

**SCOUT PROPERTIES (B.C. / YUKON)**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2017**

**SCOUT PROPERTIES (B.C. / YUKON)**

**INDEX**

**AUGUST 31, 2017**

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## Independent Auditor's Report

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To the Members of Scout Properties (B.C. / Yukon):

We have audited the accompanying financial statements of Scout Properties (B.C. / Yukon) which comprise the statement of financial position as at August 31, 2017, the statement of changes in fund balances, statement of operations and statement of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

### Management 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 the auditor's 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, the auditor considers 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.

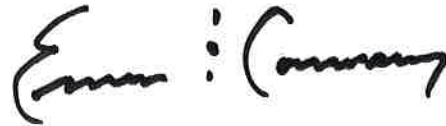
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Basis for qualified opinion**

In common with many charitable organizations, Scout Properties (B.C. / Yukon) derives part of its revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly our verification of these revenues were limited to the amounts recorded in the records of the Scout Properties (B.C. / Yukon) and we were not able to determine whether as at or for the years ending August 31, 2017 and August 31, 2016 any adjustments might be necessary to revenues, excess of revenues over expenses, assets and fund balances.

**Qualified opinion**

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Scout Properties (B.C. / Yukon) as at August 31, 2017, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.



November 6, 2017  
Burnaby, B.C.

ENNS & COMPANY  
Chartered Professional Accountants

**SCOUT PROPERTIES (B.C. / YUKON)  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEARS ENDED AUGUST 31, 2017**

	OPERATING FUND	RESTRICTED FUND	CAPITAL ASSET FUND	2017	2016
<b>ASSETS</b>					
<b>CURRENT</b>					
Cash	\$ 142,105	\$ -	\$ -	\$ 142,105	\$ 214,788
Security deposits	-	10,000	-	10,000	-
	142,105	10,000	-	152,105	214,788
<b>LONG TERM INVESTMENTS</b>					
- Lee Turner & Associates (Note 2)	78,550	-	-	78,550	-
- Vancouver Foundation (Note 3)	-	501,677	-	501,677	501,677
<b>CAPITAL ASSETS (Note 4)</b>	-	-	348,131	348,131	350,881
	\$ 220,655	\$ 511,677	\$ 348,131	\$ 1,080,463	\$ 1,067,346
<b>LIABILITIES</b>					
<b>CURRENT</b>					
Accrued liabilities	\$ 5,250	\$ -	\$ -	\$ 5,250	\$ 8,000
<b>FUND BALANCES</b>					
<b>FUND BALANCES</b>	215,405	511,677	348,131	1,075,213	1,059,346
	\$ 220,655	\$ 511,677	\$ 348,131	\$ 1,080,463	\$ 1,067,346

**APPROVED ON BEHALF OF THE BOARD:**

  
\_\_\_\_\_  
Keith R. Martin Director

  
\_\_\_\_\_  
Charles Johnstone Director

The accompanying notes are an integral part of these statements



**SCOUT PROPERTIES (B.C. / YUKON)**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEARS ENDED AUGUST 31, 2017**

	OPERATING FUND	RESTRICTED FUND	CAPITAL ASSET FUND	2017	2016
<b>FUND BALANCES - BEGINNING OF THE YEAR</b>	206,788	501,677	350,881	1,059,346	849,880
EXCESS OF REVENUE OVER EXPENDITURES	15,867	-	-	15,867	209,466
FUND TRANSFERS	(7,250)	10,000	(2,750)	-	-
<b>FUND BALANCES - END OF THE YEAR</b>	<b>\$ 215,405</b>	<b>\$ 511,677</b>	<b>\$ 348,131</b>	<b>\$ 1,075,213</b>	<b>\$ 1,059,346</b>

The accompanying notes are an integral part of these statements



**SCOUT PROPERTIES (B.C. / YUKON)**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEARS ENDED AUGUST 31, 2017**

	OPERATING FUND	RESTRICTED FUND	CAPITAL ASSET FUND	2017	2016
<b>REVENUE</b>					
Property related income	\$ 39,000	\$ -	\$ -	\$ 39,000	\$ 35,092
Gain on disposal of property	31,274	-	-	31,274	-
Investment income	29,424	-	-	29,424	181,266
Donations	-	-	-	-	150
	99,698	-	-	99,698	216,508
<b>EXPENDITURES</b>					
Meetings and conferences	11,087	-	-	11,087	-
Professional fees	17,142	-	-	17,142	3,700
Bank charges and interest	119	-	-	119	125
Property leasing and retention	1,287	-	-	1,287	3,217
Office and admin	4,196	-	-	4,196	-
Grants issued	50,000	-	-	50,000	-
	83,831	-	-	83,831	7,042
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	15,867	-	-	15,867	209,466

The accompanying notes are an integral part of these statements



**SCOUT PROPERTIES (B.C. / YUKON)**  
**STATEMENT OF CASH FLOWS**  
**AUGUST 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 15,867	\$ 209,466
Adjustments for items not affecting cash:		
Gain on disposal of property	(31,274)	-
Gain on long term investments - Lee Turner & Associates	(1,331)	-
Changes in non-cash working capital		
Decrease in accounts receivable	-	3,217
Increase in security deposits	(10,000)	-
Increase (decrease) in accrued liabilities	(2,750)	4,200
	(29,488)	216,883
<b>FINANCING ACTIVITIES</b>		
Increase (decrease) in loans from directors	-	(200)
<b>INVESTING ACTIVITIES</b>		
Purchase of long term investments - Lee Turner & Associates	(77,219)	-
Proceeds from disposal of capital assets	34,024	-
	(43,195)	-
<b>NET INCREASE (DECREASE) IN CASH</b>	(72,683)	216,683
<b>NET CASH (BANK OVERDRAFT), BEGINNING OF YEAR</b>	214,788	(1,895)
<b>NET CASH, END OF YEAR</b>	\$ 142,105	\$ 214,788

The accompanying notes are an integral part of these statements



**SCOUT PROPERTIES (B.C. / YUKON)  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017**

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Scout Properties (B.C./Yukon) is incorporated under the laws of Canada and is a not-for-profit organization and is therefore not subject to income taxes. Scout Properties (B.C./Yukon) (the "Charity") received charitable status under the Income Tax Act on June 10, 2016.

The Charity's purposes is to attain, own, hold and manage real and personal property for the use of Scouts Canada, Girl Guides, and related and similar groups, for charitable activities, so long as they are registered charities under the Income Tax Act and to do all such things as are incidental or ancillary to the attainment of the above purposes.

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Capital assets**

Scout Properties (B.C./Yukon) was formed in 1977 and subsequently acquired the majority of its real property assets from a variety of trusts and non profit societies across British Columbia. The Charity records the value of these assets at the cost of acquisition with the majority of acquisition costs reflecting the value of the land component of the properties with no buildings recorded on the statement of financial position and hence no amortization is recorded on the books of the Charity.

**(b) Long term investments - Vancouver Foundation**

Investments with the Vancouver Foundation are accounted for based on the amount of contributions made to date. As the fair market value of the assets are not readily available (no fair market value can be obtained as at August 31, 2017) any fluctuations in fair value are not recorded. The fair market value at the most recent valuation date is disclosed in note 3.

**(c) Impairment of capital assets and long term investments**

Capital assets and Investments are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount of an asset is not recoverable and exceeds its fair value.

**(d) Fund accounting**

The Charity follows the restricted fund method of accounting applicable to not-for-profit Organizations. The Operating Fund accounts for the Charity's general operations and administration activities. The Restricted Fund accounts for activities of the Charity for which the availability or the use of purpose for these funds is restricted by either external entities or internally by the Charity. Unless otherwise stated any income derived from investments within the Restricted Funds accrues to the Operating Fund. The Capital Asset Fund accounts for the capital assets employed by the Charity. Any revenue derived from the properties in the Capital Asset fund accrues to the Operating Fund.

**SCOUT PROPERTIES (B.C. / YUKON)  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017**

**1. SIGNIFICANT ACCOUNTING POLICIES - CONT'D**

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**(e) Revenue recognition**

Investment income is recognized when it is earned and the Charity has access to the income.

Revenue from sources other than investment income is recognized when it is realizable and earned. Revenue is considered realizable and earned when there is persuasive evidence of an arrangement, the services have been completed, or the sales price is fixed and determinable and collectability is reasonably assured.

**(f) Contributed services**

A number of volunteers contribute a significant amount of their time and services to the Charity each year. Because of the difficulty in determining fair value, these contributed services are not recognized in the financial statements. The Charity records the fair value of contributed capital assets and materials at the time of receipt, where such fair value is determinable, and would otherwise have been purchased. No such contributed capital assets or materials were recognized for the years ending 2017 and 2016.

**(g) Financial instruments**

*Initial and subsequent measurement*

The Charity initially measures its financial assets and financial liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Charity subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income in the period incurred.

Financial assets measured at amortized cost include cash, accounts receivable and long term investments. Financial liabilities measured at amortized cost include the bank overdraft, accounts payable and loans from directors.

**(h) Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant areas of estimation include the valuation of capital assets.

**SCOUT PROPERTIES (B.C. / YUKON)  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017**

**2. LONG TERM INVESTMENTS - LEE TURNER & ASSOCIATES**

	2017		2016	
	Cost	Market Value	Cost	Market Value
Cash	\$ 22,781	\$ 22,781	\$ -	\$ -
Long term investments	77,219	78,550	-	-
	\$ 100,000	\$ 101,331	\$ -	\$ -

These long term investments are managed by Lee Turner & Associates and are held in trust by the Royal Bank Investor & Treasury Services. The investments consist of cash and long term investments. Long-term investments are made up of common stocks and equivalents and fixed income securities.

**3. LONG TERM INVESTMENTS - VANCOUVER FOUNDATION**

Investments are recorded equal to the amount of contributions to the fund made to date excluding market value fluctuations.

	2017	2016
British Columbia and Yukon Scout Fund	\$ 501,677	\$ 501,677
The Reg G. Miller Memorial Fund	-	-
	\$ 501,677	\$ 501,677

The British Columbia and Yukon Scout Fund is a retractable fund and the Charity is the beneficial owner of this fund and it is therefore recorded as an asset on the statement of financial position.

The Reg G. Miller Memorial Fund is not a retractable fund and is hence not an asset of the Charity. The principle amount of donations as of August 31, 2017 is \$10,000 (2016: \$10,000).

Income derived from both of the above Funds is recorded as investment income by the Charity.

The Vancouver Foundation was unable to provide the fair market value of the funds at August 31, 2017 and 2016. The closest date available was June 30. The market values of investments at June 30, 2017 and 2016 are as follows:

	June 30, 2017	June 30, 2016
British Columbia and Yukon Scout Fund	\$ 775,462	\$ 730,305
The Reg G. Miller Memorial Fund	18,755	17,663
	\$ 794,217	\$ 747,968

**SCOUT PROPERTIES (B.C. / YUKON)  
NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2017**

**4. CAPITAL ASSETS**

The Charity holds registered title for many real properties throughout British Columbia. These assets are carried in the accounts based on the consideration paid on the date of transfer. Total consideration paid for all land purchases in past years, adjusted for any disposals, amounted to \$348,131.

Buildings constructed by other entities at no cost to the Charity consists of halls, camps and buildings on leased properties.

Certain parcels of real property owned by the Charity are subject to a variety of registered covenants such as mineral rights, statutory right of ways, timber reserves and other reservations with respect to usage or disposition.

The estimated aggregate value of the properties for 2017 and 2016 (based on the 2016 property tax assessments), as adjusted to reflect any 2017 disposals and any significant impairments resulting from land covenants, are as follows:

	2017	2016
Land	\$ 29,601,500	\$ 29,638,200
Building	5,983,459	5,983,459
	\$ 35,584,959	\$ 35,621,659

**5. FINANCIAL INSTRUMENTS**

Items that meet the definition of a financial instrument include cash, security deposits, long term investments with Lee Turner & Associates and the Vancouver Foundation and accrued liabilities.

It is management's opinion that the Charity is not exposed to significant liquidity risk or credit risk arising from these financial instruments.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. It is managements opinion that the Charity is not exposed to significant currency risk or interest rate risk.

*Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Charity is exposed to other price risk in respect of its long term investments with Lee Turner & Associates and the Vancouver Foundation.