

SCOUT PROPERTIES (B.C. / YUKON)

FINANCIAL STATEMENTS

AUGUST 31, 2021

SCOUT PROPERTIES (B.C. / YUKON)

INDEX

AUGUST 31, 2021

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Scout Properties (B.C. / Yukon) (the Organization), which comprise the statement of financial position as at August 31, 2021, and the statements of operations, changes of 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 the Organization as at August 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Not-for-profit Organizations (ASNPO).

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 the Organization 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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 the Organization'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 the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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.

Continued...

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 the Organization'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 the Organization'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 the Organization 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.

We 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.

Enns & Company

January 13, 2022
Burnaby, B.C.

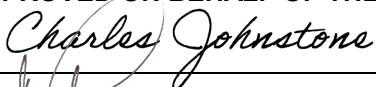
ENNS & COMPANY
Chartered Professional Accountants

**SCOUT PROPERTIES (B.C. / YUKON)
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED AUGUST 31, 2021**


| | OPERATING FUND | INTERNALLY RESTRICTED FUND | EXTERNALLY RESTRICTED FUND | 2021 | 2020 |
|-------------------------------------|-------------------|----------------------------------|----------------------------------|---------------|---------------|
| ASSETS | | | | | |
| CURRENT | | | | | |
| Cash | \$ 35,098 | \$ - | \$ 7,060 | \$ 42,158 | \$ 42,622 |
| Security deposits | 10,000 | - | - | 10,000 | 10,000 |
| | 45,098 | - | 7,060 | 52,158 | 52,622 |
| ACCOUNTS RECEIVABLE (Note 6) | 9,805,716 | - | - | 9,805,716 | 9,761,736 |
| LONG TERM INVESTMENTS | | | | | |
| - Lee Turner & Associates (Note 2) | 270,759 | - | 26,105 | 296,864 | 212,736 |
| - Vancouver Foundation (Note 3) | - | 825,915 | - | 825,915 | 725,234 |
| CAPITAL ASSETS (Note 4) | 348,130 | - | - | 348,130 | 348,130 |
| CONSTRUCTION IN PROGRESS | 8,925 | - | - | 8,925 | 8,925 |
| | \$ 10,478,628 | \$ 825,915 | \$ 33,165 | \$ 11,337,708 | \$ 11,109,383 |
| LIABILITIES | | | | | |
| CURRENT | | | | | |
| Accrued liabilities | \$ 8,400 | \$ - | \$ - | \$ 8,400 | \$ 8,000 |
| FUND BALANCES | | | | | |
| FUND BALANCES | 10,470,228 | 825,915 | 33,165 | 11,329,308 | 11,101,383 |
| | \$ 10,478,628 | \$ 825,915 | \$ 33,165 | \$ 11,337,708 | \$ 11,109,383 |

CONTINGENCIES (Note 6)

APPROVED ON BEHALF OF THE BOARD:



Director



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, 2021

| | OPERATING FUND | INTERNALLY RESTRICTED FUND | EXTERNALLY RESTRICTED FUND | 2021 | 2020 |
|--|----------------------|----------------------------------|----------------------------------|----------------------|----------------------|
| FUND BALANCES - BEGINNING OF THE YEAR | 10,375,889 | 725,234 | 260 | 11,101,383 | 1,398,529 |
| EXCESS OF REVENUE OVER EXPENDITURES | 94,339 | 100,681 | 32,905 | 227,925 | 9,702,854 |
| FUND BALANCES - END OF THE YEAR | \$ 10,470,228 | \$ 825,915 | \$ 33,165 | \$ 11,329,308 | \$ 11,101,383 |

The accompanying notes are an integral part of these statements

**SCOUT PROPERTIES (B.C. / YUKON)
STATEMENT OF OPERATIONS
FOR THE YEARS ENDED AUGUST 31, 2021**

| | OPERATING FUND | INTERNALLY RESTRICTED FUND | EXTERNALLY RESTRICTED FUND | 2021 | 2020 |
|--|---------------------------|---|---|-------------------|---------------------|
| REVENUE | | | | | |
| Property related income | \$ 5,479 | \$ - | \$ - | \$ 5,479 | \$ - |
| Gain on disposal of capital assets | - | - | - | - | 9,756,084 |
| Investment income | 73,979 | - | - | 73,979 | 44,141 |
| Change in market value of investments | 55,918 | 100,681 | - | 156,599 | (29,547) |
| Donations | 172 | - | - | 172 | 100 |
| Restricted donations | - | - | 32,905 | 32,905 | 260 |
| | 135,548 | 100,681 | 32,905 | 269,134 | 9,771,038 |
| EXPENDITURES | | | | | |
| Meetings and conferences | - | - | - | - | 3,678 |
| Professional fees | 35,527 | - | - | 35,527 | 53,163 |
| Bank charges and interest | 88 | - | - | 88 | 1,454 |
| Property leasing and retention | 2,599 | - | - | 2,599 | 7,516 |
| Office and admin | 2,995 | - | - | 2,995 | 2,373 |
| | 41,209 | - | - | 41,209 | 68,184 |
| EXCESS OF REVENUE OVER EXPENDITURES | \$ 94,339 | \$ 100,681 | \$ 32,905 | \$ 227,925 | \$ 9,702,854 |

The accompanying notes are an integral part of these statements

SCOUT PROPERTIES (B.C. / YUKON)
STATEMENT OF CASH FLOWS
AUGUST 31, 2021

| | 2021 | 2020 |
|--|------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenditures | \$ 227,925 | \$ 9,702,854 |
| Adjustments for items not affecting cash: | | |
| Gain on disposal of capital assets | - | (9,756,084) |
| Change in market value of investments | (156,599) | 29,547 |
| Changes in non-cash working capital | | |
| Changes in accounts receivable | (43,979) | (9,761,736) |
| Changes in accrued liabilities | 400 | - |
| | 27,747 | (9,785,419) |
| INVESTING ACTIVITIES | | |
| Increase in value of long term investments - Lee Turner & Associates | (28,211) | (5,199) |
| Proceeds on disposal of 664 W Broadway property | - | 9,756,085 |
| Construction in progress | - | (8,925) |
| | (28,211) | 9,741,961 |
| NET DECREASE IN CASH | (464) | (43,458) |
| NET CASH, BEGINNING OF YEAR | 42,622 | 86,080 |
| NET CASH, END OF YEAR | \$ 42,158 | \$ 42,622 |

The accompanying notes are an integral part of these statements

**SCOUT PROPERTIES (B.C. / YUKON)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021**

GENERAL INFORMATION

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 "Organization") received charitable status under the Income Tax Act on June 10, 2016.

The Organization's purposes are 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

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 Organization 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 Organization.

(b) Long term investments

All retractable and semi-retractable funds comprised of publicly traded financial instruments which are held by the Organization, shall be reflected on the Statement of Financial Position of the Organization at full fair market value (FMV) referencing the most recently published FMV occurring within the applicable reporting period.

(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 Organization follows the restricted fund method of accounting applicable to not-for-profit Organizations. The Operating Fund accounts for the Organization's general operations and administration activities. The Internally Restricted Fund accounts for activities of the Organization for which the availability of these funds are internally restricted by the Organization. The Externally Restricted Fund accounts for activities of the Organization for which the availability of these funds are externally restricted by a third party. Unless otherwise stated any income derived from investments within the Internally or Externally Restricted Fund accrues to the Operating Fund.

SCOUT PROPERTIES (B.C. / YUKON)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021

1. SIGNIFICANT ACCOUNTING POLICIES - CONT'D

(e) Revenue recognition

Investment income is recognized when it is earned and the Organization 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) Contributions

A number of volunteers contribute a significant amount of their time and services to the Organization each year. Because of the difficulty in determining fair value, these contributed services are not recognized in the financial statements. The Organization 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 2021 and 2020.

(g) Financial instruments

Initial and subsequent measurement

The Organization 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 Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for long term investments, which are subsequently measured at fair value. Changes in fair value of these financial instruments are recognized in excess of revenue over expenditures in the period incurred.

(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, 2021**

2. LONG TERM INVESTMENTS - LEE TURNER & ASSOCIATES

| | 2021 | | 2020 | |
|-----------------------|-------------------|-------------------|-------------------|-------------------|
| | Cost | Market Value | Cost | Market Value |
| Cash | \$ 2,046 | \$ 2,046 | \$ 4,152 | \$ 4,152 |
| Long term investments | 253,405 | 296,864 | 215,813 | 212,736 |
| | <u>\$ 255,451</u> | <u>\$ 298,910</u> | <u>\$ 219,965</u> | <u>\$ 216,888</u> |

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

The British Columbia and Yukon Scout Fund includes the original contributions of \$501,677 plus increases due to fair market value fluctuations as disclosed in the chart below.

| | 2021 | 2020 |
|---------------------------------------|------------|------------|
| British Columbia and Yukon Scout Fund | \$ 825,915 | \$ 725,234 |

The British Columbia and Yukon Scout Fund is a retractable fund and the Organization 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 Organization. The principle amount of donations as of August 31, 2021 is \$10,000 (August 31, 2020: \$10,000).

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

The Vancouver Foundation provided the most recent available fair market value of the funds at June 30, 2021 and June 30, 2020. The market values of investments at that time are included in the chart below:

| | June 30, 2021 | June 30, 2020 |
|---------------------------------------|-------------------|-------------------|
| British Columbia and Yukon Scout Fund | \$ 825,915 | \$ 725,234 |
| The Reg G. Miller Memorial Fund | 21,316 | 18,718 |
| | <u>\$ 847,231</u> | <u>\$ 743,952</u> |

**SCOUT PROPERTIES (B.C. / YUKON)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021**

4. CAPITAL ASSETS

The Organization 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 \$348,130.

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

Certain parcels of real property owned by the Organization 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 fair market value of the properties for 2021 (based on the 2021 property tax assessments) and 2020 (based on the 2020 property tax assessments), as adjusted to reflect any disposals and any significant impairments resulting from land covenants, are as follows:

| | 2021 | 2020 |
|-----------|---------------|---------------|
| Land | \$ 34,349,400 | \$ 31,708,100 |
| Buildings | 6,113,500 | 6,275,100 |
| | \$ 40,462,900 | \$ 37,983,200 |

The Organization has sold the property located at 664 West Broadway in Vancouver during the August 31, 2020 fiscal year. As a result of the sale and subsequent interest income earned, the Organization has accounts receivable of \$9,805,716 as of August 31, 2021 held in trust with the Organization's legal counsel (see note 6 for a contingency related to this receivable and all of the properties held by the Organization).

5. FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of cash, security deposits, accounts receivable, long term investments with Lee Turner & Associates and the Vancouver Foundation and accrued liabilities. It is management's opinion that the Organization is not exposed to significant liquidity risk arising from these financial instruments. The following is a summary of the significant financial instrument risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk in connection with its accounts receivable (see note 6 for further information).

**SCOUT PROPERTIES (B.C. / YUKON)
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2021**

5. FINANCIAL INSTRUMENTS (CONTINUED)

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 management's opinion that the Organization 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 Organization is exposed to other price risk in respect of its long term investments with Lee Turner & Associates and the Vancouver Foundation.

6. CONTINGENCIES

A notice of Civil claim was filed against the Organization on October 28, 2018 in the Supreme Court of BC with respect to claiming a beneficial ownership interest in the property held by the Organization at 664 West Broadway in Vancouver. The property in question was sold during the August 31, 2020 fiscal year. The funds are held in trust with the Organization's legal counsel until the lawsuit is resolved. The net proceeds of the sale are shown as accounts receivable at August 31, 2021 which includes interest earned to date. During the August 31, 2021 fiscal year, the claim was expanded to include allegations that substantially all of the properties owned by Scout Properties are held in trust for Scouts Canada. It is not possible to predict the outcome of these claims with certainty and as a result no allowance has been taken on the \$9,805,716 accounts receivable balance and no accrual has been recorded on the books for this potential contingency.

7. CONDITIONS AND IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a global pandemic, which has had a material impact on the Organization's current operations and could continue to have a material impact on future operations and financial results.

The Organization cannot estimate the length and gravity of the COVID-19 pandemic. The Organization is continually monitoring and assessing new information and recommendations from health and government authorities as it becomes available, and will continue to respond accordingly.

As of the date of the approval of the financial statements, certain events planned for future years may have to be postponed or cancelled at a later date due to the current measures enforced by the government. While this presents uncertainty over future revenues, management expects the Organization will have adequate cash flows to fund its operations during this crisis.