**

	2022		2021	
	Cost	Market value	Cost	Market value
Cash held with broker	\$ 60,799	\$ 60,799	\$ 98,584	\$ 98,584
Government and other bonds	3,831,022	3,843,363	3,527,066	3,835,519
Shares in Canadian and foreign equities	7,825,562	11,719,341	8,089,239	12,961,467
	<b>\$ 11,717,383</b>	<b>\$ 15,623,503</b>	<b>\$ 11,714,889</b>	<b>\$ 16,895,570</b>

Investments include \$10,368,227 (2021 - \$9,775,582) at cost and \$12,048,770 (2021 - \$13,092,209) at market value relating to the designated funds detailed in note 6.

**ONTARIO INCORPORATED BODY; SCOUTS CANADA**

**NOTES TO THE FINANCIAL STATEMENTS**

**August 31, 2022**

**6. DESIGNATED FUNDS**

	2022		2021	
	Cost	Market value	Cost	Market value
Battlefields Council	\$ 876,159	\$ 907,693	\$ 775,875	\$ 996,786
Central Escarpment Council	1,882,732	2,249,050	1,823,539	2,467,914
Greater Toronto Council	1,643,038	2,161,244	1,519,983	2,329,527
Northern Ontario Council	120,315	181,441	107,653	193,046
Shining Waters Council	1,448,051	1,746,529	1,331,018	1,863,163
Tri-Shores Council	1,401,101	1,534,265	1,330,453	1,636,747
Voyageur Council	1,256,389	1,291,571	1,199,533	1,410,184
White Pine Council	914,419	979,967	849,833	1,047,476
Provincial funds	826,023	997,010	837,695	1,147,366
	<b>\$ 10,368,227</b>	<b>\$ 12,048,770</b>	<b>\$ 9,775,582</b>	<b>\$ 13,092,209</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 Organization transferred \$86,331 to Scouts Canada from the Provincial funds.

During the year, the Organization transferred \$209,088 (2021 - \$234,605) to the Councils from the respective designated fund.

During the year, the Councils transferred \$36,651 (2021 - \$557,655) to the Organization. In addition, the Organization received \$nil (2021 - \$209,164) in property sales at the Councils, of which 20% is allocated to the National Camping Strategy (Provincial funds).

ONTARIO INCORPORATED BODY; SCOUTS CANADA

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2022

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>2022</u>	<u>2021</u>
Interest on fixed income investments	\$ 70,920	\$ 81,631
Dividends and other investment income	403,008	337,724
Realized gains on sale of investments	<u>773,497</u>	<u>520,580</u>
Total investment income	<u>1,247,425</u>	<u>939,935</u>
Investment management fees	136,226	114,332
Accounting and audit	<u>13,876</u>	<u>19,111</u>
Total expenses related to investment income	150,102	133,443
Net income to be allocated between Designated Funds and the Organization's portion of investments	<u>\$ 1,097,323</u>	<u>\$ 806,492</u>
Allocation amongst Designated Funds in proportion to units held in each Designated Fund compared to total units held by all Designated Funds and the Organization's investments	<u>\$ 851,482</u>	<u>\$ 621,222</u>

8. RELATED PARTY TRANSACTIONS

The Organization is related to Scouts Canada and has incurred charges under Projects as follows:

- National Property operations grant of \$150,000.

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

**ONTARIO INCORPORATED BODY; SCOUTS CANADA**

**NOTES TO THE FINANCIAL STATEMENTS**

**August 31, 2022**

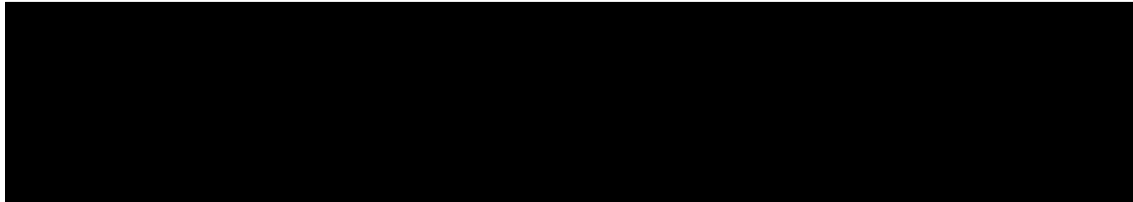
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**9. PROPERTIES**

The Organization holds legal title to properties located in the Province of Ontario for the Councils (and ultimately, Scouts Canada). These properties are not reported in these financial statements but are reported in the financial statements of Scouts Canada, which controls, manages and uses the properties in its operations.

**10. COMMITMENTS AND CONTINGENCIES**

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.



**11. FINANCIAL INSTRUMENTS**

The Organization's financial instruments consist of cash, accounts receivable, investments, and accounts payable and accrued liabilities. The following analysis provides information about the Organization's risk exposure and concentration as of August 31, 2022.

Credit Risk

The Organization is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. The Organization does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what Management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

ONTARIO INCORPORATED BODY; SCOUTS CANADA

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2022

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11. FINANCIAL INSTRUMENTS (continued)

Market risk

The Organization's investments in publicly-traded securities exposes the Organization to price risks as equity investments are subject to price changes in an open market. The Organization does not use derivative financial instruments to alter the effects of this risk.

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.