

Financial Statements of

**SCOUTS CANADA –
VOYAGEUR COUNCIL**

Year ended August 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Scouts Canada – Voyageur Council

We have audited the accompanying financial statements of Scouts Canada – Voyageur Council, which comprise the statement of financial position as at August 31, 2014, the statements of operations, changes in fund balances (deficiency) and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 audit 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 our 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, we consider 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Scouts Canada – Voyageur Council derives revenue from camp fees, donations, fundraising and events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Scouts Canada – Voyageur Council. Therefore, we were not able to determine whether, as at and for the year-ended August 31, 2014, any adjustments might be necessary to revenue and excess of revenue over expenses reported in the statement of operations, excess of revenue over expenses reported in the statements of cash flows and changes in fund balances (deficiency), and current assets and unrestricted net assets reported in the statement of financial position. This caused us to qualify our audit opinion on the financial statements as at and for the year ended August 31, 2014.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Scouts Canada – Voyageur Council as at August 31, 2014 and its results of operations, changes in fund balances (deficiency) and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants, Licensed Public Accountants

November 8, 2014

Ottawa, Canada

SCOUTS CANADA – VOYAGEUR COUNCIL

Statement of Financial Position

August 31, 2014, with comparative information for 2013

| | Operating | Restricted | Camp Opemikon | 2014 Total | 2013 Total |
|---|------------|------------|---------------|--------------|--------------|
| Assets | | | | | |
| Current assets: | | | | | |
| Cash | \$ 128,911 | \$ - | \$ - | \$ 128,911 | \$ 97,496 |
| Amounts receivable (note 2) | 18,591 | - | - | 18,591 | 48,090 |
| Due from related parties (note 8) | 56,324 | - | - | 56,324 | 50,176 |
| Loan receivable from related parties (note 8) | - | - | - | - | 65,000 |
| Prepaid expenses and deposits | 110,330 | - | - | 110,330 | 178,453 |
| | 314,156 | - | - | 314,156 | 439,215 |
| Investments (note 3) | - | 988,813 | - | 988,813 | 829,882 |
| Tangible capital assets (note 4) | 10,294 | 6,999 | 317,908 | 335,201 | 328,690 |
| | \$ 324,450 | \$ 995,812 | \$ 317,908 | \$ 1,638,170 | \$ 1,597,787 |

Liabilities and Fund Balances (Deficiency)

| | | | | | |
|--|------------|------------|------------|--------------|--------------|
| Current liabilities: | | | | | |
| Accounts payable and accrued liabilities (note 5) | \$ 74,997 | \$ - | \$ - | \$ 74,997 | \$ 27,750 |
| Current portion of long-term debt | - | - | 6,786 | 6,786 | - |
| Deferred revenue (note 6) | 276,838 | - | 2,585 | 279,423 | 315,584 |
| Due to related parties (note 8) | - | - | - | - | 14,563 |
| | 351,835 | - | 9,371 | 361,206 | 357,897 |
| Employee future benefits accrued liability (note 8(a)(v)) | 26,957 | - | - | 26,957 | 78,494 |
| Amounts due to Unrestricted Fund (from Restricted Fund) | 180,569 | (180,569) | - | - | - |
| Amounts due to Camp Opemikon Fund (from Unrestricted Fund) | (94,903) | - | 94,903 | - | - |
| Deferred capital contributions (note 7) | 24,847 | - | 34,463 | 59,310 | 54,683 |
| Long-term debt (note 9) | - | - | 12,289 | 12,289 | - |
| Fund balances (deficiency): | | | | | |
| Unrestricted | (158,153) | - | (116,179) | (274,332) | (403,617) |
| Externally restricted - endowment | - | 417,206 | - | 417,206 | 329,210 |
| Restricted (schedule) | - | 759,175 | - | 759,175 | 907,113 |
| Invested in tangible capital assets | (7,087) | - | 283,446 | 275,891 | 1,871 |
| | (164,855) | 1,176,381 | 166,882 | 1,178,408 | 1,106,713 |
| | \$ 324,450 | \$ 995,812 | \$ 317,908 | \$ 1,638,170 | \$ 1,597,787 |

Funds held in trust by Provincial Council for Ontario; Boy Scouts of Canada (note 8(d))

See accompanying notes to financial statements.

On behalf of the Council Management Committee:


Council Executive Director


Council Commissioner


COUNCIL YOUTH COMMISSIONER

SCOUTS CANADA – VOYAGEUR COUNCIL

Statement of Operations

Year ended August 31, 2014, with comparative information for 2013

| | Operating | Restricted (schedule) | Camp Opemikon | 2014 Total | 2013 Total |
|---|-------------|--------------------------|------------------|---------------|---------------|
| Revenue: | | | | | |
| Membership fees | \$ 748,723 | \$ - | \$ - | \$ 748,723 | \$ 851,501 |
| Less: National and insurance fees | (301,806) | - | - | (301,806) | (379,382) |
| Less: fee discounts and subsidies | (46,025) | (540) | - | (46,565) | (81,319) |
| Net membership fees | 400,892 | (540) | - | 400,352 | 390,800 |
| Camp fees | 17,755 | 15,138 | 224,408 | 257,301 | 270,119 |
| Donations | 135,816 | 8,439 | 4,125 | 148,380 | 114,433 |
| Events | 32,894 | 369 | - | 33,263 | 62,521 |
| Fundraising | 164,319 | 19,909 | 6,642 | 190,870 | 213,437 |
| Grants | 27,397 | - | - | 27,397 | 21,701 |
| Investment | - | 135,442 | - | 135,442 | 72,436 |
| Other | 5,004 | 11,901 | 20,201 | 37,106 | 77,249 |
| Scout Shop royalties (note 8(a)(i)) | 9,528 | - | - | 9,528 | 10,191 |
| Summer camp | 176,127 | - | - | 176,127 | 179,267 |
| Training fees | 10,625 | - | - | 10,625 | 13,974 |
| | 980,357 | 190,658 | 255,376 | 1,426,391 | 1,426,488 |
| Expenses: | | | | | |
| Administration, salaries and benefits | 406,950 | 1,643 | 99,416 | 508,009 | 560,060 |
| Communication and promotion | 10,044 | 1,209 | 385 | 11,638 | 9,379 |
| Event | 13,094 | 959 | 3,361 | 17,414 | 43,494 |
| Field servicing | 83,231 | - | - | 83,231 | 66,532 |
| Fundraising | 154,733 | 4,918 | 5,781 | 165,432 | 146,382 |
| Occupancy | 21,763 | - | - | 21,763 | 21,309 |
| Other | 60,192 | 28,414 | 924 | 89,530 | 118,363 |
| Program and camp meals | - | - | 48,101 | 48,101 | 52,542 |
| Program supplies and equipment | 8,819 | 4,404 | 6,103 | 19,326 | 14,681 |
| Property operation and maintenance | - | 13,169 | 127,309 | 140,478 | 120,511 |
| Staff and volunteer training | 6,017 | 6,757 | 52 | 12,826 | 9,960 |
| Summer camp | 236,879 | - | - | 236,879 | 220,693 |
| Transportation | - | 7,536 | 12,728 | 20,264 | 13,796 |
| | 1,001,722 | 69,009 | 304,160 | 1,374,891 | 1,397,702 |
| Excess (deficiency) of revenue over expenses before the undemoted | (21,365) | 121,649 | (48,784) | 51,500 | 28,786 |
| Endowment contributions received (schedule) | - | 48,000 | - | 48,000 | 320,000 |
| Amortization of deferred capital contributions (note 7) | 4,118 | - | 7,172 | 11,290 | 9,032 |
| Amortization of capital assets | (4,586) | - | (34,509) | (39,095) | (39,371) |
| Excess (deficiency) of revenue over expenses | \$ (21,833) | \$ 169,649 | \$ (76,121) | \$ 71,695 | \$ 318,447 |

See accompanying notes to financial statements.

SCOUTS CANADA – VOYAGEUR COUNCIL

Statement of Changes in Fund Balances (Deficiency)

Year ended August 31, 2014, with comparative information for 2013

| | Unrestricted | Camp Opemikon | Externally restricted - endowment | Restricted | Invested in capital assets - operating | Invested in Camp Opemikon property | 2014 Total | 2013 Total |
|---|--------------|---------------|-----------------------------------|------------|--|------------------------------------|--------------|--------------|
| Fund balances (deficiency), beginning of year | \$ (243,802) | \$ (159,815) | \$ 329,210 | \$ 907,113 | \$ 1,871 | \$ 272,136 | \$ 1,106,713 | \$ 788,266 |
| Excess (deficiency) of revenue over expenses - operations | (21,833) | (76,121) | 50,786 | 70,863 | - | - | 23,695 | 318,447 |
| Endowment contributions received | - | - | 48,000 | - | - | - | 48,000 | - |
| Additions to tangible capital assets | (45,606) | - | - | - | 5,596 | 40,010 | - | - |
| Amortization of tangible capital assets | 4,586 | 34,509 | - | - | (4,118) | (34,509) | - | - |
| Deferred capital contributions received | 15,917 | - | - | - | (14,554) | (1,363) | - | - |
| Amortization of deferred capital contributions | (4,118) | (7,172) | - | - | 4,118 | 7,172 | - | - |
| Interfund transfers | 137,088 | 92,035 | (10,790) | (218,333) | - | - | - | - |
| Fund balances (deficiency), end of year | \$ (157,768) | \$ (116,564) | \$ 417,206 | \$ 759,175 | \$ (7,087) | \$ 283,446 | \$ 1,178,408 | \$ 1,106,713 |

See accompanying notes to financial statements.

SCOUTS CANADA – VOYAGEUR COUNCIL

Statement of Cash Flows

Year ended August 31, 2014, with comparative information for 2013

| | 2014 | 2013 |
|---|------------|------------|
| Cash provided by (used in): | | |
| Operations: | | |
| Excess of revenue over expenses | \$ 71,695 | \$ 318,447 |
| Item not involving cash: | | |
| Amortization of tangible capital assets | 39,095 | 39,371 |
| Amortization of deferred capital contributions | (11,290) | (9,032) |
| Change in employee future benefit accrued liability (note 8) | (51,537) | (6,052) |
| Change in non-cash operating working capital: | | |
| Decrease (increase) in amounts receivable | 29,499 | (14,984) |
| Decrease (increase) in loans receivable from related parties | 65,000 | (65,000) |
| Decrease (increase) in prepaid expenses and deposits | 68,123 | (147,023) |
| Increase in due from related parties | (6,148) | (35,870) |
| Increase (decrease) in accounts payable and accrued liabilities | 47,247 | (10,453) |
| Increase in current portion of long-term debt | 6,786 | - |
| Decrease in due to related parties | (14,563) | (2,349) |
| Decrease in deferred revenue | (36,161) | (73,286) |
| | 207,746 | (6,231) |
| Investing: | | |
| Additions to investments | (158,931) | (151,949) |
| Additions to tangible capital assets | (45,606) | (5,500) |
| | (204,537) | (157,449) |
| Financing: | | |
| Deferred capital contributions received | 15,917 | - |
| Increase in long term debt | 12,289 | - |
| | 28,206 | - |
| Increase (decrease) in cash | 31,415 | (163,680) |
| Cash, beginning of year | 97,496 | 261,176 |
| Cash, end of year | \$ 128,911 | \$ 97,496 |

See accompanying notes to financial statements.

SCOUTS CANADA – VOYAGEUR COUNCIL

Notes to Financial Statements

Year ended August 31, 2014

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 Promise and Law, to help build a better world where people are self-fulfilled as individuals and play a constructive role in society. Scouts Canada was incorporated on June 12, 1914 by an Act of the Canadian Parliament ("the Act").

Scouts Canada – Voyageur Council ("Voyageur Council"), is a Council of Scouts Canada, constituted under the authority of the Act. Voyageur Council operates Scout programs in Eastern Ontario and Western Quebec (its "Areas"). Voyageur Council is a registered charity under the Income Tax Act (Canada), and as such is not subject to income taxes.

1. Significant accounting policies:

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

(a) Basis of presentation:

These financial statements include the revenue, expenses, assets and liabilities of Voyageur Council including the activities of a portion of its Areas.

These financial statements do not include the revenue, expenses, assets and liabilities of the local Scout Groups operating in Voyageur Council and the remaining Areas.

(b) Fund accounting:

Voyageur Council follows the restricted fund method of accounting for contributions for not-for-profit organizations.

The Unrestricted Fund reports the revenue, expenses, assets, liabilities and fund balances for Voyageur Council's program delivery and administrative activities.

The Restricted Funds report the revenue, expenses, assets, liabilities and fund balances related to the activities of Voyageur Council for which the funding is internally and externally restricted to that activity or purpose.

(c) 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 elected to carry the instruments at fair value. Voyageur Council has not elected to carry all 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 costs, which are amortized using the effective interest rate method.

SCOUTS CANADA – VOYAGEUR COUNCIL

Notes to Financial Statements (continued)

Year ended August 31, 2014

1. Significant accounting policies (continued):

(c) Financial instruments (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, Voyageur Council 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 selling the financial asset or the amount Voyageur Council 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 extent of the improvement, not exceeding the initial carrying value.

(d) Capital assets:

(i) Operating:

Purchased capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. When a capital asset no longer contributes to Voyageur Council's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on a straight-line basis using the following annual rates:

| <u>Asset</u> | <u>Estimated useful life</u> |
|------------------------|------------------------------|
| Equipment | 5 years |
| Leasehold improvements | 10 years |

(ii) Camp Opemikon property:

Camp Opemikon property consists of Camp Opemikon facilities and is carried at cost less accumulated amortization. Amortization is provided for on a straight-line basis over the estimated useful life of the particular asset. In the year of acquisition, one-half the normal rate is used.

| <u>Asset</u> | <u>Estimated useful life</u> |
|-------------------------|------------------------------|
| Camp Opemikon buildings | 20 years |
| Camp Opemikon equipment | 5 years |
| Truck | 5 years |

SCOUTS CANADA – VOYAGEUR COUNCIL

Notes to Financial Statements (continued)

Year ended August 31, 2014

1. Significant accounting policies (continued):

(d) Capital assets (continued):

(ii) Camp Opemikon property (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.

(e) Deferred capital contributions:

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with the amortization rate for the related capital assets.

(f) Revenue recognition:

Membership, camp and other fees are recognized as revenue in the applicable Restricted or Unrestricted Fund in the fiscal year to which they relate.

Restricted contributions relating to general operations are recognized as revenue of the Unrestricted 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.

Unrestricted contributions are recognized as revenue of the Unrestricted Fund in the year received.

Investment revenue is recognized in the period earned and is recorded in the applicable Restricted or Unrestricted Fund.

(g) Expenses:

In the statement of operations, Voyageur Council presents its expenses by object. Expenses are recognized in the year incurred and are recorded in the applicable fund to which they are directly related.

(h) Donated services:

Volunteers donate services throughout the year to assist Voyageur Council in carrying out its activities. Because of the difficulty of tracking and determining their fair value, contributed services are not recorded in the financial statements.

SCOUTS CANADA – VOYAGEUR COUNCIL

Notes to Financial Statements (continued)

Year ended August 31, 2014

1. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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 period. Actual results could differ from these estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

2. Amounts receivable:

| | 2014 | 2013 |
|--------------------|------------------|------------------|
| Grants | \$ – | \$ 4,979 |
| Local Scout Groups | – | 6,150 |
| Other | 18,591 | 36,961 |
| | <u>\$ 18,591</u> | <u>\$ 48,090</u> |

3. Investments:

Investments consist of:

| | 2014 | 2013 |
|-------------------------|-------------------|-------------------|
| | Market value | Market value |
| Fixed income securities | \$ 322,722 | \$ 263,771 |
| Common shares | 564,321 | 497,291 |
| Preferred share | 101,770 | 68,820 |
| | <u>\$ 988,813</u> | <u>\$ 829,882</u> |

SCOUTS CANADA – VOYAGEUR COUNCIL

Notes to Financial Statements (continued)

Year ended August 31, 2014

4. Tangible capital assets:

(a) Operating:

| | Cost | Accumulated amortization | 2014 Net book value | 2013 Net book value |
|------------------------|------------------|-----------------------------|---------------------------|---------------------------|
| Properties | \$ 1 | \$ – | \$ 1 | \$ 1 |
| Buildings | 5,596 | – | 5,596 | – |
| Computers | 14,043 | 14,043 | – | – |
| Equipment | 30,887 | 19,191 | 11,696 | 16,282 |
| Leasehold improvements | 7,517 | 7,517 | – | – |
| | \$ 58,044 | \$ 40,751 | \$ 17,293 | \$ 16,283 |

Cost and accumulated amortization at August 31, 2013 amounted to \$52,448 and \$36,165, respectively.

Voyageur Council and its local Scout Groups control, manage and use properties located in the region. With the exception of Camp Opemikon, these properties are recorded at a nominal value in these financial statements as they were acquired through contributions or bequests prior to 1997. In accordance with the policies of Scouts Canada, the legal title to these camp properties is held by the Provincial Council for Ontario; Boy Scouts of Canada on behalf of Voyageur Council.

These properties include: Apple Hill, Camp Trail, Camp Legewade, Camp Folly, Otter Lake (Quebec), Camp Rock Dunder, Otter Lake Camp (Ontario), and Camp Oskentonon.

(b) Camp Opemikon property:

| | Cost | Accumulated amortization | 2014 Net book value | 2013 Net book value |
|-----------|-------------------|-----------------------------|---------------------------|---------------------------|
| Buildings | \$ 405,989 | \$ 261,598 | \$ 144,021 | \$ 159,822 |
| Equipment | 197,373 | 155,941 | 41,432 | 20,130 |
| Truck | 52,398 | 51,597 | 801 | 801 |
| | 655,760 | 469,506 | 186,254 | 180,753 |
| Land | 131,654 | – | 131,654 | 131,654 |
| | \$ 787,414 | \$ 469,506 | \$ 317,908 | \$ 312,407 |

Cost and accumulated amortization at August 31, 2013 amounted to \$747,404 and \$434,997, respectively.

SCOUTS CANADA – VOYAGEUR COUNCIL

Notes to Financial Statements (continued)

Year ended August 31, 2014

5. Accounts payable and accrued liabilities:

As at year end, Voyageur Council had \$Nil (2013 - \$1,505) payable for government remittances such as HST or payroll taxes.

6. Deferred revenue:

Deferred revenue represents amounts received by the Unrestricted Fund for 2015 membership fees, future rental of camp property and fees for specific activities or purchases that have not taken place.

| | Opening balance | Amounts received | Revenue recognized | Closing balance |
|--------------------|--------------------|---------------------|-----------------------|--------------------|
| Membership | \$ 312,119 | \$ 276,207 | \$ (312,119) | \$ 276,207 |
| Camp Opemikon fees | 2,500 | 2,585 | (2,500) | 2,585 |
| Training fees | 850 | 631 | (850) | 631 |
| | \$ 315,469 | 279,423 | (315,469) | \$ 279,423 |

7. Deferred capital contributions:

| | Opening balance | Amounts received | Revenue recognized | Closing balance |
|--------------------------------|--------------------|---------------------|-----------------------|--------------------|
| Deferred capital contributions | \$ 54,683 | \$ 15,917 | \$ (11,290) | \$ 59,310 |

8. Related party transactions:

Voyageur Council is related to the National Operation and Councils of Scouts Canada including the Provincial Council for Ontario; Boy Scouts of Canada, Scouts Canada – White Pine Council and the Scouts Canada – Northern Ontario Council. At year-end, Voyageur Council had the following balances with these related parties:

| | 2014 | 2013 |
|--|------------------|------------------|
| Due from related parties: | | |
| Scouts Canada – National Operation | \$ – | \$ 45,097 |
| Scouts Canada – White Pine Council | 21,956 | 3,816 |
| Scouts Canada – Northern Ontario Council | 34,368 | 1,263 |
| | \$ 56,324 | \$ 50,176 |

SCOUTS CANADA – VOYAGEUR COUNCIL

Notes to Financial Statements (continued)

Year ended August 31, 2014

8. Related party transactions (continued):

| | 2014 | 2013 |
|--|------|-----------|
| Loans receivable from related parties: | | |
| Scouts Canada – White Pine Council | \$ – | \$ 35,000 |
| Scouts Canada – Northern Ontario Council | – | 30,000 |
| | \$ – | \$ 65,000 |
| Due to related parties: | | |
| Scouts Canada – National Operation | \$ – | \$ 14,563 |

During the year, Voyageur Council had the following related party transactions with these entities:

(a) Scouts Canada – National Operation:

(i) Scout Shops:

Effective September 1, 2003, the National Operation assumed ownership from the Councils of all the Scout Shops across Canada. As part of the transfer of ownership of the Scout Shops, the National Operation committed to paying the Councils 2% of the gross sales of the Scout Shops in their region. In 2014, \$9,528 (2013 - \$10,191) was received by Voyageur Council under this arrangement.

(ii) Membership fees:

Voyageur Council collects the national and insurance fees from individual members and remits the collected amounts to the National Operation.

At year-end, Voyageur Council has an amount due to the National Operation of \$Nil (2013 - \$11,862) relating to national and insurance fees.

(iii) Salary, administration and other services:

The National Operation provides payroll administration and other services to Voyageur Council in the normal course of business. At year-end, Voyageur Council had an amount due to the National Operation of \$Nil (2013 - \$2,701) with respect to these services.

Voyageur Council also has a receivable of \$Nil (2013 - \$45,097) from National Operation relating to reaching and exceeding membership targets.

SCOUTS CANADA – VOYAGEUR COUNCIL

Notes to Financial Statements (continued)

Year ended August 31, 2014

8. Related party transactions (continued):

(a) Scouts Canada – National Operation (continued):

(iv) Employee future benefits:

Scouts Canada administers the Employees' Pension Plan of Scout Canada which is a defined benefit pension plan that covers most of its employees working at the National Operation and Councils. Scouts Canada also provides its employees with other retirement and post-employment benefits under its employee benefit plans. The National Operation administers both plans and allocates a share of the prepaid pension costs and employee future benefits liability to Councils, with respect to their employees. Councils are required to pay a portion of their net benefit costs incurred each year based on the cash payments required to be made to the plans by the National Operation.

During the year, Voyageur Council paid \$52,624 (2013 - \$47,780) for regular payments for employee future benefits to the National Operation. Voyageur Council was also invoiced \$Nil (2013 - \$3,641) by National Operation for special top-up payments for the pension plan.

(v) Employee future benefits accrued liability:

At year-end, Voyageur Council's employee future benefits accrued liability is \$26,957 (2013 - \$78,494). The change in the liability of \$51,537 (2013 - \$6,052) has been recorded as a credit to administration, salaries and benefits expense.

(b) White Pine Council:

- (i) Voyageur Council shares certain administrative costs with White Pine Council. At year-end, Voyageur Council had a receivable from White Pine Council of \$21,956 (2013 - \$3,816) for amounts the Council paid on White Pine Council's behalf.

(c) Northern Ontario Council:

- (i) Voyageur Council shares certain administrative costs with Northern Ontario Council. At year-end, Voyageur Council has a receivable from Northern Ontario Council of \$34,368 (2013 - \$1,263) for amounts the Council paid on White Pine Council's behalf.

SCOUTS CANADA – VOYAGEUR COUNCIL

Notes to Financial Statements (continued)

Year ended August 31, 2014

8. Related party transactions (continued):

(d) Provincial Council for Ontario; Boy Scouts of Canada:

The Provincial Council for Ontario; Boy Scouts of Canada (the "Corporation") holds funds in trust for Ontario Councils, in accordance with the policies of Scouts Canada. These funds were generated from the sale of Scout properties in Voyageur Council and are available for use by Voyageur Council upon approval of the Corporation. The Corporation holds funds in trust for Voyageur Council which are not recorded in these financial statements. Investment revenue on these funds is reinvested. Funds held in trust at August 31, 2014 have a cost of \$303,606 (2013 - \$167,452) and a fair market value of \$390,359 (2013 - \$246,794).

9. Long-term debt:

| | 2014 | 2013 |
|--|------------------|-------------|
| Agricredit Acceptance Canada, 6.22% interest, due April 1, 2017, monthly payments of blended interest and principal \$648.43 | \$ 12,289 | \$ - |
| Current portion | 6,786 | - |
| | <u>\$ 19,075</u> | <u>\$ -</u> |

10. Financial risks and concentration of credit risks:

(a) Currency risk:

Voyageur Council is not exposed to financial risks as a result of exchange rate fluctuations and the volatility of these rates. In the normal course of business, Voyageur Council does not transact in foreign currencies.

SCOUTS CANADA – VOYAGEUR COUNCIL

Notes to Financial Statements (continued)

Year ended August 31, 2014

10. Financial risks and concentration of credit risks (continued):

(b) Liquidity risk:

Liquidity risk is the risk that Voyageur Council will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Voyageur Council manages its liquidity risk by monitoring its operating requirements. Voyageur Council prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Voyageur Council is exposed to credit risk with respect to the accounts receivable. Voyageur Council assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

(d) Interest rate risk:

Voyageur Council is not exposed to interest rate risk as no fixed interest rate financial instruments are held.

There has been no change to the risk exposure from 2013.

11. Capital management:

Voyageur Council considers its capital to consist of its fund balances.

Voyageur Council's overall objective for its capital is to fund capital assets, future projects and ongoing operations. Voyageur Council manages its 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.

Voyageur Council is not subject to externally imposed capital requirements and its approach to capital management remains unchanged for the prior year.

12. Comparative Information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

SCOUTS CANADA – VOYAGEUR COUNCIL

Schedule – Restricted Funds

Year ended August 31, 2014

| | Balance, beginning of year | Revenue from activities | Investment revenue | Expenses | Balance, end of year |
|-------------------------------------|----------------------------------|-------------------------------|-----------------------|--------------|----------------------------|
| Area Funds | \$ 503,208 | \$ 41,373 | \$ 54,787 | \$ (62,835) | \$ 536,533 |
| Camp Opemikon Endowment Fund (a) | 329,210 | 48,000 | 50,786 | (10,790) | 417,206 |
| Camp Opemikon Reserve Fund | 116,882 | – | 16,342 | (81,245) | 51,979 |
| Endowment Fund | 21,897 | – | 3,107 | – | 25,004 |
| Growth fund | 15,529 | – | – | – | 15,529 |
| Inactive Groups Fund | 4,806 | 6,767 | – | (1,818) | 9,755 |
| National Child Benefit Program Fund | 5,363 | – | – | – | 5,363 |
| Nunavut Project | 8,328 | 5,077 | – | (825) | 12,580 |
| Opemikon scholarship | – | 2,000 | – | – | 2,000 |
| Operating Reserve Fund | 200,792 | – | 9,703 | (137,088) | 73,407 |
| Training Reserve Fund | 5,052 | – | 717 | – | 5,769 |
| Youth Fund | 25,256 | – | – | (4,000) | 21,256 |
| | \$ 1,236,323 | \$ 103,217 | \$ 135,442 | \$ (298,601) | \$ 1,176,381 |

(a) Camp Opemikon Endowment Fund:

In 2014, the Voyageur Council received a bequest of \$48,000 (2013 - \$320,000). Under the terms of the bequest, the principal amount of \$368,000 is permanently endowed and cannot be spent. Investment revenue earned on the endowment principal is restricted in use to fund expenditures relating to the maintenance and operation of Camp Opemikon.