

**SCOUTS CANADA**  
**FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

Independent Auditor's Report  
Statement of Financial Position  
Statement of Operations  
Statement of Changes in Fund Balances  
Statement of Cash Flows  
Notes to Financial Statements  
Schedule A - Restricted and Endowment Funds



CHARTERED  
PROFESSIONAL  
ACCOUNTANTS

# KELLY HUIBERS McNEELY

PROFESSIONAL CORPORATION

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Scouts Canada

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### Opinion

We have audited the accompanying financial statements of Scouts Canada, which comprise the statement of financial position as at August 31, 2023, and the statements of operations, changes in fund balances, 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 Scouts Canada as at August 31, 2023, 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 Scouts Canada 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.

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### 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 Scouts Canada'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 Scouts Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Scouts Canada'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 Scouts Canada'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 Scouts Canada'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 Scouts Canada 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.

*Kelly Huibers McNeely*  
*Professional Corporation*

Stittsville, Ontario  
November 9, 2023

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

**SCOUTS CANADA**  
**STATEMENT OF FINANCIAL POSITION**  
as at **AUGUST 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 9,695,795	\$ 10,938,142
Amounts receivable (note 3)	1,493,847	952,086
Inventories	1,673,978	1,782,240
Prepaid expenses and deposits	<u>1,908,617</u>	<u>929,013</u>
	14,772,237	14,601,481
<b>OTHER ASSETS</b>		
Investments (note 4)	35,105,378	33,907,090
Capital assets (note 5)	4,470,874	5,531,691
Prepaid pension costs (note 6)	5,397,200	5,000,800
	<u>\$ 59,745,689</u>	<u>\$ 59,041,062</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 5,349,497	\$ 5,713,677
Deferred revenue (note 7)	<u>7,238,075</u>	<u>5,444,592</u>
	12,587,572	11,158,269
<b>LONG-TERM LIABILITIES</b>		
Employee future benefits (note 6)	<u>2,671,200</u>	<u>2,640,000</u>
	<u>15,258,772</u>	<u>13,798,269</u>
Contingencies (note 11)		
<b>FUND BALANCES</b>		
Operating Fund	23,999,354	25,661,318
Investment in capital assets	4,470,874	5,531,691
World Scout Foundation Endowment Fund (Schedule A)	4,672,377	4,586,589
Restricted Funds (Schedule A)	<u>11,344,312</u>	<u>9,463,195</u>
	44,486,917	45,242,793
	<u>\$ 59,745,689</u>	<u>\$ 59,041,062</u>

APPROVED ON BEHALF OF THE BOARD

\_\_\_\_\_  
Director

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Director

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

**SCOUTS CANADA**  
**STATEMENT OF OPERATIONS**  
For the year ended AUGUST 31, 2023

	Operating Fund	Restricted & Endowment Funds	2023	2022
		(Schedule A)		
<b>REVENUE</b>				
Membership fees	\$ 7,370,656	\$ -	\$ 7,370,656	\$ 5,683,917
Retail	2,470,444	-	2,470,444	1,850,260
Fundraising	2,249,984	23,048	2,273,032	2,581,034
World Scout Foundation donations	-	85,788	85,788	111,358
Scout events	358,313	-	358,313	172,763
Strategic initiatives	395,337	-	395,337	-
Investment and other (note 9)	1,477,154	725,989	2,203,143	3,981,812
World Scout Jamboree (note 10)	1,785,610	-	1,785,610	-
	<u>16,107,498</u>	<u>834,825</u>	<u>16,942,323</u>	<u>14,381,144</u>
<b>EXPENSES</b>				
Salaries and benefits	9,701,516	-	9,701,516	8,339,373
Retail	2,053,906	-	2,053,906	1,777,541
Program services	220,324	-	220,324	153,985
Technology services	1,027,144	-	1,027,144	653,497
Financial services	425,610	49,621	475,231	531,002
Marketing and communications	688,718	-	688,718	622,850
Fundraising	1,458,810	-	1,458,810	1,543,016
Administration	803,854	12,500	816,354	795,737
Compliance and governance	1,056,302	108,979	1,165,281	1,391,754
Human resources and volunteer services	481,218	2,851	484,069	436,006
Field operations	-	-	-	145,008
Field services	219,916	-	219,916	63,087
World Scout Jamboree (note 10)	1,785,610	-	1,785,610	-
Scout events	320,253	-	320,253	164,038
Strategic initiatives	338,991	-	338,991	82,942
Change leadership	97,428	-	97,428	-
Other	-	239,720	239,720	395,076
	<u>20,679,600</u>	<u>413,671</u>	<u>21,093,271</u>	<u>17,094,912</u>
Net revenue (expenses) before camps operations and the undernoted	<u>(4,572,102)</u>	<u>421,154</u>	<u>(4,150,948)</u>	<u>(2,713,768)</u>
<b>CAMPS OPERATIONS</b>				
Revenue	4,724,058	-	4,724,058	2,287,772
Expenses	6,289,884	-	6,289,884	4,315,973
	<u>(1,565,826)</u>	<u>-</u>	<u>(1,565,826)</u>	<u>(2,028,201)</u>
Net revenue (expenses) before the undernoted	(6,137,928)	421,154	(5,716,774)	(4,741,969)
Unrealized gains (losses) on investments	1,097,404	545,751	1,643,155	(4,813,566)
Property sales, including gain on disposal of capital assets	3,093,043	-	3,093,043	1,905,793
	<u>4,190,447</u>	<u>545,751</u>	<u>4,736,198</u>	<u>(2,907,773)</u>
<b>NET REVENUE (EXPENSES)</b>	<b>\$ (1,947,481)</b>	<b>\$ 966,905</b>	<b>\$ (980,576)</b>	<b>\$ (7,649,742)</b>

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

**SCOUTS CANADA**

**STATEMENT OF CHANGES IN FUND BALANCES**

**For the year ended AUGUST 31, 2023**

	<b>Operating Fund</b>	<b>Investment in capital assets</b>	<b>Restricted &amp; Endowment Funds</b>	<b>2023</b>	<b>2022</b>
			(Schedule A)		
<b>FUND BALANCES -</b>					
BEGINNING OF YEAR	\$25,661,318	\$ 5,531,691	\$14,049,784	\$45,242,793	\$57,368,835
Net revenue (expenses)	(1,947,481)	-	966,905	(980,576)	(7,649,742)
Change in investments in capital assets:					
Amortization of capital assets	415,111	(415,111)	-	-	-
Purchase of capital assets	(409,612)	409,612	-	-	-
Proceeds on disposal of capital assets	4,148,361	(4,148,361)	-	-	-
Gain on disposal of capital assets	(3,093,043)	3,093,043	-	-	-
Interfund transfers	(1,000,000)	-	1,000,000	-	-
Remeasurements and other items related to employee future benefits - pension	133,900	-	-	133,900	(4,538,300)
Remeasurements and other items related to employee future benefits - other post-employment	90,800	-	-	90,800	62,000
<b>FUND BALANCES -</b>					
<b>END OF YEAR</b>	<b>\$23,999,354</b>	<b>\$ 4,470,874</b>	<b>\$16,016,689</b>	<b>\$44,486,917</b>	<b>\$45,242,793</b>

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

**SCOUTS CANADA**

**STATEMENT OF CASH FLOWS**

**For the year ended AUGUST 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net expenses	\$ (980,576)	\$ (7,649,742)
Items not affecting cash:		
Amortization of capital assets	415,111	505,718
Gain on disposal of capital assets	(3,093,043)	-
Unrealized (gains) losses on investments	(1,643,155)	4,813,566
Net change in non-cash working capital items:		
Amounts receivable	(541,761)	(333,929)
Inventories	108,262	654,066
Prepaid expenses and deposits	(979,604)	(149,973)
Accounts payable and accrued liabilities	(364,180)	(331,923)
Deferred revenue	1,793,483	3,794,495
Changes relating to employee future benefits:		
Remeasurements and other items	224,700	(4,476,300)
Prepaid pension costs and recoveries	(396,400)	4,062,500
Accrued employee future benefits	<u>31,200</u>	<u>(47,000)</u>
	<u>(5,425,963)</u>	<u>841,478</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(409,612)	(660,477)
Proceeds on disposal of capital assets	4,148,361	-
Proceeds on sale (purchases) of investments, net	<u>444,867</u>	<u>(2,384,636)</u>
	<u>4,183,616</u>	<u>(3,045,113)</u>
<b>NET CHANGE IN CASH</b>	<b>(1,242,347)</b>	<b>(2,203,635)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>10,938,142</b>	<b>13,141,777</b>
<b>CASH - END OF YEAR</b>	<b><u>\$ 9,695,795</u></b>	<b><u>\$ 10,938,142</u></b>

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

# SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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### 1. ORGANIZATION

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.

The financial statements include all assets, liabilities, revenues and expenses associated with the National Operation, Councils, camps and properties under the control of Scouts Canada.

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 (Canada), and as such is not subject to income taxes.

### 2. SUMMARY OF 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:

#### Basis of Presentation

These financial statements reflect the operations of Scouts Canada and thus include all assets, liabilities, revenues and expenses associated with the National Operation, Councils, camps and properties under the control of Scouts Canada.

The financial statements do not include the revenue, expenses, assets and liabilities of Fondation Scouts Canada Foundation. In addition, the individual Scout Groups and related properties are not included in these financial statements.

#### Fund Accounting

Scouts Canada follows the restricted fund method of accounting for contributions for not-for-profit organizations.

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



# SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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

#### Fund Accounting (continued)

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

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

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

The World Scout Foundation Endowment Fund reports donations received for the benefit of the World Scout Bureau. These donations are held in perpetuity.

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

The Clark Family Fund reports the revenue and expenses related to a bequest received by Scouts Canada from the Clark Family.

The other restricted fund reports revenue and expenses related to externally restricted funds that support specific geographies, properties, and projects.

#### Inventories

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

#### Expenses

In the Statement of Operations, Scouts Canada presents its expenses by function, except for salaries and benefits, marketing and communications, and fundraising expense, 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. Scouts Canada does not allocate expenses between functions after initial recognition.

#### Investments

Investments are recorded at fair value on initial recognition. Fixed income, mutual funds, and other equity investments that are quoted in an active market are subsequently measured at fair value. Any other investments are recorded at cost.

# SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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

#### Donated Materials and Services

Volunteers donate services throughout the year to assist Scouts Canada 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.

#### Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates in effect at year end. Revenues 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.

#### 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 include the establishment of useful lives and related amortization rates of capital assets, Management's accrual of contingent liabilities, and assumptions used to actuarially determine the prepaid pension costs and accrued employee future benefits liability.

#### Capital Assets

Capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. When a capital asset no longer contributes to Scouts Canada's ability to provide services, its carrying amount is written down to its residual value. Amortization is on a straight-line basis as follows:

Buildings and camps	- 5-20 years
Office furniture and equipment	- 5 years
Computer hardware and software	- 3 years

# SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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

#### Capital Assets (continued)

Capital 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.

#### 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, camps and other 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.

#### Government Assistance

Scouts Canada has applied for Government assistance relating to expenses. Assistance received is recorded in other revenue when the related expenditures are incurred.

#### Contingent Liabilities

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

# SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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

#### Employee Benefit Plans

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

As of January 1, 2013, the defined benefit plan was frozen. Employees no longer accrue credited service under the defined benefit component of the Plan. However, employee earnings were projected for the purpose of calculating the accrued pension benefit obligation up to December 31, 2021. The Plan was amended effective January 1, 2022 such that the defined benefit component to December 31, 2021 is now indexed in accordance with defined increases in the average industrial wage from January 1, 2022 to the date of retirement. In September 2021, Scouts Canada purchased a buy-in annuity contract with Industrial Alliance securing all benefits of the Plan. Employees who were members of the defined benefit plan now contribute to the defined contribution plan, as disclosed in note 6.

Scouts Canada uses the immediate recognition approach to account for the above plans. Scouts Canada accrues its obligations under the defined benefit plans as the employees render the services necessary to earn the pension and other retirement benefits. The actuarial determination of the accrued benefit obligations for pensions and other retirement benefits uses the projected benefit method prorated on service (which incorporates Management's assumptions used for funding purposes or accounting purposes, respectively, and, other cost escalation, retirement ages of employees and other actuarial factors). The measurement date of the plan assets, which are recorded at fair value, and accrued benefit obligation coincides with Scouts Canada's fiscal year. The fair value of the plan assets equals the sum of the assets held in trust, plus the actuarial value of the buy-in annuity contract as at the valuation date.

The most recent actuarial valuation of the defined benefit pension plan for funding purposes was as of January 1, 2023 and the next required valuation will be as of January 1, 2026.

In years between valuations, Scouts Canada uses a roll-forward technique to estimate the accrued benefit obligation. Scouts Canada recognizes the accrued benefit obligation net of the fair value of the plan amounts adjusted for any valuation allowance in the Statement of Financial Position at the end of the year. The annual benefit cost is recognized in the Statement of Operations and actuarial gains and losses are recognized in the Statement of Changes in Fund Balances.

**SCOUTS CANADA**

**NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2023**

**3. AMOUNTS RECEIVABLE**

	<b>2023</b>	<b>2022</b>
Grants and other amounts receivable	\$ 836,059	\$ 116,067
Scouts Canada Foundation	250,000	-
Camps and other scouting groups	313,410	322,765
Government receivables	94,378	516,551
	1,493,847	955,383
Less: Allowance for doubtful accounts	-	(3,297)
	<b>\$ 1,493,847</b>	<b>\$ 952,086</b>

**4. INVESTMENTS**

Scouts Canada holds investments at fair value for the following purposes:

	<b>2023</b>	<b>2022</b>
Operating Fund:		
Properties	\$ 3,575,825	\$ 3,290,059
Other operating	19,907,162	18,873,288
	23,482,987	22,163,347
Restricted and Endowment Funds:		
Insurance Fund	4,214,153	5,233,132
Brotherhood Fund	866,924	797,638
International Participation Fund	561,621	516,735
World Scout Foundation Funds	5,979,693	5,196,238
	11,622,391	11,743,743
	<b>\$35,105,378</b>	<b>\$33,907,090</b>

**SCOUTS CANADA**

**NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2023**

**4. INVESTMENTS (continued)**

These funds are invested in the following securities:

	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 256,994	\$ 177,477
Mutual funds:		
JF Global Balanced Fund	5,782,105	5,113,887
BG Balanced Fund Class I	14,869,654	14,127,501
Other mutual funds	1,147,325	326,059
Guaranteed investment certificates	13,274	124,800
Fixed income securities	4,493,408	4,386,466
Common and preferred shares	7,331,533	8,392,014
Other, including non-related Foundations	1,211,085	1,258,886
	<b>\$35,105,378</b>	<b>\$33,907,090</b>

The Ontario Incorporated Body; Scouts Canada (OIB), a separate legal entity, holds funds that are directly attributable to Councils. These financial statements reflect only the portion of OIB that are directly attributable to Councils. As a result, included above, are \$10,895,388 (2022 - \$10,860,679) of investments that are an allocation of designated funds within OIB.

**5. CAPITAL ASSETS**

			<b>2023</b>	<b>2022</b>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1,362,237	\$ -	\$ 1,362,237	\$ 1,132,797
Buildings and camps	20,073,851	17,145,737	2,928,114	4,337,135
Office furniture and equipment	1,764,778	1,610,210	154,568	32,769
Computer hardware and software	2,573,446	2,547,491	25,955	28,990
	<b>\$ 25,774,312</b>	<b>\$ 21,303,438</b>	<b>\$ 4,470,874</b>	<b>\$ 5,531,691</b>

Cost and accumulated amortization as at August 31, 2022 amounted to \$27,252,198 and \$21,720,507, respectively.

Certain provincial organizations hold title to properties (including land, buildings and camps) located in the respective province. These properties are beneficially owned, managed and used by Scouts Canada in their operation and are thus reported in these financial statements.

**SCOUTS CANADA**

**NOTES TO THE FINANCIAL STATEMENTS**

**AUGUST 31, 2023**

**6. EMPLOYEE FUTURE BENEFITS**

**Defined benefit plan and other retirement and post-employment benefit plan:**

During the prior year, the Plan purchased a buy-in annuity contract whereby a third party agrees to meet the benefit payments for all remaining members of the defined benefit plan. The buy-in annuity contract eliminates certain investment and longevity risks associated with the defined benefit plan; however, the Plan retains the ultimate contractual obligation to the participants and beneficiaries, and certain ongoing administrative expenses.

Information about Scouts Canada's defined benefit plans is as follows:

	<b>2023</b>		<b>2022</b>	
	<b>Pension</b>	<b>Other post-employment</b>	<b>Pension</b>	<b>Other post-employment</b>
Plan assets at fair value	\$ 5,397,200	\$ -	\$ 5,000,800	\$ -
Value of buy-in annuity contract purchased	23,287,300	-	27,805,000	-
Accrued benefit obligation	(23,287,300)	(2,671,200)	(27,805,000)	(2,640,000)
Prepaid pension costs (accrued benefit liability)	<b>\$ 5,397,200</b>	<b>\$ (2,671,200)</b>	<b>\$ 5,000,800</b>	<b>\$ (2,640,000)</b>

The prepaid pension costs of \$5,397,200 at August 31, 2023 represents only the assets held in trust and are used to pay for the administrative costs of the defined benefit plan and to fund the outgoing benefit payments that are ultimately reimbursed by the third party purchaser of the buy-in annuity contract.

**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. During the year, Scouts Canada made employer contributions to the defined contribution plan of \$449,100 (2022 - \$493,300).

# SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

### 7. 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 balance	Amounts received	Revenue recognized	Closing balance
Membership	\$ 4,319,146	\$ 9,849,952	\$ 7,370,656	\$ 6,798,442
Programs, projects and grants	181,659	140,657	181,659	140,657
Scout Shops	105,212	1,215	1,965	104,462
Other deposits	75,000	194,514	75,000	194,514
World Jamboree	763,575	-	763,575	-
	<b>\$ 5,444,592</b>	<b>\$ 10,186,338</b>	<b>\$ 8,392,855</b>	<b>\$ 7,238,075</b>

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

Programs, projects and grants consist of restricted grants and donations received for various Scout programs in future years.

Scout Shops are all gift certificates and funds left on deposit at Scout Shops for future purchases.

Other deposits relate to funds collected in advance of future services to be provided or for the future sale of a property.

World Jamboree consists of participant and service team registration fees that were collected in advance of the World Jamboree event which took place in August 2023.

### 8. FONDATION SCOUTS CANADA FOUNDATION

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

Scouts Canada received donations of \$250,000 (2022 - \$370,000) from the Foundation.



# SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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### 9. INVESTMENT AND OTHER REVENUE

On March 11, 2020, the World Health Organization categorized COVID-19 as a global pandemic. As a result, the federal government has introduced a variety of financial support programs to aid those impacted by the outbreak. During the year, Scouts Canada has recognized \$nil (2022 - \$555,019) in relation to the Canada Emergency Wage Subsidy program; these amounts are recognized in investment and other income.

In addition, during the year, Scouts Canada recognized \$96,536 (2022 - \$96,536) from the Sask Lotteries Trust Fund for activities and use specifically in the province of Saskatchewan.

### 10. WORLD SCOUT JAMBOREE

The World Scout Jamboree is a gathering of Scouts and Guides from over 170 countries from most of the National Scouting Organizations around the world, taking place every four years. The 25th World Scout Jamboree took place on August 1 to 12, 2023 in SaeManGeum, Republic of Korea. Any excess funds received over funds disbursed in relation to this event were returned to the attendees during the year.

### 11. CONTINGENCIES

#### Legal Claims

Scouts Canada 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 a 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.

Scouts Canada 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.

For claims covered by insurance, Scouts Canada has accrued as an expense the amount deductible from insurance payments for those cases where Management believes a payment is likely.

For claims not covered by insurance, Scouts Canada has accrued an amount for those cases where Management believes a payment is likely and reasonably estimated. For other cases, amounts will be recorded in the period in which an estimate can reasonably be made.

# SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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### 11. CONTINGENCIES (continued)

#### Legal Claims (continued)

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 Scouts Canada.

#### Leased Properties

As part of its operation, Scouts Canada leases various properties. Any costs required to remediate a property at its end of use will be recorded in the period in which Management can reasonably make such an estimate. At this time, there is no such costs accrued in the financial statements.

#### Other

Under certain circumstances, Scouts Canada could be held liable for the obligations of the Groups.

#### Contingent Gain

Scouts Canada is currently the plaintiff in a legal claim involving its affiliated property holding company in British Columbia, Scout Properties (BC/Yukon). The defendant listed and sold Scouts Canada's Operations Centre located in Vancouver. The net proceeds of \$9,755,854 are currently held in trust pending the outcome of this action. It is Scouts Canada's position that it was the beneficial owner of the subject property and is entitled to the proceeds. No amounts have been accrued in the financial statements in relation to this matter.

### 12. FINANCIAL INSTRUMENTS

Scouts Canada's financial instruments consist of cash, amounts receivable, investments, and accounts payable and accrued liabilities.

#### Credit Risk

Scouts Canada is exposed to credit risk in the event of non-performance by counterparties in connection with its amounts receivable. Scouts Canada does not obtain collateral or other security to support the amounts receivable subject to credit risk but mitigates this risk by dealing only with what Management believes to be financially sound counterparties such as government agencies and other established organizations. Scouts Canada's credit risk relates to receivables and investments as disclosed in notes 3 and 4.

# SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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### 12. FINANCIAL INSTRUMENTS (continued)

#### Interest Rate Risk

Scouts Canada is exposed to interest rate risk with respect to its interest-bearing investments, as disclosed in note 4.

#### Market Risk

Scouts Canada's investments in publicly-traded securities exposes the entity to price risks as equity investments are subject to price changes in an open market, as disclosed in note 4. Scouts Canada does not use derivative financial instruments to alter the effects of this risk.

#### Foreign Currency Risk

Scouts Canada enters into foreign currency purchase and sale transactions and has assets and liabilities that are denominated in foreign currencies and thus are exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates. These assets and liabilities are of a short-term nature and Management does not believe they represent a significant risk to the entity. At year-end, Scouts Canada held U.S. dollar denominated cash of CAD \$5,481 (2022 - CAD \$5,772).

#### Liquidity Risk

Liquidity risk is the risk that Scouts Canada will have difficulty in meeting obligations associated with financial liabilities. Scouts Canada is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. Scouts Canada has a bank overdraft authorization limit of \$1,500,000 on its bank account to mitigate this risk.

Scouts Canada believes that it is not exposed to significant financial risks arising from its financial instruments.

# SCOUTS CANADA

## NOTES TO THE FINANCIAL STATEMENTS

AUGUST 31, 2023

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### 13. OTHER RESTRICTED FUNDS

The other restricted funds are presented in Schedule A. The balances at the end of the year consist of the following:

	<b>2023</b>
Funds held by Ontario Incorporated Body; Scouts Canada	\$ 1,180,622
Funds held by Saskatchewan Scout Foundation	1,602,707
Funds held by Vancouver Community Foundation	502,511
Funds held by Hamilton Community Foundation	258,154
Christie Estate Fund	688,529
Ferguson Fund	373,792
Other funds	1,001,051
	<b>\$ 5,607,366</b>

Other funds contain a number of externally restricted funds that support specific geographies, properties, and projects.

### 14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

**SCOUTS CANADA**

**SCHEDULE A - RESTRICTED AND ENDOWMENT FUNDS**

**For the year ended AUGUST 31, 2023**

	Internal			External			Total Restricted Funds	World Scout Foundation Endowment	Total Restricted and Endowment Funds
	Insurance	Brotherhood	International Participation	World Scout Foundation	Clark Family	Other			
<b>REVENUE</b>									
Fundraising	\$ -	\$ 23,048	\$ -	\$ -	\$ -	\$ -	\$ 23,048	\$ -	\$ 23,048
World Scout Foundation donations	-	-	-	-	-	-	-	85,788	85,788
Investment and other	<u>220,672</u>	<u>47,850</u>	<u>30,998</u>	<u>275,807</u>	<u>-</u>	<u>150,662</u>	<u>725,989</u>	<u>-</u>	<u>725,989</u>
	<u>220,672</u>	<u>70,898</u>	<u>30,998</u>	<u>275,807</u>	<u>-</u>	<u>150,662</u>	<u>749,037</u>	<u>85,788</u>	<u>834,825</u>
<b>EXPENSES</b>									
Financial services	-	3,795	2,459	36,189	-	7,178	49,621	-	49,621
Administration	-	-	-	12,500	-	-	12,500	-	12,500
Compliance and governance	108,979	-	-	-	-	-	108,979	-	108,979
Human resources and volunteer services	-	-	-	-	2,851	-	2,851	-	2,851
Other	<u>-</u>	<u>12,333</u>	<u>19,879</u>	<u>203,926</u>	<u>-</u>	<u>3,582</u>	<u>239,720</u>	<u>-</u>	<u>239,720</u>
	<u>108,979</u>	<u>16,128</u>	<u>22,338</u>	<u>252,615</u>	<u>2,851</u>	<u>10,760</u>	<u>413,671</u>	<u>-</u>	<u>413,671</u>
Net revenue (expenses) before the undernoted	111,693	54,770	8,660	23,192	(2,851)	139,902	335,366	85,788	421,154
Unrealized gains on investments	<u>-</u>	<u>25,562</u>	<u>16,560</u>	<u>408,218</u>	<u>-</u>	<u>95,411</u>	<u>545,751</u>	<u>-</u>	<u>545,751</u>
Net revenue (expenses)	111,693	80,332	25,220	431,410	(2,851)	235,313	881,117	85,788	966,905
Fund balances - Beginning of year	1,061,132	1,019,025	536,099	543,078	931,808	5,372,053	9,463,195	4,586,589	14,049,784
Transfer from/to Operating Fund	1,000,000	-	-	-	-	-	1,000,000	-	1,000,000
<b>Fund balances - End of year</b>	<b>\$ 2,172,825</b>	<b>\$ 1,099,357</b>	<b>\$ 561,319</b>	<b>\$ 974,488</b>	<b>\$ 928,957</b>	<b>\$ 5,607,366</b>	<b>\$ 11,344,312</b>	<b>\$ 4,672,377</b>	<b>\$ 16,016,689</b>