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## **AUDITORS' REPORT**

The Boy Scouts of Canada National Operation

The accompanying summarized statement of financial position and the summarized statement of operations are derived from the complete financial statements of The Boy Scouts of Canada National Operation as at August 31, 2006 and for the year then ended on which we expressed an opinion without reservation in our report dated October 27, 2006. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guideline of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Accountants

Ottawa, Canada

October 27, 2006

# THE BOY SCOUTS OF CANADA NATIONAL OPERATION

## Summarized Statement of Financial Position

August 31, 2006, with comparative figures for 2005  
(In thousands of dollars)

	2006	2005
<b>Assets</b>		
Current assets:		
Cash	\$ 2,162	\$ 420
Amounts receivable	927	1,246
Inventory	2,887	3,478
Prepaid expenses	380	670
Membership fees receivable	195	334
Deferred Canadian Jamboree costs	202	-
	<u>6,753</u>	<u>6,148</u>
Investments	3,527	3,745
Capital assets	2,522	2,682
Prepaid pension costs	768	739
Employee future benefits recovery receivable (note 3)	2,795	2,485
	<u>\$ 16,365</u>	<u>\$ 15,799</u>
<b>Liabilities and Fund Balances (Deficiency)</b>		
Current liabilities:		
Bank indebtedness	\$ 904	\$ 1,956
Accounts payable and accrued liabilities	1,169	1,321
Deferred revenue	734	397
Membership fees payable	175	226
Current portion of inventory payables to Councils	382	431
	<u>3,364</u>	<u>4,331</u>
Inventory payables to Councils	161	536
Loan from Provincial Council for Ontario	1,047	508
Accrued employee future benefits	5,818	5,192
Fund balances (deficiency):		
Operating Fund	(1,785)	(2,047)
Restricted Funds	4,109	3,523
Investment in capital assets	2,522	2,682
World Scout Foundation Fund	1,129	1,074
	<u>5,975</u>	<u>5,232</u>
	<u>\$ 16,365</u>	<u>\$ 15,799</u>

See accompanying notes to summarized financial statements.

# THE BOY SCOUTS OF CANADA NATIONAL OPERATION

## Summarized Statement of Operations

Year ended August 31, 2006, with comparative figures for 2005  
(In thousands of dollars)

	Operating Fund 2005	Restricted and Endowed Funds	Total 2006	Total 2005
<b>Revenue:</b>				
Membership fees	\$ 2,868	\$ –	\$ 2,868	\$ 2,709
Scout Shops sales	4,854	–	4,854	5,225
Insurance fees	–	1,562	1,562	1,864
Fundraising	420	–	420	295
Donations and sponsorships	259	29	288	261
Grants	167	–	167	551
Fees for services	94	–	94	197
Investment	49	282	331	235
Other	294	45	339	300
	9,005	1,918	10,923	11,637
<b>Expenses:</b>				
Salaries and benefits	9,923	–	9,923	10,987
Recovery of salaries and benefits	(6,541)	–	(6,541)	(7,493)
Scout Shops cost of sales	2,695	–	2,695	3,021
Insurance and legal	–	1,072	1,072	1,551
Communication and promotion	229	–	229	270
Occupancy	232	–	232	214
Property maintenance	209	–	209	213
Administration	641	73	714	692
Fundraising cost of sales	–	–	–	188
Canadian Leader magazine	231	–	231	221
Warehouse facility and freight	124	–	124	190
Council revenue sharing	95	–	95	100
Travel and meetings	178	22	200	226
World Bureau fees	99	–	99	165
Training and relocation	44	–	44	105
Programs and grants	138	68	206	604
Other	69	–	69	85
Interest	47	–	47	51
Transfer to World Scout Bureau	–	97	97	58
Amortization of capital assets	239	–	239	415
	8,652	1,332	9,984	11,863
Excess (deficiency) of revenue over expenses before the undernoted	353	586	939	(226)
Endowed donations – World Scout Foundation	–	55	55	14
Restructuring	(251)	–	(251)	(467)
Excess (deficiency) of revenue over expenses	\$ 102	\$ 641	\$ 743	\$ (679)

See accompanying notes to summarized financial statements.

# THE BOY SCOUTS OF CANADA NATIONAL OPERATION

Notes to Summarized Financial Statements

Year ended August 31, 2006  
(In thousands of dollars)

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## 1. Basis of presentation:

These summarized financial statements reflect the operations of the National Operation only and do not include the revenue, expenses, assets and liabilities of the Councils, Fondation Scouts Canada Foundation and Canyouth Publications Inc.

## 2. Related parties:

Membership and insurance fees are collected from individual members of Scouts Canada primarily at the local Group level. National and Council fees collected by the local Groups are allocated to the National Operation and the Councils based on the membership fee schedules for the year.

The National Operation provides payroll services to the Councils and recovers the paid salary and benefits from the Councils. A senior volunteer of the Boy Scouts of Canada was until March 2005, president of the company that contracted warehouse services with the National Operation. As per the conflict of interest guidelines of The Boy Scouts of Canada, the appropriate declarations have been made.

## 3. Employee future benefits recovery receivable:

The employee future benefits recovery receivable represents the amount of the accrued employee future benefits liability, which relates to the employees of The Boy Scouts of Canada who are working at the Councils. The Councils pay the National Operation for their portion of the employer contributions under the plans in the year.

In 2005, the Board of The Boy Scouts of Canada approved the allocation of the entire accrued employee future benefits liability between the National Operation and the Councils. In prior years, only the liability relating to post-September 1, 2001 employee service was allocated. This allocation was recorded as an adjustment to Operating Fund deficiency in 2005, resulting in an increase in the employee future benefits recovery receivable and a decrease in the Operating Fund deficiency of \$1,343.