

Financial Statements of

**SCOUTS CANADA
(NEWFOUNDLAND AND
LABRADOR) PROPERTIES INC.**

Year ended August 31, 2019
(Unaudited)

Scouts Canada (Newfoundland and Labrador) Properties Inc.

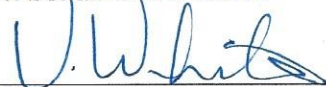
Statement of Financial Position

August 31, 2019, with comparative information for 2018
(Unaudited)

	2019	2018
ASSETS		
Current assets		
Cash	\$ 72,712	\$ 69,167
Accounts receivable	23,653	14,219
RBC Building fund	14,375	14,375
Due from related party	17,078	3,356
	127,817	101,117
Property and equipment (Note3)	1,477,686	1,512,271
	\$ 1,605,503	\$ 1,613,388
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities		
Accounts payable	-	-
Accrued liabilities	118,908	98,653
Deferred revenue	8,667	10,834
Deposits held for related Scout Groups	-	9,799
	127,575	119,286
Net assets		
Restricted net assets	30,966	30,966
Unrestricted net assets	1,446,962	1,463,136
	\$ 1,605,503	\$ 1,613,388

See accompanying notes to financial statements.

On behalf of the Board



Member



Member

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Statement of Operations

August 31, 2019, with comparative information for 2018
(Unaudited)

	2019	2018
Revenues		
Fundraising	\$ 3,127	\$ 17,429
Government grants	36,398	35,477
Trust Foundation grants	-	-
Other income	28,452	7,982
Rental income	47,055	52,631
	115,032	113,519
Expenditures		
Salaries and benefits	\$ 19,595	\$ 21,410
Office and general	3,322	4,473
Amortization	34,586	36,304
Travel	-	-
Professional fees	10,173	2,990
Repairs and maintenance	20,491	14,528
Fuel and propane	4,837	4,991
Insurance	18,352	17,602
Telephone	3,970	2,097
Utilities	4,424	5,549
Advertising	-	-
Vehicles	642	1,500
Snow clearing and lawn care	7,531	7,568
Training	-	-
Other	2,751	4,625
Interest and bank charges	532	359
Loss on disposal of assets	-	-
	131,206	123,995
Excess (deficiency) of revenues over expenditures	(\$16,175)	(\$10,477)

See accompanying notes to financial statements.

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Statement of Cash Flows

August 31, 2019, with comparative information for 2018
(Unaudited)

	2019	2018
Cash provided by (used in):		
Operations:		
(Deficiency) excess of revenues over expenditures	(\$16,175)	(\$10,477)
Items not involving cash:		
Amortization	34,586	36,304
(Increase) decrease in accounts receivable	(9,434)	(1,964)
(Increase) decrease in due from related party	(13,722)	(3,188)
(Increase) decrease in prepaid expenses	-	-
Increase (decrease) in accounts payable and accrued liabilities	10,456	(8,332)
Transfer of cash to related party	-	-
Increase (decrease) in future employee benefits	-	-
(Decrease) increase in deferred revenue	(2,167)	(2,708)
Gain (loss) on sale of assets	-	-
	3,545	9,634
Investing:		
Advances to related party	-	-
Purchase of property and equipment	-	-
	-	-
Increase (Decrease) in cash	3,545	9,634
Cash, beginning of year	69,167	59,533
Cash, end of year	\$ 72,712	\$ 69,167

See accompanying notes to financial statements.

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Statement of Changes in Net Assets

August 31, 2019, with comparative information for 2018
(Unaudited)

		Restricted	Unrestricted	Investment in Capital Assets	2019	2018
Net assets, beginning of year	\$	30,966	\$ 1,463,941	(\$805)	\$ 1,494,102	\$ 1,504,579
Excess (deficiency) of revenue over expenses		-	18,411	(34,586)	(16,175)	(10,477)
Disposal of assets		-	-	-	-	-
Transfer		-	-	-	-	-
Net assets, end of year	\$	30,966	\$ 1,482,352	(\$35,391)	\$ 1,477,927	\$ 1,494,102

See accompanying notes to financial statements.

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Notes to Financial Statements

Year ended August 31, 2019

(Unaudited)

Scouts Canada (Newfoundland and Labrador) Properties Inc. ("Properties Inc.") is incorporated under the laws of the Province of Newfoundland and Labrador as a not-for-profit organization and as such has no share capital and is exempt from the payment of income tax.

The Newfoundland and Labrador Council (NL Council) is a regional council of the National Operation, which controls and operates Properties Inc. Scouts Canada is a national organization operating programs aimed at contributing to the education of young people through a value system based on the Scout Law and Promise, to help build a better world where people are self-fulfilled as individuals and play a constructive role in society. Formerly called the Boy Scouts of Canada, the National Operation was incorporated on June 12, 1914 by an Act of the Canadian Parliament.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Entity's significant accounting policies are as follows:

(a) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and 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 Entity has not elected to carry any such financial instruments 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 cost, which are amortized using the straight-line method.

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2019

(Unaudited)

1. Significant accounting policies (continued):

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 Entity 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 the selling of the financial asset or the amount the Entity expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(b) Property and equipment:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the declining-balance method at the following annual rates:

Asset	Rate
Building	2%
Campsite Building & Roadwork	2%
Furniture and fixtures	10%
Equipment	10%
Camp Nor'Wes Equipment	20%
Vehicles	20%
Campsite equipment	20%
Computer	30%

The carrying amount of an item of property and equipment is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2019

(Unaudited)

1. Significant accounting policies (continued):

(c) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of property and equipment. Actual results could differ from those estimates.

(d) Revenue recognition:

Camp and other fees are recognized as revenue in the applicable Restricted or Unrestricted fund in the fiscal year to which they relate.

Properties Inc follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the period received. Externally restricted contributions are recognized as revenues in the period which the related expenses are incurred. Pledges of contributions and fundraising revenues are recorded upon receipt since they cannot be reasonably estimated. Camp and other fees are recognized as revenue in the period to which they relate.

(e) Contributed services:

Volunteers contribute many hours to assist Properties Inc in the governance of its operations and programs. Because of the difficulty in assessing the number of hours and their fair value, contributed services are not recognized in the financial statements.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2019

(Unaudited)

1. Significant accounting policies (continued):

elected to carry the instruments at fair value. Properties Inc has not elected to carry any such financial instruments 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 cost, 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, Properties Inc 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 in selling the financial asset or the amount Properties 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 extend of the improvement, not exceeding the initial carrying value.

2. Property and equipment:

Properties Inc. holds ownership of thirty-seven campsites and crown land leases which were either acquired when Scout groups ceased to operate or were transferred to Properties Inc through the NL Council. Since these assets were acquired at no cost to Properties Inc., they have each been recorded by Properties Inc. at a value of \$1.

With the notification of cessation of operational activities by the National Operation in a specific asset (Note 6), Properties Inc. commenced a review to determine viability of continued use of that asset, ultimately placing the asset for sale.

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2019

(Unaudited)

2. Property and equipment (continued):

			2019	2018
	Cost	Accumulated Amortation	Net Book Value	Net Book Value
Land	\$ 37	\$ -	\$ 37	\$ 37
Building	970,740	102,042	868,698	886,426
Campsite Buildings & Roadwork	1,079,960	495,534	584,426	596,353
Furnishings	23,097	\$ 15,826	7,271	8,078
Computer Equip	14,754	14,519	235	336
Equipment	52,260	50,580	1,679	1,866
Generator - Camp NorWes	30,500	21,505	8,995	11,244
Camp equipment	65,164	58,818	6,346	7,932
	\$ 2,236,512	\$ 758,826	\$ 1,477,686	\$ 1,512,272

3. Contingencies:

Government grants:

During the fiscal year, Properties Inc received \$25,000 (2018 - \$25,000) in revenue from government grants. These grants are for contracts with certain terms and conditions that may require that advances be repaid if the terms and conditions are not fulfilled. Wage grants awarded to NL Council and managed by Properties Inc amounting to \$11,398 (2018 - \$10,477) are not repayable.

Other:

Under certain circumstances, the NL Council could be held liable for the obligations of the regions, districts and other groups.

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2019

(Unaudited)

4. Financial risks:

Financial instruments consist of cash, due from related party and accounts payable and accrued liabilities. The fair values of financial instruments approximate their carrying values unless otherwise noted. The fair value of the employee future benefits payable is not determinable as there are no sets terms of repayment. Risk management relates to the understanding and active management of risks associated with all areas of the NL Council and the associated operating environment. Financial instruments are primarily exposed to credit and liquidity risk.

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Financial instruments which are potentially subject to credit risk consist primarily of cash and trade receivables. The amount of credit exposure is limited with its cash balance by only maintaining cash and investments with major Canadian financial institutions. There is no significant exposure to any one individual or organization.

(b) Liquidity risk:

Liquidity risk is defined as not being unable to meet cash requirements in a timely and cost-effective manner. Liquidity requirements are managed through the receipt of funds from different revenue sources. These sources of funds are used to pay operating expenses.

5. Deposits held for related Scout Groups:

Certain Scout Groups operate under the auspices of the NL Council and do not have a separate charter to hold assets. Therefore, any unused assets are held by the NL Council, though Properties Inc, for a specified time unless such funds are requested to be expended. Funds remaining in excess of the specified time are no longer available to those Scout Groups and are invested for the benefit of Newfoundland and Labrador Scouting.

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2019

(Unaudited)

6. Related party transactions:

- a) Effective September 1, 2013, the National Operation assumed ownership from the Regional and Provincial Councils all the Scout Shops across Canada. As part of the transfer of ownership of the Scouts Shops, the National Operation committed to paying the Regional and Provincial Councils 2% of the gross sales of the Scout Shops in their region.
- b) Effective September 1, 2015 the National Operation ceased paying the Regional and Provincial Councils 2% of the gross sales of the Scout Shops on their region and provides no operational cost support to the NL Council or to Properties Inc. for operations at its property.
- c) Effective July 31, 2019, the National Operation ceased all activities related to its operation of a Scout Shop in Newfoundland and Labrador.
- d) The National Operation has incurred \$Nil (2018 - \$1,231) for the rental of the Camp Nor'Wes site.
- e) Effective September 1, 2015 membership fees are collected from individual members of the Newfoundland and Labrador Council, primarily at the group level, and paid directly the National Office. No funds for membership are retained by the Council.
- f) The National operation has a defined benefit pension plan that covers most of its employees, and a defined contribution pension plan for the remaining full-time employees. The National operation also provides its employees with other employee future benefits, including health and life insurance benefits. Effective September 1, 2015 the National Operation assumed all liabilities and administers all such employee plans at its expense.
- g) Included in trade receivables at year end is \$8,141 (2018 - \$3,288) owing from Scouts Canada, National operations.
- h) During the fiscal year, Properties Inc. was awarded operating and grant revenue \$Nil (2018 - Nil) from Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc.
- i) During the fiscal year, the NL Council. was awarded operating and grant revenue \$Nil (2018 - Nil) from Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc.

Scouts Canada (Newfoundland and Labrador) Properties Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2019

(Unaudited)

6. Related Party Transactions (continued):

- j) Included in trade receivables at year end is \$15,050 (2018 - \$10,704) owing from Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc. for net expenses on behalf of, and donations received and directed to, the Foundation.

7. Economic interest:

Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc. (the "Foundation") and Scouts Canada (Newfoundland and Labrador) Properties Inc. ("Properties Inc.") are both not-for-profit organizations, incorporated under the laws of the Province of Newfoundland and Labrador and are controlled by Scouts Canada. Properties Inc. hold legal title to real property operated for NL Council and the Foundation holds investments in order to provide sufficient income to make annual grants to NL Council for operations, programming and special projects as the Foundation's Board of Directors may approve from time to time. During the year the Foundation revised its investment strategy for providing future support to Scouting activities through distinct Fund accounts, each with established guidelines providing for investment decisions and the distribution of income earned annually by each fund. During the year, the Foundation had net assets of \$415,922 (2018 - \$415,328).

These transactions between the parties are in the normal course of operations and have been valued in these financial statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

8. Capital management:

The NL Council overall objective for capital through Properties Inc. and the Foundation (the Parties) is to fund capital assets, future projects and activities, and ongoing operations, for the benefit of Scouting in Newfoundland and Labrador. The Parties manage their capital by maintaining and monitoring restricted funds for specific purposes, future projects and other capital requirements. The restricted funds are disclosed in the schedule to the financial statements.

The Parties are not subject to externally imposed capital requirements and their approach to capital management remains unchanged from the prior year.