

Financial Statements of

**SCOUTS CANADA NATIONAL  
OPERATION**

Years ended August 31, 2013 and 2012



**KPMG LLP**  
**Suite 2000**  
160 Elgin Street  
Ottawa, ON K2P 2P8  
Canada

Telephone (613) 212-KPMG (5764)  
Fax (613) 212-2896  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Governors of Scouts Canada National Operation

We have audited the accompanying financial statements of Scouts Canada National Operation, which comprise the statements of financial position as at August 31, 2013, August 31, 2012 and September 1, 2011, the statements of operations, changes in fund balances and cash flows for the years ended August 31, 2013 and August 31, 2012, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Scouts Canada National Operation as at August 31, 2013, August 31, 2012 and September 1, 2011, and its results of operations, changes in fund balances and its cash flows for the years ended August 31, 2013 and August 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

*KPMG LLP*

---

Chartered Accountants, Licensed Public Accountants

November 16, 2013

Ottawa, Canada

# SCOUTS CANADA NATIONAL OPERATION

## Statements of Financial Position

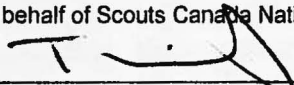
August 31, 2013, August 31, 2012 and September 1, 2011

(In thousands of dollars)

|  | August 31,<br>2013 | August 31,<br>2012 | September 1,<br>2011 |
|--|--------------------|--------------------|----------------------|
|  | (Schedule A)       | (Schedule B)       | (Schedule C)         |
| <b>Assets</b>  |                    |                    |                      |
| Current assets:  |                    |                    |                      |
| Cash   | \$ 1,908           | \$ 258             | \$ 1,106             |
| Amounts receivable (notes 12 and 13)                                 | 185                | 310                | 1,028                |
| Inventories  | 4,364              | 4,815              | 4,710                |
| Prepaid expenses   | 192                | 583                | 501                  |
| Membership fees receivable (note 11(a))                              | 51                 | 260                | 355                  |
| Current portion of loans receivable<br>from related parties (note 7) | 185                | 195                | 658                  |
|  | 6,885              | 6,421              | 8,358                |
| Investments (note 3)   | 11,134             | 10,684             | 10,717               |
| Tangible capital and intangible assets (note 4(a))                   | 2,458              | 2,257              | 2,357                |
| Prepaid pension costs (note 5(a))                                    | 4,169              | 4,014              | 3,344                |
| Employee future benefits recovery receivable (note 6)                | 984                | 1,130              | 1,643                |
| Loans receivable from related parties (note 7)                       | -                  | -                  | 10                   |
|  | \$ 25,630          | \$ 24,506          | \$ 26,429            |
| <b>Liabilities and Fund Balances</b>                                 |                    |                    |                      |
| Current liabilities:   |                    |                    |                      |
| Accounts payable and accrued<br>liabilities (note 9)                 | \$ 2,097           | \$ 2,363           | \$ 2,411             |
| Deferred revenue (note 8)  | 1,500              | 547                | 467                  |
| Current portion of loans payable to<br>related parties (note 10)     | 100                | 100                | 100                  |
|  | 3,697              | 3,010              | 2,978                |
| Deferred capital contributions (note 4(b))                           | 593                | -                  | -                    |
| Loans payable to related parties (note 10)                           | 305                | 405                | 505                  |
| Accrued employee future benefits (note 5(a))                         | 5,756              | 5,923              | 5,955                |
| Fund balances:   |                    |                    |                      |
| Operating Fund   | 3,765              | 2,571              | 2,781                |
| Restricted Funds (Schedule E)  | 6,106              | 7,076              | 8,623                |
| Investment in tangible capital and intangible assets                 | 1,865              | 2,257              | 2,357                |
| World Scout Foundation   | 3,543              | 3,264              | 3,230                |
|  | 15,279             | 15,168             | 16,991               |
| Contingent liabilities (note 14)                                     |                    |                    |                      |
| Commitments (note 15)  |                    |                    |                      |
|  | \$ 25,630          | \$ 24,506          | \$ 26,429            |

See accompanying notes to financial statements.

On behalf of Scouts Canada National Operation:

  
Vice-Chair Finance – Board of Governors

  
Chair – Board of Governors

# SCOUTS CANADA NATIONAL OPERATION

## Statements of Operations

Years ended August 31, 2013 and 2012  
(In thousands of dollars)

|   | Operating<br>Fund | Restricted<br>Funds<br>(Schedule E) | Total<br>2013 | Total<br>2012<br>(Schedule D) |
|---|-------------------|-------------------------------------|---------------|-------------------------------|
| <b>Revenue:</b>   |                   |                                     |               |                               |
| Membership fees (note 11(a))  | \$ 4,578          | \$ –                                | \$ 4,578      | \$ 4,994                      |
| Retail  | 4,518             | –                                   | 4,518         | 4,700                         |
| Fundraising   | 1,832             | 85                                  | 1,917         | 1,889                         |
| Other   | 874               | 209                                 | 1,083         | 717                           |
| Canadian Jamboree (note 18)   | 3,667             | –                                   | 3,667         | –                             |
|   | 15,469            | 294                                 | 15,763        | 12,300                        |
| <b>Expenses:</b>  |                   |                                     |               |                               |
| Salaries and benefits (note 12)   | 12,763            | –                                   | 12,763        | 13,051                        |
| Recovery of salaries and<br>benefits (note 12)                                | (8,594)           | –                                   | (8,594)       | (8,349)                       |
| Retail expenses   | 3,274             | –                                   | 3,274         | 3,546                         |
| Program services  | 379               | –                                   | 379           | 453                           |
| Grants  | 406               | –                                   | 406           | 340                           |
| Technology services   | 306               | –                                   | 306           | 296                           |
| Financial services  | 457               | –                                   | 457           | 330                           |
| Marketing and communications  | 1,001             | –                                   | 1,001         | 777                           |
| Fundraising expenses  | 265               | –                                   | 265           | 203                           |
| Administration  | 651               | –                                   | 651           | 680                           |
| Compliance and governance   | 507               | 900                                 | 1,407         | 2,055                         |
| Human resources management  | 430               | –                                   | 430           | 308                           |
| Canadian Jamboree - direct expenses   | 3,217             | –                                   | 3,217         | –                             |
| Restricted funds  | –                 | 185                                 | 185           | 602                           |
|   | 15,062            | 1,085                               | 16,147        | 14,292                        |
| <b>Excess (deficiency) of revenue over expenses<br/>before the undernoted</b> |                   |                                     |               |                               |
|   | 407               | (791)                               | (384)         | (1,992)                       |
| Change in unrealized gains on investments                                     | (62)              | 278                                 | 216           | 135                           |
| World Scout Foundation donations  | –                 | 279                                 | 279           | 34                            |
| <b>Excess (deficiency) of revenue over expenses</b>                           | <b>\$ 345</b>     | <b>\$ (234)</b>                     | <b>\$ 111</b> | <b>\$ (1,823)</b>             |

See accompanying notes to financial statements.

# SCOUTS CANADA NATIONAL OPERATION

## Statements of Changes in Fund Balances

Years ended August 31, 2013 and 2012  
(In thousands of dollars)

| August 31, 2013   | Operating Fund | Restricted Funds<br>(Schedule E) | Investment in tangible capital and intangible assets | World Scout Foundation | Total     |
|---|----------------|----------------------------------|--|------------------------|-----------|
| Fund balances, beginning of year                                | \$ 2,571       | \$ 7,076                         | \$ 2,257   | \$ 3,264               | \$ 15,168 |
| Excess (deficiency) of revenue over expenses                    | 345            | (513)                            | –  | 279                    | 111       |
| Change in investment in tangible capital and intangible assets: |                |                                  |  |                        |           |
| Amortization of tangible capital and intangible assets          | 446            | –                                | (446)  | –                      | –         |
| Tangible capital and intangible capital assets additions        | (647)          | –                                | 647  | –                      | –         |
| Additions to deferred capital contributions                     | 593            | –                                | (593)  | –                      | –         |
| Transfer to operating fund                                      | 457            | (457)                            | –  | –                      | –         |
| Closing balance   | \$ 3,765       | \$ 6,106                         | \$ 1,865   | \$ 3,543               | \$ 15,279 |

| August 31, 2012   | Operating Fund | Restricted Funds<br>(Schedule E) | Investment in tangible capital and intangible assets | World Scout Foundation | Total     |
|---|----------------|----------------------------------|--|------------------------|-----------|
| Fund balances, beginning of year                                | \$ 2,781       | \$ 8,623                         | \$ 2,357   | \$ 3,230               | \$ 16,991 |
| Excess (deficiency) of revenue over expenses                    | (935)          | (922)                            | –  | 34                     | (1,823)   |
| Change in investment in tangible capital and intangible assets: |                |                                  |  |                        |           |
| Amortization of tangible capital and intangible assets          | 328            | –                                | (328)  | –                      | –         |
| Tangible capital and intangible asset additions                 | (228)          | –                                | 228  | –                      | –         |
| Transfer to operating fund                                      | 625            | (625)                            | –  | –                      | –         |
| Closing balance   | \$ 2,571       | \$ 7,076                         | \$ 2,257   | \$ 3,264               | \$ 15,168 |

See accompanying notes to financial statements.

# SCOUTS CANADA NATIONAL OPERATION

## Statements of Cash Flows

Years ended August 31, 2013 and 2012  
(In thousands of dollars)

|  | 2013     | 2012       |
|--|----------|------------|
| Cash flows from operating activities:                                  |          |            |
| Excess (deficiency) of revenue over expenses                           | \$ 348   | \$ (1,823) |
| Items not involving cash:  |          |            |
| Amortization of tangible capital and intangible assets                 | 446      | 328        |
| Change in pension and employee future benefit balances                 | (176)    | (189)      |
| Change in unrealized gains on investments                              | (216)    | (135)      |
| Changes in non-cash working capital:                                   |          |            |
| Amounts receivable   | 125      | 718        |
| Inventories  | 451      | (105)      |
| Prepaid expenses   | 391      | (82)       |
| Membership fees receivable   | 209      | 95         |
| Accounts payable and accrued liabilities                               | (503)    | (48)       |
| Deferred revenue   | 953      | 80         |
|  | 2,028    | (1,161)    |
| Cash flows from investing activities:                                  |          |            |
| Purchase of tangible capital and intangible assets                     | (647)    | (228)      |
| Principal payments received on loan receivable<br>from related parties | 10       | 473        |
| Purchase of investments  | (234)    | -          |
|  | (871)    | 245        |
| Cash flows from financing activities:                                  |          |            |
| Withdrawals from investments   | -        | 168        |
| Principal payments on loans payable to related parties                 | (100)    | (100)      |
| Increase in deferred capital contributions (note 4(b))                 | 593      | -          |
|  | 493      | 68         |
| Net increase (decrease) in cash  | 1,650    | (848)      |
| Cash, beginning of year  | 258      | 1,106      |
| Cash, end of year  | \$ 1,908 | \$ 258     |
| Supplemental cash flow information:                                    |          |            |
| Interest paid  | \$ 16    | \$ 19      |

See accompanying notes to financial statements.

# SCOUTS CANADA NATIONAL OPERATION

## Notes to Financial Statements

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

---

Scouts Canada is a national organization operating programs aimed at contributing to the development of young people in achieving their full physical, intellectual, social and spiritual potential as individuals, as responsible citizens and as members of their local, national and international communities through the application of Scouts Principles and Practices.

Scouts Canada was incorporated on June 12, 1914, by an Act of the Canadian Parliament and is a registered charity under the Income Tax Act, and as such is not subject to income taxes. Scouts Canada National Operation (the "National Operation") is responsible for the national activities of Scouts Canada and provides services to the Provincial and Regional Councils (the "Councils") of Scouts Canada.

On September 1, 2012, the National Operation adopted Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook. These are the first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations.

In accordance with the transitional provisions in the not-for-profit accounting standards, the National Operation has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is September 1, 2011 and all comparative information provided has been presented by applying not-for-profit standards.

There were no adjustments to net assets as at September 1, 2011 as a result of the transition to Canadian accounting standards for not-for-profit organizations. A summary of transitional adjustments recorded to deficiency of revenue over expenditures is provided in note 2.

### 1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Basis of presentation:

These financial statements reflect the operations of the National Operation only and do not include the revenue, expenses, assets and liabilities of the Councils and Fondation Scouts Canada Foundation.

(b) Fund accounting:

The National Operation follows the restricted fund method of accounting for contributions for not-for-profit organizations.

The Operating Fund accounts for the National Operation's program delivery, retail sales and administrative activities. Restricted funds report the revenue, expenses and fund balances of the activities of the National Operation for which the funding is internally or externally restricted to that activity.



# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

---

## 1. Significant accounting policies (continued):

### (b) Fund accounting (continued):

The World Scout Foundation Fund reports donations received for the benefit of the World Scout Bureau. The investment revenue earned on the World Scout Foundation Fund is forwarded annually to the World Scout Bureau.

### (c) Inventories:

Inventories are valued at the lower of weighted average cost and net realizable value.

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The National Operation has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the National Operation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the National Operation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment change.

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 1. Significant accounting policies (continued):

### (e) Tangible capital and intangible assets:

Purchased tangible capital and intangible assets are recorded at cost. Repairs and maintenance costs are charged to expense. When a tangible capital and intangible asset no longer contributes to the National Operations' ability to provide services, its carrying amount is written down to its residual value.

Tangible capital and intangible capital assets are amortized over their estimated useful lives using the straight-line basis at the following annual rates:

| Asset                                | Term     |
|--------------------------------------|----------|
| Tangible capital:                    |          |
| Building                             | 20 years |
| Betterment                           | 20 years |
| Office furniture and equipment       | 5 years  |
| Computer hardware                    | 3 years  |
| Scout Shop equipment and renovations | 3 years  |
| Intangible assets:                   |          |
| Computer software                    | 3 years  |
| Membership system                    | 3 years  |
| Donated software                     | 3 years  |

Tangible capital and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

### (f) Employee benefit plans:

The cost of pensions and other post-retirement benefits earned by the employees covered by defined benefit plans is actuarially determined using the projected benefit cost method prorated on employees' length of service and management's best estimate of expected plan performance, salary escalation, retirement ages of plan members and expected health care costs.

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

---

## 1. Significant accounting policies (continued):

### (f) Employee benefit plans (continued):

Adjustments arising from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The excess of the net actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the fair value of plan assets is amortized over the average remaining service period of the active employees.

Pension plan assets are measured at fair value, determined at quoted market prices.

### (g) Revenue recognition:

Restricted contributions relating to general operations are recognized as revenue of the Operating 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 or receivable.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income earned on restricted funds is recognized in the applicable restricted fund. Other investment income is recognized in the Operating Fund when earned.

Membership, insurance and other Council related fees are recognized as revenue in the fiscal year to which they relate. Amounts received but not recognized as revenue are recorded as deferred revenue.

### (h) Expenses:

In the statement of operations, the National Operation presents its expenses by function, except for salaries and benefits, recovery of salaries and benefits, marketing and communications, fundraising expenses and action plan, which are presented on an object basis. Expenses are recognized in the year incurred and are recorded in the applicable function to which they are directly related. The National Operation does not allocate expenses between functions after initial recognition.

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

---

## 1. Significant accounting policies (continued):

(i) Donated materials and services:

Volunteers donate services throughout the year to assist the National Operation in carrying out its activities. Because of the difficulty of tracking and determining their fair value, donated services are not recorded in the financial statements.

(j) Foreign currency translation:

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at year end. Revenue and expenses are translated at the rate of exchange prevailing at the time of the transactions. Exchange gains and losses resulting from the translation of these amounts are recorded in the statement of operations.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known. Significant estimates result from assumptions used to actuarially determine the prepaid pension costs and accrued employee future benefits liability.

## 2. Transitional adjustments:

The following table summarizes the impact of the transition to Canadian accounting standards for not-for-profit organizations on the National Operation's deficiency of revenue over expenses for the year ended August 31, 2012:

---

|   |                   |
|---|-------------------|
| Deficiency of revenue over expenses:  |                   |
| As previously reported under Canadian generally accepted accounting principles for year ended August 31, 2012 | \$ (1,958)        |
| Less: adjustment to record unrealized investment gains on investments in the statement of operations          | 135               |
| <b>Restated for the year ended August 31, 2012</b>  | <b>\$ (1,823)</b> |

---

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 3. Investments:

(a) The National Operation holds investments for the following purposes:

| August 31, 2013                  | Cost             | Fair value       |
|----------------------------------|------------------|------------------|
| Operating:                       |                  |                  |
| Employee future benefits         | \$ 986           | \$ 1,004         |
| Restricted:                      |                  |                  |
| Insurance Fund                   | 5,211            | 5,290            |
| Brotherhood Fund                 | 563              | 573              |
| International Participation Fund | 350              | 358              |
| World Scout Foundation           | 3,582            | 3,909            |
|                                  | <u>\$ 10,692</u> | <u>\$ 11,134</u> |

| August 31, 2012                  | Cost             | Fair value       |
|----------------------------------|------------------|------------------|
| Operating:                       |                  |                  |
| Employee future benefits         | \$ 925           | \$ 948           |
| Restricted:                      |                  |                  |
| Insurance Fund                   | 5,373            | 5,509            |
| Brotherhood Fund                 | 559              | 571              |
| International Participation Fund | 357              | 368              |
| World Scout Foundation           | 3,244            | 3,288            |
|                                  | <u>\$ 10,458</u> | <u>\$ 10,684</u> |

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 3. Investments (continued):

(a) (continued):

| September 1, 2011                | Cost             | Fair value       |
|----------------------------------|------------------|------------------|
| Operating:                       |                  |                  |
| Employee future benefits         | \$ 902           | \$ 915           |
| Building reserve                 | 427              | 430              |
| Restricted:                      |                  |                  |
| Insurance Fund                   | 5,265            | 5,309            |
| Brotherhood Fund                 | 498              | 504              |
| International Participation Fund | 403              | 408              |
| Youth Event Fund                 | 379              | 379              |
| World Scout Foundation           | 2,752            | 2,772            |
|                                  | <b>\$ 10,626</b> | <b>\$ 10,717</b> |

Investments consist of:

| August 31, 2013         | Cost             | Fair value       |
|-------------------------|------------------|------------------|
| Fixed income securities | \$ 4,068         | \$ 4,056         |
| Equities                | 4,593            | 5,047            |
| Cash                    | 2,031            | 2,031            |
|                         | <b>\$ 10,692</b> | <b>\$ 11,134</b> |

| August 31, 2012           | Cost             | Fair value       |
|---------------------------|------------------|------------------|
| Fixed income securities   | \$ 4,011         | \$ 4,078         |
| Equities                  | 5,309            | 5,468            |
| Money market mutual funds | 1,076            | 1,076            |
| Cash                      | 62               | 62               |
|                           | <b>\$ 10,458</b> | <b>\$ 10,684</b> |

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 3. Investments (continued):

(a) (continued):

| September 1, 2011         | Cost             | Fair value       |
|---------------------------|------------------|------------------|
| Fixed income securities   | \$ 4,557         | \$ 4,655         |
| Equities                  | 4,014            | 4,007            |
| Money market mutual funds | 1,709            | 1,709            |
| Cash                      | 346              | 346              |
|                           | <u>\$ 10,626</u> | <u>\$ 10,717</u> |

The National Operation's fixed income securities have interest rates of 1.3% to 7.0% (August 2012 - 1.25% to 5.0%; September 1, 2011 - 2.1% to 5.0%) and maturity dates ranging from June 2012 to June 2018.

(b) Cumulative unrealized gains on investments:

|   | 2013          | 2012          |
|---|---------------|---------------|
| Balance, beginning of year  | \$ 226        | \$ 91         |
| Change in cumulative unrealized gains on investments<br>in the year | 216           | 135           |
| Balance, end of year  | <u>\$ 442</u> | <u>\$ 226</u> |

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012

(Amounts in thousands of dollars)

## 4. Tangible capital and intangible assets:

### (a) Cost and accumulated amortization:

| August 31, 2013                      | Cost            | Accumulated<br>amortization | Net book<br>value |
|--------------------------------------|-----------------|-----------------------------|-------------------|
| Tangible capital:                    |                 |                             |                   |
| Land                                 | \$ 15           | \$ –                        | \$ 15             |
| Building                             | 1,485           | 1,278                       | 207               |
| Betterment                           | 3,088           | 1,865                       | 1,223             |
| Office furniture and equipment       | 405             | 387                         | 18                |
| Computer hardware                    | 182             | 162                         | 20                |
| Scout Shop equipment and renovations | 51              | 42                          | 9                 |
| Intangible assets:                   |                 |                             |                   |
| Computer software                    | 561             | 547                         | 14                |
| Membership system                    | 696             | 337                         | 359               |
| Donated software                     | 593             | –                           | 593               |
|                                      | <u>\$ 7,076</u> | <u>\$ 4,618</u>             | <u>\$ 2,458</u>   |
|                                      |                 |                             |                   |
| August 31, 2012                      | Cost            | Accumulated<br>amortization | Net book<br>value |
| Tangible capital:                    |                 |                             |                   |
| Land                                 | \$ 15           | \$ –                        | \$ 15             |
| Building                             | 1,485           | 1,248                       | 237               |
| Betterment                           | 3,050           | 1,712                       | 1,338             |
| Office furniture and equipment       | 404             | 381                         | 23                |
| Computer hardware                    | 195             | 178                         | 17                |
| Scout Shop equipment and renovations | 51              | 39                          | 12                |
| Intangible assets:                   |                 |                             |                   |
| Computer software                    | 561             | 537                         | 24                |
| Membership system                    | 696             | 105                         | 591               |
|                                      | <u>\$ 6,457</u> | <u>\$ 4,200</u>             | <u>\$ 2,257</u>   |



# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 4. Tangible capital and intangible assets (continued):

### (a) Cost and accumulated amortization (continued):

| September 1, 2011                    | Cost     | Accumulated amortization | Net book value |
|--------------------------------------|----------|--------------------------|----------------|
| Tangible capital:                    |          |                          |                |
| Land                                 | \$ 15    | \$ –                     | \$ 15          |
| Building                             | 1,485    | 1,219                    | 266            |
| Betterment                           | 3,049    | 1,560                    | 1,489          |
| Office furniture and equipment       | 400      | 373                      | 27             |
| Computer hardware                    | 187      | 150                      | 37             |
| Scout Shop equipment and renovations | 51       | 36                       | 15             |
| Intangible assets:                   |          |                          |                |
| Computer software                    | 535      | 534                      | 1              |
| Membership system                    | 507      | –                        | 507            |
|                                      | \$ 6,229 | \$ 3,872                 | \$ 2,357       |

During the year \$28 (August 31, 2012 - \$Nil; September 1, 2011 - \$15) of computer hardware and software and \$28 (August 31, 2012 - \$Nil; September 1, 2011 - \$15) of related accumulated amortization were written off.

### (b) Deferred capital contributions:

During the year, Scouts Canada received software licenses free of charge from a vendor. This donation was recorded as a deferred capital contribution and will be amortized over three years.

## 5. Employee future benefits:

Scouts Canada administers the Employees' Pension Plan of Scouts Canada, which consists of a defined benefit pension plan and a defined contribution plan that cover most of its employees working at the National Operation and the Councils. Scouts Canada also provides its employees with other retirement and post-employment benefits under its employee benefit plans.

For the defined benefit pension and employee benefit plans, Scouts Canada has adopted an annual measurement date of June 30 for estimating the accounting surplus or deficit, and establishing benefit costs for the coming fiscal year, both of which are dependent on the measurement factors at that time.

As of January 1, 2013, the defined benefit plan was frozen. Employees can no longer accrue credited service under the defined benefit component of the Plan. However employee earnings will be projected in the future for the purpose of calculating the accrued pension benefit. Employees who were members of the defined benefit plan now contribute to the defined contributions plan, disclosed in note 5(f).

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 5. Employee future benefits (continued):

### (a) Plan assets and obligations:

The following table presents the changes in plan assets and benefit obligations and the composition of prepaid pension costs and accrued future employee benefits liability in the financial statements.

#### (i) Prepaid pension costs (accrued benefit liability):

| August 31, 2013   | Pension         | Other post-employment |
|---|-----------------|-----------------------|
| Plan assets at fair value                                       | \$ 27,097       | \$ –                  |
| Accrued benefit obligation                                      | (30,892)        | (4,214)               |
|   | (3,795)         | (4,214)               |
| Employer contributions from measurement date to fiscal year end | 173             | –                     |
| Unamortized net actuarial loss (gain)                           | 7,725           | (825)                 |
| Unamortized past service costs                                  | 66              | (717)                 |
| <b>Prepaid pension costs (accrued benefit liability)</b>        | <b>\$ 4,169</b> | <b>\$ (5,756)</b>     |
| August 31, 2012   | Pension         | Other post-employment |
| Plan assets at fair value                                       | \$ 24,067       | \$ –                  |
| Accrued benefit obligation                                      | (28,973)        | (4,130)               |
|   | (4,906)         | (4,130)               |
| Employer contributions from measurement date to fiscal year end | 287             | –                     |
| Unamortized net actuarial loss (gain)                           | 8,473           | (933)                 |
| Unamortized past service costs                                  | 160             | (860)                 |
| <b>Prepaid pension costs (accrued benefit liability)</b>        | <b>\$ 4,014</b> | <b>\$ (5,923)</b>     |

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 5. Employee future benefits (continued):

(a) Plan assets and obligations (continued):

(i) Prepaid pension costs (accrued benefit liability) (continued):

| September 1, 2011   | Pension   | Other post-employment |
|---|-----------|-----------------------|
| Plan assets at fair value                                       | \$ 24,035 | \$ –                  |
| Accrued benefit obligation                                      | (26,925)  | (4,450)               |
|   | (2,890)   | (4,450)               |
| Employer contributions from measurement date to fiscal year end | 189       | –                     |
| Unamortized net actuarial loss (gain)                           | 5,790     | (502)                 |
| Unamortized past service costs                                  | 255       | (1,003)               |
| Prepaid pension costs (accrued benefit liability)               | \$ 3,344  | \$ (5,955)            |

(ii) Accrued benefit obligation:

| August 31, 2013                    | Pension     | Other post-employment |
|------------------------------------|-------------|-----------------------|
| Benefit obligation, beginning      | \$ (28,973) | \$ (4,130)            |
| Current service cost               | (214)       | (59)                  |
| Interest cost                      | (1,348)     | (194)                 |
| Employee contributions             | (143)       | –                     |
| Benefits paid                      | 1,573       | 212                   |
| Actuarial gain (loss)              | (1,787)     | (43)                  |
| Accrued benefit obligation, ending | \$ (30,892) | \$ (4,214)            |

| August 31, 2012                    | Pension     | Other post-employment |
|------------------------------------|-------------|-----------------------|
| Benefit obligation, beginning      | \$ (26,925) | \$ (4,450)            |
| Current service cost               | (364)       | (100)                 |
| Interest cost                      | (1,437)     | (233)                 |
| Employee contributions             | (285)       | –                     |
| Benefits paid                      | 2,261       | 216                   |
| Actuarial gain (loss)              | (2,223)     | 437                   |
| Accrued benefit obligation, ending | \$ (28,973) | \$ (4,130)            |

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 5. Employee future benefits (continued):

(a) Plan assets and obligations (continued):

(iii) Plan assets:

| August 31, 2013                      | Pension   | Other post-employment |
|--------------------------------------|-----------|-----------------------|
| Plan assets at fair value, beginning | \$ 24,067 | \$ –                  |
| Actual return on plan assets         | 3,087     | –                     |
| Employer contributions               | 1,372     | 212                   |
| Employee contributions               | 143       | (212)                 |
| Benefits paid                        | (1,572)   | –                     |
| Plan assets at fair value, ending    | \$ 27,097 | \$ –                  |

| August 31, 2012                      | Pension   | Other post-employment |
|--------------------------------------|-----------|-----------------------|
| Plan assets at fair value, beginning | \$ 24,035 | \$ –                  |
| Actual return on plan assets         | 533       | –                     |
| Employer contributions               | 1,575     | 216                   |
| Employee contributions               | 285       | –                     |
| Benefits paid                        | (2,261)   | (216)                 |
| Provision for plan expenses          | (100)     | –                     |
| Plan assets at fair value, ending    | \$ 24,067 | \$ –                  |

(b) Net benefit cost:

The components of the net benefit cost included in salaries and benefits expense are:

|                                    | 2013     |                       | 2012     |                       |
|------------------------------------|----------|-----------------------|----------|-----------------------|
|                                    | Pension  | Other post-employment | Pension  | Other post-employment |
| Current service cost               | \$ 214   | \$ 59                 | \$ 364   | \$ 100                |
| Provision for plan expenses        | –        | –                     | 100      | –                     |
| Interest cost                      | 1,348    | 194                   | 1,437    | 233                   |
| Expected return on plan assets     | (1,250)  | –                     | (1,380)  | –                     |
| Amortization of actuarial losses   | 697      | (65)                  | 387      | (6)                   |
| Amortization of past service costs | 95       | (143)                 | 95       | (143)                 |
| Net benefit cost                   | \$ 1,104 | \$ 45                 | \$ 1,003 | \$ 184                |

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 5. Employee future benefits (continued):

### (c) Assumptions:

The significant weighted-average assumptions used in the actuarial valuation of the plan are:

|                                 | 2013    |                       | 2012    |                       |
|---------------------------------|---------|-----------------------|---------|-----------------------|
|                                 | Pension | Other post-employment | Pension | Other post-employment |
| Rate of compensation increases  | 3.25%   | –                     | 3.00%   | –                     |
| Discount rate                   | 4.75%   | 4.60%                 | 5.50%   | 4.75%                 |
| Expected return on plan assets  | 5.20%   | –                     | 5.80%   | –                     |
| Initial health care trend rate  | –       | 4.80%                 | –       | 5.00%                 |
| Ultimate health care trend rate | –       | 3.40%                 | –       | 3.80%                 |

The ultimate health care trend rate is estimated to be reached in 2030. The actual return on plan assets in fiscal 2013 was 12.8% (2012 - 2.2%).

### (d) Health care sensitivity analysis:

Assumed health care cost trend rates have a significant effect on the amounts reported for the post-employment benefits. A 1% change in assumed health care trend rates would have the following effect for 2013.

|                            | Increase | Decrease |
|----------------------------|----------|----------|
| Net benefit cost           | \$ 10    | \$ 9     |
| Accrued benefit obligation | 218      | 191      |

### (e) Defined benefit plan:

The latest actuarial valuation of the pension plan for funding purposes was performed as at January 1, 2013. The next actuarial valuation is required to be completed as at January 1, 2014, in accordance with the requirements of the Pension Benefits Act (Ontario).

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

---

## 5. Employee future benefits (continued):

### (e) Defined benefit plan (continued):

As part of the regulations governing provincially regulated pension plans in Ontario, pension plans must meet certain solvency requirements, which assume the plans, are wound up/liquidated as of the valuation date. The actuarial valuation for funding purposes performed as at January 1, 2013 reported a solvency deficiency of \$151 (January 1 2012 - \$2,917; January 1, 2011 - \$1,256) and a going concern deficit of \$4,576 (January 1, 2012 - \$2,630; January 1, 2011 - \$2,790), based on economic assumptions applicable at January 1, 2013. Scouts Canada is required to make additional contributions of \$1,125 (January 1, 2012 - \$858; January 1, 2011 - \$987) per annum in future years to eliminate the solvency deficiency and going concern unfunded liability under the Pension Benefits Act (Ontario). In fiscal 2013, Scouts Canada made additional contributions of \$1,036 (August 31, 2012 - \$903; September 1, 2011 - \$1,307).

### (f) Defined contribution plan:

Effective January 1, 2010, Scouts Canada created a defined contribution plan available to all employees of Scouts Canada who meet the eligibility requirements specified in the Plan Agreement. In the year, Scouts Canada made employer contributions to the defined contribution plan of \$361 (2012 - \$114), which is included in salaries and benefits expense and recovery of salaries and benefits, as disclosed in note 12.

## 6. Employee future benefits recovery receivable:

The employee future benefits recovery receivable represents the amount of the prepaid pension costs and accrued employee future benefits liability, disclosed in note 5(a), that is receivable from the Councils with respect to their employees. The Councils pay the National Operation for their portion of the employer contributions made to the pension and employee benefit plans.

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 7. Loans receivable from related parties:

|                                    | August 31,<br>2013 | August 31,<br>2012 | September 1,<br>2011 |
|------------------------------------|--------------------|--------------------|----------------------|
| New Brunswick Council              | \$ –               | \$ 10              | \$ 20                |
| White Pine Council                 | 185                | 185                | 364                  |
| Fondation Scouts Canada Foundation | –                  | –                  | 284                  |
|                                    | 185                | 195                | 668                  |
| Current portion                    | 185                | 195                | 658                  |
| Long-term portion                  | \$ –               | \$ –               | \$ 10                |

The loan to White Pine Council is non-interest bearing and is repayable on demand.

The loan to New Brunswick Council was non-interest bearing and was repaid in 2013.

The loan to Fondation Scouts Canada Foundation related to advances made by National Operation for the World Scout Foundation conference held in Canada. The loan was non-interest bearing and was repaid in 2012.

## 8. Deferred revenue:

Deferred revenue represents amounts received or receivable by the Operating Fund for which goods or services will be provided in future years.

|   | Opening<br>balance | Amounts<br>received | Revenue<br>recognized | Closing<br>balance |
|---|--------------------|---------------------|-----------------------|--------------------|
| Membership                                    | \$ 60              | \$ 1,182            | \$ 88                 | \$ 1,154           |
| ScoutsAbout and Extreme<br>Adventure programs | 18                 | –                   | 18                    | –                  |
| Other programs                                | 401                | 170                 | 294                   | 277                |
| Gift Certificates – Scout Shops               | 68                 | 24                  | 23                    | 69                 |
|   | \$ 547             | \$ 1,376            | \$ 423                | \$ 1,500           |

Membership consists of fees collected in advance of the Scouting year, which runs from September 1 to August 31.

ScoutsAbout and Extreme Adventure programs consist of restricted grants and donations to be used to develop and introduce these programs in Councils across Canada.

Other programs consist of restricted grants and donations received for various Scout programs in future years.

Gift Certificates - Scout Shops are funds left on deposit at Scout Shops for future purchases.

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

## 9. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$Nil (August 31, 2012 - \$2; September 1, 2011 - \$Nil), which includes amounts payable for HST and payroll related taxes.

## 10. Loans payable to related parties:

|   | August 31,<br>2013 | August 31,<br>2012 | September 1,<br>2011 |
|---|--------------------|--------------------|----------------------|
| Loans payable to related parties:                 |                    |                    |                      |
| Incorporated Body for Scouts Canada<br>in Ontario | \$ 305             | \$ 380             | \$ 455               |
| British Columbia Councils                         | 100                | 125                | 150                  |
|   | <u>405</u>         | <u>505</u>         | <u>605</u>           |
| Current portion                                   | 100                | 100                | 100                  |
| Long-term portion                                 | <u>\$ 305</u>      | <u>\$ 405</u>      | <u>\$ 505</u>        |

The loan from the Incorporated Body for Scouts Canada in Ontario is repayable in annual installments of \$75 principal plus interest accrued at the chartered bank prime rate less 1% at the date of the original loan.

The loans from the British Columbia Councils are repayable in annual installments of \$25 plus interest accrued at the chartered bank prime rate less 1% at the date of the original loan.

## 11. Related party transactions:

### (a) Membership fees:

Membership fees are collected from individual members of Scouts Canada primarily at the local Group level. National and Council fees collected by the local Groups are allocated to the National Operation and the Councils based on the membership fee schedules for the year.

The membership fee receivable balance of \$51 (August 31, 2012 - \$260; September 1, 2011 - \$355) consists of amounts receivable for national membership fees from Councils at year end.



# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

---

## 11. Related party transactions (continued):

(b) Council revenue sharing:

Effective September 1, 2003, the National Operation assumed ownership from the Councils of all the Scout Shops across Canada.

As part of the transfer of ownership of the Scout Shops, the National Operation committed to paying the Councils 2% of the annual gross sales of the Scout Shops in their region. In 2013, \$79 (2012 - \$89) was paid to the Councils.

(c) Other:

Other related party transactions and balances are disclosed in notes 6, 7, 10, 12 and 13 to the financial statements.

## 12. Salaries and benefits:

The National Operation administers the payroll for all employees of Scouts Canada, including those working at the Councils. The National Operation recovers the cost of these salary and benefits.

|                          | 2013            | 2012            |
|--------------------------|-----------------|-----------------|
| All employees:           |                 |                 |
| Salaries and benefits    | \$ 11,065       | \$ 11,343       |
| Employee future benefits | 1,698           | 1,708           |
|                          | <u>12,763</u>   | <u>13,051</u>   |
| Less amounts recovered:  |                 |                 |
| Salaries and benefits    | 7,447           | 7,229           |
| Employee future benefits | 1,147           | 1,120           |
|                          | <u>8,594</u>    | <u>8,349</u>    |
| National Operation       | <u>\$ 4,169</u> | <u>\$ 4,702</u> |

At year-end, the National Operation has amounts receivable from the Councils totaling \$151 (August 31, 2012 - \$307; September 1, 2011 - \$570) relating to salaries and benefits.

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

---

## 13. Fondation Scouts Canada Foundation:

The National Operation has an economic interest in Fondation Scouts Canada Foundation. The Foundation was established to financially support Scouts Canada by promoting and soliciting gifts, grants and matching funds from individuals, corporations and foundations.

The National Operation received donations of \$30 (2012 - \$88) from the Foundation.

The National Operation has an amount receivable from the Foundation of \$Nil (August 31, 2012 - \$Nil; September 1, 2011 - \$37) for scholarships and grants from the Foundation.

## 14. Contingent liabilities:

### (a) Legal claims:

The National Operation has been named as a defendant in a number of legal claims, which have arisen in the normal course of its operations and delivery of its programs. Legal claims are categorized as liability, breach of contract, sexual molestation, wrongful dismissal and human rights complaints. In certain of these instances, a specified amount has been claimed by the plaintiffs. In other instances, no amounts have been specified.

The National Operation is covered by insurance policies which provide funding for the cost of most of these claims should damages be awarded. However, since September 2001, Scouts Canada has not been insured for child abuse claims. The National Operation has accrued as an expense the amount deductible from insurance payments for those cases where management believes a payment is likely. Due to the difficulty in predicting the outcome of any litigation and the sustainability of insurance coverage, actual losses could differ from management's estimates and therefore could have a material adverse effect on the financial position of the National Operation.

Additional costs, if any, for financial settlements in excess of the National Operation's insurance coverage, and for cases where no insurance coverage exists, will be recorded as an expense of the Insurance Fund in the period in which they are determined.

### (b) Other:

Under certain circumstances, the National Operation could be held liable for the obligations of the Councils and Groups.

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

---

## 15. Commitments:

The National Operation is committed under long-term operating leases for the rental of Scouts Shops. Minimum annual payments are approximately:

|      |        |
|------|--------|
| 2014 | \$ 54  |
| 2015 | 46     |
| 2016 | 46     |
| 2017 | 46     |
|      | <hr/>  |
|      | \$ 192 |

---

## 16. Financial risks:

### (a) Credit risk:

The National Operation is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as Scouts Councils, government agencies and public companies. The National Operation believes that it is not exposed to significant credit risk arising from its financial instruments. In 2013, an allowance for doubtful accounts was not considered necessary.

### (b) Interest rate risk:

The National Operation is exposed to interest rate risk with respect to its interest-bearing investments, loans receivable from related parties and loans repayable to related parties, as disclosed in notes 3 and 10.

### (c) Foreign currency risk:

The National Operation believes that it is not exposed to significant foreign currency risks arising from its financial instruments.

# SCOUTS CANADA NATIONAL OPERATION

Notes to Financial Statements (continued)

Years ended August 31, 2013 and 2012  
(Amounts in thousands of dollars)

---

## **17. Fund balances:**

The National Operation considers its capital to consist of the fund balances of the operating and restricted funds and its investment in capital assets.

The National Operation's overall objective for its capital is to fund capital assets, contingent liabilities, future projects and ongoing operations. The National Operation manages its capital by maintaining and monitoring restricted funds for specific purposes, future projects, contingencies and other capital requirements. The restricted funds are disclosed in the schedule.

In 2009, the Board of Governors approved by motion the objective of accumulating a fund balance of \$4 million in the Operating Fund by 2016.

The National Operation is not subject to externally imposed capital requirements and its approach to capital management remains unchanged for the prior year.

## **18. Canadian Jamboree:**

In 2013, Scouts Canada National Operation held their 12th Canadian Jamboree at Camp Woods in Sylvan Lake, Alberta. Nearly 6,600 youth and volunteers joined together to celebrate Scouting.

The statement of operations shows the gross revenue and direct expenses of the Jamboree. Direct expenses do include the allocations of personnel and indirect costs including IT support, overhead and administration incurred by the National Operation in organizing the Jamboree, nor in-kind donations of goods and services received for the Jamboree.

# SCOUTS CANADA NATIONAL OPERATION

## Schedule A – Statement of Financial Position

August 31, 2013

(In thousands of dollars)

|   | Operating<br>Fund | Restricted<br>Funds | Total     |
|---|-------------------|---------------------|-----------|
| <b>Assets</b>   |                   |                     |           |
| Current assets:   |                   |                     |           |
| Cash  | \$ 1,857          | \$ 51               | \$ 1,908  |
| Amounts receivable  | 185               | –                   | 185       |
| Inventories   | 4,364             | –                   | 4,364     |
| Prepaid expenses  | 192               | –                   | 192       |
| Membership fees receivable                                  | 51                | –                   | 51        |
| Current portion of loans receivable<br>from related parties | 185               | –                   | 185       |
|   | 6,834             | 51                  | 6,885     |
| Investments   | 1,004             | 10,130              | 11,134    |
| Tangible capital and intangible assets                      | 2,458             | –                   | 2,458     |
| Prepaid pension costs                                       | 4,169             | –                   | 4,169     |
| Employee future benefits recovery receivable                | 984               | –                   | 984       |
| Amounts due from operating fund<br>to restricted funds      | 44                | (44)                | –         |
|   | \$ 15,493         | \$ 10,137           | \$ 25,630 |
| <b>Liabilities and Fund Balances</b>                        |                   |                     |           |
| Current liabilities:  |                   |                     |           |
| Accounts payable and accrued liabilities                    | \$ 1,609          | \$ 488              | \$ 2,097  |
| Deferred revenue  | 1,500             | –                   | 1,500     |
| Current portion of loans payable to<br>related parties      | 100               | –                   | 100       |
|   | 3,209             | 488                 | 3,697     |
| Deferred capital contributions                              | 593               | –                   | 593       |
| Loans payable to related parties                            | 305               | –                   | 305       |
| Accrued employee future benefits                            | 5,756             | –                   | 5,756     |
| Fund balances:  |                   |                     |           |
| Operating Fund  | 3,765             | –                   | 3,765     |
| Restricted Funds  | –                 | 6,106               | 6,106     |
| Investment in tangible capital and intangible assets        | 1,865             | –                   | 1,865     |
| World Scout Foundation                                      | –                 | 3,543               | 3,543     |
|   | 5,630             | 10,137              | 15,279    |
|   | \$ 15,493         | \$ 10,137           | \$ 25,630 |

# SCOUTS CANADA NATIONAL OPERATION

## Schedule B – Statement of Financial Position

August 31, 2012

(In thousands of dollars)

|   | Operating<br>Fund | Restricted<br>Funds | Total     |
|---|-------------------|---------------------|-----------|
| <b>Assets</b>   |                   |                     |           |
| Current assets:   |                   |                     |           |
| Cash  | \$ 58             | \$ 200              | \$ 258    |
| Amounts receivable  | 310               | –                   | 310       |
| Inventories   | 4,815             | –                   | 4,815     |
| Prepaid expenses  | 583               | –                   | 583       |
| Membership fees receivable                                  | 260               | –                   | 260       |
| Current portion of loans receivable<br>from related parties | 195               | –                   | 195       |
|   | 6,221             | 200                 | 6,421     |
| Investments   | 948               | 9,736               | 10,684    |
| Tangible capital and intangible assets                      | 2,257             | –                   | 2,257     |
| Prepaid pension costs                                       | 4,014             | –                   | 4,014     |
| Employee future benefits recovery receivable                | 1,130             | –                   | 1,130     |
| Amounts due from operating fund<br>to restricted funds      | (1,136)           | 1,136               | –         |
|   | \$ 13,434         | \$ 11,072           | \$ 24,506 |
| <b>Liabilities and Fund Balances</b>                        |                   |                     |           |
| Current liabilities:  |                   |                     |           |
| Accounts payable and accrued liabilities                    | \$ 1,631          | \$ 732              | \$ 2,363  |
| Deferred revenue  | 547               | –                   | 547       |
| Current portion of loans payable to<br>related parties      | 100               | –                   | 100       |
|   | 2,278             | 732                 | 3,010     |
| Loans payable to related parties                            | 405               | –                   | 405       |
| Accrued employee future benefits                            | 5,923             | –                   | 5,923     |
| Fund balances:  |                   |                     |           |
| Operating Fund  | 2,571             | –                   | 2,571     |
| Restricted Funds  | –                 | 7,076               | 7,076     |
| Investment in tangible capital and intangible assets        | 2,257             | –                   | 2,257     |
| World Scout Foundation                                      | –                 | 3,264               | 3,264     |
|   | 4,828             | 10,340              | 15,168    |
|   | \$ 13,434         | \$ 11,072           | \$ 24,506 |

# SCOUTS CANADA NATIONAL OPERATION

## Schedule C – Statement of Financial Position

September 1, 2011

(In thousands of dollars)

|   | Operating<br>Fund | Restricted<br>Funds | Total     |
|---|-------------------|---------------------|-----------|
| <b>Assets</b>   |                   |                     |           |
| Current assets:   |                   |                     |           |
| Cash  | \$ 547            | \$ 559              | \$ 1,106  |
| Amounts receivable  | 1,028             | –                   | 1,028     |
| Inventories   | 4,710             | –                   | 4,710     |
| Prepaid expenses  | 221               | 280                 | 501       |
| Membership fees receivable                                  | 355               | –                   | 355       |
| Current portion of loans receivable<br>from related parties | 658               | –                   | 658       |
|   | 7,519             | 839                 | 8,358     |
| Investments   | 1,345             | 9,372               | 10,717    |
| Tangible capital and intangible assets                      | 2,357             | –                   | 2,357     |
| Prepaid pension costs                                       | 3,344             | –                   | 3,344     |
| Employee future benefits recovery receivable                | 1,643             | –                   | 1,643     |
| Loans receivable from related parties                       | 10                | –                   | 10        |
| Amounts due from operating fund<br>to restricted funds      | (1,772)           | 1,772               | –         |
|   | \$ 14,446         | \$ 11,983           | \$ 26,429 |
| <b>Liabilities and Fund Balances</b>                        |                   |                     |           |
| Current liabilities:  |                   |                     |           |
| Accounts payable and accrued liabilities                    | \$ 2,281          | \$ 130              | \$ 2,411  |
| Deferred revenue  | 467               | –                   | 467       |
| Current portion of loans payable to<br>related parties      | 100               | –                   | 100       |
|   | 2,848             | 130                 | 2,978     |
| Loans payable to related parties                            | 505               | –                   | 505       |
| Accrued employee future benefits                            | 5,955             | –                   | 5,955     |
| Fund balances:  |                   |                     |           |
| Operating Fund  | 2,781             | –                   | 2,781     |
| Restricted Funds  | –                 | 8,623               | 8,623     |
| Investment in tangible capital and intangible assets        | 2,357             | –                   | 2,357     |
| World Scout Foundation                                      | –                 | 3,230               | 3,230     |
|   | 5,138             | 11,853              | 16,991    |
|   | \$ 14,446         | \$ 11,983           | \$ 26,429 |

# SCOUTS CANADA NATIONAL OPERATION

## Schedule D - Statement of Operations

Year ended August 31, 2012  
(In thousands of dollars)

|  | Operating<br>Fund | Restricted<br>Funds | Total             |
|--|-------------------|---------------------|-------------------|
| <b>Revenue:</b>  |                   |                     |                   |
| Membership fees  | \$ 4,994          | \$ –                | \$ 4,994          |
| Retail   | 4,700             | –                   | 4,700             |
| Fundraising  | 1,829             | 60                  | 1,889             |
| Other  | 626               | 91                  | 717               |
|  | 12,149            | 136                 | 12,300            |
| <b>Expenses:</b>   |                   |                     |                   |
| Salaries and benefits  | 13,051            | –                   | 13,051            |
| Recovery of salaries and benefits                                    | (8,349)           | –                   | (8,349)           |
| Retail expenses  | 3,546             | –                   | 3,546             |
| Program services   | 453               | –                   | 453               |
| Grants   | 340               | –                   | 340               |
| Technology services  | 296               | –                   | 296               |
| Financial services   | 330               | –                   | 330               |
| Marketing and communications   | 777               | –                   | 777               |
| Fundraising expenses   | 203               | –                   | 203               |
| Administration   | 680               | –                   | 680               |
| Compliance and governance  | 1,455             | 600                 | 2,055             |
| Human resources management   | 308               | –                   | 308               |
| Restricted funds   | –                 | 602                 | 602               |
|  | 13,090            | 1,202               | 14,292            |
| <b>Deficiency of revenue over expenses<br/>before the undernoted</b> |                   |                     |                   |
|  | (941)             | (1,051)             | (1,992)           |
| Change in cumulative unrealized gains on investments                 | 6                 | 129                 | 135               |
| World Scout Foundation donations                                     | –                 | 34                  | 34                |
| <b>Deficiency of revenue over expenses</b>                           | <b>\$ (935)</b>   | <b>\$ (888)</b>     | <b>\$ (1,823)</b> |



# SCOUTS CANADA NATIONAL OPERATION

## Schedule E – Restricted Funds

Years ended August 31, 2013 and 2012

(In thousands of dollars)

| August 31, 2013                                       | Insurance | Brotherhood | International Participation | World Scout Foundation | I.T. Fund | CCTFOG Fund | Total Restricted Funds |
|---|-----------|-------------|-----------------------------|------------------------|-----------|-------------|------------------------|
| Revenue:  |           |             |                             |                        |           |             |                        |
| Donations and sponsorships                            | \$ —      | \$ 50       | \$ 35                       | \$ —                   | \$ —      | \$ —        | 85                     |
| Investment  | —         | 40          | 28                          | 141                    | —         | —           | 209                    |
|   | —         | 90          | 63                          | 141                    | —         | —           | 294                    |
| Expenses:   |           |             |                             |                        |           |             |                        |
| Administration  | —         | 21          | 3                           | 32                     | —         | —           | 56                     |
| Compliance and governance                             | 900       | —           | —                           | —                      | —         | —           | 900                    |
| Travel and meetings                                   | —         | —           | 29                          | —                      | —         | —           | 29                     |
| Programs and grants                                   | —         | 34          | —                           | 1                      | —         | —           | 35                     |
| Transfer to World Scout Bureau                        | —         | —           | —                           | 65                     | —         | —           | 65                     |
|   | 900       | 55          | 32                          | 98                     | —         | —           | 1,085                  |
| Deficiency of revenue over expenses before undernoted | (900)     | 35          | 31                          | 43                     | —         | —           | (791)                  |
| Change in cumulative unrealized gains on investments  | —         | (2)         | (3)                         | 283                    | —         | —           | 278                    |
| Deficiency of revenue over expenses                   | (900)     | 33          | 28                          | 326                    | —         | —           | (513)                  |
| Fund balance, beginning of year                       | 5,400     | 539         | 343                         | 37                     | 26        | 731         | 7,076                  |
| Transfer from (to) Operating fund                     | 300       | —           | —                           | —                      | (26)      | (731)       | (457)                  |
| Fund balance, end of year                             | \$ 4,800  | \$ 572      | \$ 371                      | \$ 363                 | \$ —      | \$ —        | 6,106                  |

# SCOUTS CANADA NATIONAL OPERATION

Schedule E – Restricted Funds (continued)

Years ended August 31, 2013 and 2012

(In thousands of dollars)

| August 31, 2012   | Insurance | Brotherhood | International Participation | World Scout Foundation | Youth Event | I.T. Fund | CCTFOG Fund | World Jamboree | Total Restricted Funds |
|---|-----------|-------------|-----------------------------|------------------------|-------------|-----------|-------------|----------------|------------------------|
| <b>Revenue:</b>   |           |             |                             |                        |             |           |             |                |                        |
| Donations and sponsorships  | \$ –      | \$ 54       | \$ 6                        | \$ –                   | \$ –        | \$ –      | \$ –        | \$ –           | \$ 60                  |
| Investment  | 2         | 16          | 13                          | 59                     | –           | 1         | –           | –              | 91                     |
|   | 2         | 70          | 19                          | 59                     | –           | 1         | –           | –              | 151                    |
| <b>Expenses:</b>  |           |             |                             |                        |             |           |             |                |                        |
| Insurance   | 43        | –           | –                           | –                      | –           | –         | –           | –              | 43                     |
| Administration  | –         | 21          | 3                           | 18                     | –           | 32        | –           | 5              | 79                     |
| Compliance and governance   | 600       | –           | –                           | –                      | –           | –         | –           | –              | 600                    |
| Advertising   | –         | –           | –                           | –                      | –           | –         | 133         | –              | 133                    |
| Consulting  | –         | –           | –                           | –                      | –           | –         | 56          | –              | 56                     |
| Travel and meetings   | –         | –           | 39                          | –                      | –           | 1         | –           | 2              | 42                     |
| Programs and grants   | –         | 56          | –                           | 44                     | –           | –         | –           | 4              | 104                    |
| Refund of fees  | –         | –           | –                           | –                      | –           | –         | –           | 39             | 39                     |
| Transfer to World Scout Bureau  | –         | –           | –                           | 106                    | –           | –         | –           | –              | 106                    |
|   | 643       | 77          | 42                          | 168                    | –           | 33        | 189         | 50             | 1,202                  |
| <b>Excess (deficiency) of revenue over expenses before the undernoted</b> |           |             |                             |                        |             |           |             |                |                        |
|   | (641)     | (7)         | (23)                        | (109)                  | –           | (32)      | (189)       | (50)           | (1,051)                |
| <b>Change in cumulative unrealized gains on investments</b>               |           |             |                             |                        |             |           |             |                |                        |
|   | 93        | 6           | 6                           | 24                     | –           | –         | –           | –              | 129                    |
| <b>Excess (deficiency) of revenue over expenses</b>                       |           |             |                             |                        |             |           |             |                |                        |
|   | (548)     | (1)         | (17)                        | (85)                   | –           | (32)      | (189)       | (50)           | (922)                  |
| <b>Fund balance, beginning of year</b>                                    |           |             |                             |                        |             |           |             |                |                        |
|   | 6,000     | 540         | 360                         | 122                    | 379         | 163       | 920         | 139            | 8,623                  |
| <b>Transfer from (to) Operating fund</b>                                  |           |             |                             |                        |             |           |             |                |                        |
|   | (52)      | –           | –                           | –                      | (379)       | (105)     | –           | (89)           | (625)                  |
| <b>Fund balance, end of year</b>  |           |             |                             |                        |             |           |             |                |                        |
|   | \$ 5,400  | \$ 539      | \$ 343                      | \$ 37                  | \$ –        | \$ 26     | \$ 731      | \$ –           | \$ 7,076               |

# SCOUTS CANADA NATIONAL OPERATION

Schedule E – Restricted Funds (continued)

Years ended August 31, 2013 and 2012

(In thousands of dollars)

---

## **Restricted fund descriptions:**

The Insurance Fund reports the revenue and expenses related to insurance premiums and settlements and potential legal liabilities to Scouts Canada.

The Brotherhood Fund reports revenue and expenses related to Canadian support of World Scouting projects.

The International Participation Fund reports revenue and expenses related to Canadian delegates attending World Scouting conferences, events and meetings.

The World Scout Foundation fund reports the investment income earned on the World Scout Foundation Fund and the amounts paid to the World Scout Foundation from the investment income earned.

The Information Technology (I.T.) Fund is an internally restricted fund that has been set aside to fund upgrades to the Membership Management System. This fund was closed in the year.

The Chief Commissioner's Task Force on Growth ("CCTFOG") Fund is an internally restricted fund that has been set aside to support the work of the Chief Commissioner's Task Force on membership renewal and growth. During 2011, the National Operation received a \$500 contribution from the Greater Toronto Scouts Foundation to support the new Scouts promotional campaign. This fund was closed in the year.