

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

FINANCIAL STATEMENTS

(Unaudited)

FOR THE YEAR ENDED AUGUST 31, 2022

**SCOUTS CANADA (NEWFOUNDLAND AND LABRADOR) PROPERTIES
INC.
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AUGUST 31, 2022
(Unaudited)**

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To the Members of Scouts Canada (Newfoundland and Labrador) Properties Inc.:

We have reviewed the accompanying financial statements of Scouts Canada (Newfoundland and Labrador) Properties Inc. (the "Organization") that comprise the statement of financial position as at August 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the Organization, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

Because the opening balances were neither audited or reviewed we were not able to obtain sufficient appropriate review engagement evidence to support the opening balances of cash, marketable securities, accounts receivable, accounts payable and accrued liabilities, government remittances payable, deferred revenue, due from related company and net assets, and was unable to determine whether any adjustments were necessary.

Qualified Conclusion

Based on our review, except for the effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Scouts Canada (Newfoundland and Labrador) Properties Inc. as at August 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our conclusion, we draw our attention to Note 8 to the financial statements which describes that Scouts Canada (Newfoundland and Labrador) Properties Inc. adopted ASNPO on August 31, 2022 with a transition date of September 1, 2021. We are not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.

Other Matter

We draw our attention to Note 5 to the financial statements which describes that Scouts Canada (Newfoundland and Labrador) Properties Inc. has a possible liability for HST between \$120,000 and \$240,000.

Mount Pearl, Newfoundland and Labrador

January 24, 2023

MNP LLP

Chartered Professional Accountants

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

**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 2022
(Unaudited)**

| | 2022 | 2021 Note 15 |
|--|--------------------|-------------------------------|
| REVENUES (Schedule 1) | \$ 22,958 | \$ 8,010 |
| EXPENDITURES | | |
| Automotive | 647 | 576 |
| Insurance | 12,128 | 8,730 |
| Interest and bank charges | 259 | 375 |
| Miscellaneous | 1,013 | 264 |
| Professional fees | 3,963 | 7,519 |
| Repairs and maintenance | 18,789 | 1,176 |
| Salaries and related benefits | - | 5,183 |
| Utilities | 269 | 212 |
| | 37,068 | 24,035 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES BEFORE OTHER ITEMS AND AMORTIZATION | (14,110) | (16,025) |
| OTHER EXPENSES | | |
| Amortization | 13,440 | 14,110 |
| Loss on sale of tangible capital assets | 1,476 | - |
| | 14,916 | 14,110 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | \$ (29,026) | \$ (30,135) |


See accompanying notes to the financial statements

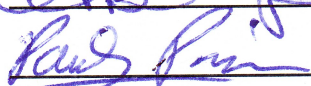
**SCOUTS CANADA (NEWFOUNDLAND AND LABRADOR) PROPERTIES
INC.**

**STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2022
(Unaudited)**

| | 2022 | 2021 Note 15 |
|---|------------|-----------------|
| <u>ASSETS</u> | | |
| CURRENT | | |
| Cash | \$ 79,229 | \$ 107,941 |
| Marketable securities - note 3 | 63,286 | 63,102 |
| Accounts receivable | 2,800 | - |
| | 145,315 | 171,043 |
| DUE FROM RELATED COMPANY - note 10 | 14,521 | 28,518 |
| TANGIBLE CAPITAL ASSETS - note 4 | 582,801 | 572,612 |
| | \$ 742,637 | \$ 772,173 |
| <u>LIABILITIES</u> | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 9,490 | \$ 3,737 |
| Government remittances payable - note 5 | 54,733 | 58,404 |
| Deferred revenue - note 6 | 9,627 | - |
| Dormant Groups | - | 6,655 |
| Archives Museum | - | 4,454 |
| | 73,850 | 73,250 |
| DEFERRED CAPITAL CONTRIBUTION - note 7 | 4,385 | 5,495 |
| | 78,235 | 78,745 |
| NET ASSETS | 664,402 | 693,428 |
| | \$ 742,637 | \$ 772,173 |

APPROVED ON BEHALF OF THE BOARD

 Member

 Member

10 February 2023 Date

See accompanying notes to the financial statements

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

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2022
(Unaudited)**

| | 2022 | 2021 Note 15 |
|---|-------------------|-------------------------------|
| BALANCE, BEGINNING OF YEAR | \$ 693,428 | \$ 723,563 |
| <u>Deficiency of revenues over expenditures</u> | <u>(29,026)</u> | <u>(30,135)</u> |
| BALANCE, END OF YEAR | \$ 664,402 | \$ 693,428 |

See accompanying notes to the financial statements

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2022
(Unaudited)**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|---|-----------------|
| Deficiency of revenues over expenditures | \$ (29,026) |
| Item not affecting cash | |
| Amortization | 13,440 |
| | <u>(15,586)</u> |
| Changes in non-cash working capital | |
| (Increase) decrease in marketable securities | (184) |
| Increase in accounts receivable | (2,800) |
| Increase in accounts payable and accrued liabilities | 5,752 |
| (Decrease) increase in Government remittances payable | (3,671) |
| Increase in deferred revenue | 9,627 |
| Decrease in dormant groups | (6,655) |
| Decrease in archives museum | (4,454) |
| | <u>(17,971)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|-----------------|
| Purchase of tangible capital assets | (25,104) |
| Proceeds on disposal of tangible capital assets | 1,476 |
| | <u>(23,628)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|-------------------------------|---------------|
| Advances from related company | 13,997 |
| Deferred capital contribution | (1,110) |
| | <u>12,887</u> |

DECREASE IN CASH (28,712)

CASH , BEGINNING OF YEAR 107,941

CASH , END OF YEAR \$ 79,229

SCOUTS CANADA (NEWFOUNDLAND AND LABRADOR) PROPERTIES INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022 (Unaudited)

1. NATURE OF OPERATIONS

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 without share capital and is not subject to either federal or provincial income taxes.

The Newfoundland and Labrador Council (NL Council) is a regional council of Scouts Canada 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 Promise, to help build a better world where people are self-fulfilled as individuals and play a constructive role in society. Formerly called Boy Scouts of Canada, the National Operation was incorporated on June 12, 1914 by an Act of the Canadian Parliament.

2. SIGNIFICANT ACCOUNTING POLICIES

The organization applies the Canadian accounting standards for not-for-profit organizations.

(a) Accounting estimates

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

(b) Financial instruments

The organization's financial instruments consist of cash, marketable securities, accounts receivable, accounts payable and accrued liabilities, government remittances payable, and deferred revenue. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks and the fair values of these instruments are not materially different from their carrying values.

(c) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, cash on deposit, net of cheques issued and outstanding at the reporting date.

(d) Marketable securities

Marketable securities are carried at fair market value.

SCOUTS CANADA (NEWFOUNDLAND AND LABRADOR) PROPERTIES INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022 (Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Tangible capital assets

Tangible capital assets are recorded at cost. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the tangible capital assets over their estimated useful lives. The annual amortization rates are as indicated in note 4.

When a tangible capital asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. A writedown of a tangible capital asset is never reversed.

(f) Revenue recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Camp fees, other fees, and rental income are recognized as revenue in the period in which they are earned.

Externally restricted contributions for the purchase of tangible capital assets that will be amortized are recorded as deferred capital contributions and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets. Externally restricted contributions for the purchase of tangible capital assets that will not be amortized are recognized as direct increases in net assets to the Investment in Capital Assets balance.

(g) Contributed services

Volunteers contribute many hours to assist the organization 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.

SCOUTS CANADA (NEWFOUNDLAND AND LABRADOR) PROPERTIES INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022 (Unaudited)

3. MARKETABLE SECURITIES

| | 2022 | 2021 Note 15 |
|------------------------|-----------|-----------------|
| RBC Investment Savings | \$ 63,286 | \$ 63,102 |
| | \$ 63,286 | \$ 63,102 |

4. TANGIBLE CAPITAL ASSETS

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 the organization at a value of \$1.

| | | | 2022 | 2021 Note 15 |
|-------------------------------|------|--------------|-----------------------------|-----------------|
| | Rate | Cost | Accumulated amortization | Net |
| Land | | \$ 37 | \$ - | \$ 37 |
| Campsite Buildings & Roadwork | 2% | 1,105,064 | 530,154 | 574,910 |
| Camp equipment | 20% | 65,164 | 61,915 | 3,249 |
| Computer equipment | 30% | - | - | - |
| Equipment | 10% | - | - | - |
| Generator - Camp NorWest | 20% | 30,500 | 25,895 | 4,605 |
| | | \$ 1,200,765 | \$ 617,964 | \$ 582,801 |
| | | | | \$ 572,612 |

SCOUTS CANADA (NEWFOUNDLAND AND LABRADOR) PROPERTIES INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022 (Unaudited)

5. GOVERNMENT REMITTANCES PAYABLE

The organization has recorded \$58,240 representing the HST collected, net of the Public Service Rebate, on the purchase of the office building and land in 2014.

There is substantial uncertainty that the organization will qualify for the Public Service Rebate on the purchase of the office building and land.

If the organization does not qualify for the Public Service Rebate the full amount of \$116,000, the HST collected on the purchase, will be payable, instead of the net amount of \$58,240.

No interest or penalties have been calculated on the outstanding amount. Including estimated interest and penalties the estimated balances could be between \$120,000 and \$240,000.

6. DEFERRED REVENUE

| | 2022 | 2021 Note 15 |
|--|-----------------|-----------------|
| Province of Newfoundland and Labrador Trail Upgrades Grant | \$ 5,627 | \$ - |
| Province of Newfoundland and Labrador Mental Health Training | 4,000 | - |
| | <u>\$ 9,627</u> | <u>\$ -</u> |

7. DEFERRED CAPITAL CONTRIBUTION

| | 2022 | 2021 Note 15 |
|--------------------------------------|-----------------|-----------------|
| Balance, beginning of year | \$ 5,494 | \$ 6,935 |
| Amortization of capital contribution | (1,109) | (1,440) |
| | <u>\$ 4,385</u> | <u>\$ 5,495</u> |

8. FIRST-TIME ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

This is the organization's first financial statements prepared in accordance with ASNPO. These accounting standards have not been applied to the comparative figures in preparing these financial statements.

SCOUTS CANADA (NEWFOUNDLAND AND LABRADOR) PROPERTIES INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022 (Unaudited)

9. FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit risk

The organization does have credit risk in accounts receivable of \$2,800 (2021 - \$nil). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The organization reduces its exposure to credit risk by performing credit valuations on a regular basis; granting credit upon a review of the credit history of the applicant and creating an allowance for bad debts when applicable. The organization maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the organization is low and is not material.

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The organization's marketable securities are subject to market risk.

(c) Liquidity risk

Liquidity risk is the risk that the organization cannot repay its obligations when they become due to its creditors. The organization is exposed to this risk mainly in respect of its receipt of contributions from its funders and accounts payable. The organization manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

SCOUTS CANADA (NEWFOUNDLAND AND LABRADOR) PROPERTIES INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022 (Unaudited)

10. RELATED COMPANY TRANSACTIONS

The organization is related to Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc by virtue of common control.

Transaction and balances with these related companies are as follows:

| | 2022 | 2021 Note 15 |
|--|-----------|-----------------|
| Due from Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc. | \$ 14,521 | \$ 28,518 |

The amount due from the related company is unsecured with no specific terms of repayment.

Although the amounts are of a demand nature, this organization has waived their right to demand payment during the next fiscal year. Accordingly, the amount has been classified as a long term receivable in the financial statements.

These transactions 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 companies.

11. 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. Properties Inc. holds legal title to real property operated by NL Council and the Foundation holds the investments in order to provide sufficient income to make annual grants to support future Scouting activities in Newfoundland and Labrador. During the year, the Foundation had net assets of \$1,146,168 (2021 - \$1,296,268).

12. CONTINGENCIES

During the fiscal year, the organization received \$14,000 in revenue from government grants. These grants are for contracts with certain terms and conditions that may require that advances are repaid if the terms and conditions are not fulfilled.

Under certain circumstances, the NL Council could be held liable for the obligation of the regions, districts and other groups within the organization's jurisdiction.

SCOUTS CANADA (NEWFOUNDLAND AND LABRADOR) PROPERTIES INC.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2022 (Unaudited)

13. CAPITAL MANAGEMENT

The NL Council's overall objective for capital through the Organization and the Foundation (the parties) is to fund capital assets, future projects and operations in support 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. The Parties have implemented a long-term investment policy and strategy to provide annual support for future Scouting activities in Newfoundland and Labrador.

14. COVID-19

On March 11, 2020, the World Health Organization assessed the coronavirus outbreak (COVID-19) as a pandemic. The outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The extent to which COVID-19 impacts the future financial results of the organization will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain the virus or its impact, among others.

15. COMPARATIVE FIGURES

Financial statements for the year ended August 31, 2021 were compiled by management and are presented for comparative purposes only. The comparative information was neither audited or reviewed.

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Adjustments were made to the prior year comparative figures to adjust amounts to the correct balances. The net of these adjustments were put against net assets in the prior year.

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

SCHEDULE OF REVENUES

FOR THE YEAR ENDED AUGUST 31, 2022

(Unaudited)

| | 2022 | 2021 Note 15 |
|--------------------------------------|------------------|-------------------------------|
| Amortization of capital contribution | \$ 1,109 | \$ 1,439 |
| Fundraising | 101 | 1,442 |
| Government grants | 4,373 | 5,129 |
| Interest income | 185 | - |
| Miscellaneous income | 4,698 | - |
| Provincial Jamboree/Beaverce | 4,542 | - |
| Rental | 7,950 | - |
| | \$ 22,958 | \$ 8,010 |