



## **“BEYOND THE CROSSROADS”**

A Follow Up Report to the Members of the  
Scouts Canada Ordinary-member Unity Taskforce Association on

## **THE FINANCES OF THE NATIONAL**



**OPERATION AT FEBRUARY 28<sup>TH</sup>, 2005**

*Yet knowing how way leads on to way,  
I doubted if I should ever come back.  
I shall be telling this with a sigh  
Somewhere ages and ages hence:  
Two roads diverged in a wood, and I-  
I took the one less traveled by,  
And that has made all the difference.*

*Robert Frost, Mountain Interval - 1920*

**Joseph M. Grittani** (*Ordinary Member*)

**June 9<sup>th</sup>, 2005**

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## BEYOND THE CROSSROADS

AN UPDATE ON THE FINANCES OF THE NATIONAL OPERATION AT FEBRUARY 28<sup>TH</sup>, 2005

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### PURPOSE, SCOPE AND LIMITATIONS

#### PURPOSE

The purpose of this report is to:

1. To review the calculations developed in the original Crossroads Report<sup>1</sup> in light of information available for the fiscal year ending August 31<sup>st</sup>, 2005.
2. To comment on other items in the National Second Quarter Financial Report.
3. To highlight the continued use of restricted funds to support chronic operational deficits.
4. To reintroduce the questions raised in the original Crossroads report.

#### SCOPE AND LIMITATIONS

The information contained in this Report and the questions resulting there from are based on information obtained from the annual audited financial statements as supplemented by the National Operation 2<sup>nd</sup> Quarter Report” and the accompanying Report to the Board of Directors – 2<sup>nd</sup> Quarter 2005”. **This unedited report to the board is contained at Appendix D of this report.**

Like the original Crossroads Report, the opinions in this Report and the resulting questions are those of its author. All assumptions are clearly stated. The author welcomes input with respect to addressing the issues raised or in constructive rebuttal of any of the author’s key assumptions, comments and/or opinions.

#### SUMMARY CONCLUSIONS

- National has generated a **loss from operations of approximately \$114,000** for the six months ending February 28<sup>th</sup>, 2005.
- It appears that National will generate a **loss from operations of approximately \$855,000 for the fiscal year ended August 31<sup>st</sup>, 2005.**
- National membership as at April 8, 2005 is 101,545. This represents a **total membership decline of approximately 20%**. National budgeting for the fiscal year appears to have been done assuming only a 12% membership reduction.

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<sup>1</sup> The original report, “Crossroads – A Report on the Finances of the National Operation and Where to go from here” was electronically published on January 28<sup>th</sup>, 2005. The report can be viewed at the following URL:

<http://scoutch.ca/resources/sc-finances-2005-02.pdf>

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- The *Operating Fund* balance (which now appears to include the *Capital Asset Fund* for the purpose of internal reporting) appears overstated by \$1,146,000.
- The *Operating Fund* appears to be indebted to the *Insurance Fund* in the amount of \$392,362.
- The *Insurance Fund* continues to build its surplus.
- The *Youth Event Fund* now appears to be gone.
- Based on the continuing chronic (and increasingly exacerbated) operating deficits, the questions proffered in the original Crossroads Report are now more timely and pressing than ever and bear repeating. Specifically:
  - **What should the real role of the National Operation be and what infrastructure is really required to support this role?**
  - **How can the organization be restructured in order to once again make sustained adult membership an attractive community service proposition?**
- This follow up report, in the author's opinion, supports the original Crossroads conclusions. **Ordinary Members should not (and can not) expect that continuation of the current governance structure (with all of the philosophical implications the structure entails) and management practices will produce different positive results.** Members need to urgently consider and vocalize what they believe National's real role should be without being intellectually constrained by the role National currently confers upon itself.
- **Ordinary members must also consider what they are prepared to do, in a voluntary capacity, to be part of the solution.**

## NATIONAL FINANCIAL REPORTING AND RESULTS – AN UPDATE AS AT FEBRUARY 28<sup>TH</sup>, 2005

### THE YEAR TO DATE NATIONAL LOSS FROM OPERATIONS

The National 2<sup>nd</sup> Quarter Report presented to the Board of Governors presents income from operations of \$1,032,764. This reported surplus could potentially be misleading because while the annual audited financial statements are (appropriately) presented on an accrual basis, the internal reporting in the Quarterly Report appears to be prepared on a “quasi-cash” basis.

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The report to the Board indirectly implies that all membership fees have all been earned at February 28<sup>th</sup>. Accordingly they are presented as revenue. In addition, it reports the entire annual World Bureau fee as an expense. This is, in the author's view, inappropriate and potentially misleading. When the operating results are adjusted for the "unearned portion" of Membership fees and the "prepaid portion" of World Bureau fees, the organization would show a loss of \$113,990. The amount is arrived at as follows:

Surplus as reported to the Board of Governors (A) <sup>2</sup> .....	\$ 1,032,764
Less: Adjustment for unearned portion of Membership Fees (B) <sup>3</sup> .....	1,229,313
Plus: Adjustment for prepaid World Bureau Fees (C) <sup>4</sup> .....	<u>82,559</u>
Operating deficit for the six months ended February 28 <sup>th</sup> , 2005 (A)+(B)-(C)	<u>\$ (113,990)</u>

The presentation in the National Quarterly Report is an apples to oranges comparison because the accrual method is not consistently applied. **Essentially the full year's membership fees (both the income and the expense) are being presented while only one half of the year's other operating expenses (the year to date expenses) are being shown.** Simply put, there will be significantly more expenses during the last half of the year and no new revenue (other than Scout Shop Sales). In the author's opinion, internal reporting for this organization should be presented on the same basis as the audited financial statements prepared at the fiscal year end. Any other preparation basis makes the user's assessment of the organization's actual year to date performance unnecessarily complex. **The full six months operating results, with a line adjustment for the unearned portion of fees, are presented at Appendix A.**

### THE CUMMULATIVE OPERATING FUND DEFICIT

Were the above methodology carried through, this would have implications for the *Operating Fund* balance, as reported to the Board. The second quarter report includes a *Consolidated Balance Sheet* showing a net *Operating Fund* surplus of \$1,136,000. Included in this calculation of the surplus is the unearned portion of Membership fees and the prepaid portion of World Bureau fees. Were these items to be removed, the operating fund would in fact show a cumulative deficit of approximately \$10,000.

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<sup>2</sup> Surplus per Operating Fund Income Statement for the six months ended February 28<sup>th</sup>, 2005.

<sup>3</sup> Membership Fees per Operating Fund Income Statement of \$2,458,625 ÷ 2 = \$1,229,313. Note that \$2,458,625 ÷ \$25 Annual Membership Fee = 98,345. The membership per the 2<sup>nd</sup> Quarter Report was 98,329. Accordingly, substantially all unearned Membership Fees are being treated prematurely as Revenue.

<sup>4</sup> \$165,117 ÷ 2 = \$82,559

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The amount is arrived at as follows:

Operating Fund surplus as presented in the 2 <sup>nd</sup> Quarter Report .....	\$ 3,637,000
Less: Employee Future Benefits Fund Deficit .....	<u>2,501,000</u>
Net Operating Fund balance per the 2 <sup>nd</sup> Quarter Consolidated Balance Sheet	1,136,000
Less: Unearned portion of Membership Fees <sup>5</sup> .....	1,229,000
Add: Prepaid portion of World Bureau Fees <sup>6</sup> .....	<u>83,000</u>
Operating Fund deficit for the six months ended February 28 <sup>th</sup> , 2005 .....	<u>\$ (10,000)</u>

**A restated Consolidated Balance Sheet is included as Appendix B** of this report.

### THE REVISED ANNUAL PROJECTED LOSS FROM OPERATIONS

The year to date results contained in the 2<sup>nd</sup> quarter report to the Board suggest that the loss from operations for the full fiscal year will be approximately \$855,000. **The author's estimate of why and how the National Operation will arrive at an \$855,000 loss is included at Appendix C of this report.** The six month actual results (adjusted for unearned membership fees and prepaid World Bureau fees) as well as the annual budget are more instructive in forecasting the loss than the limited information available for the original Crossroads report.

The original Crossroads report predicted a loss from operations of \$589,000. The above noted information allows for a negative revision to the original forecast based primarily on the following factors:

1. Membership fell 20% rather than the 10% originally forecast.
2. Based on 1 above, the net contribution from Scout Shops is also lower than originally forecast.
3. The cost of product percentage in the original report was inappropriately low.
4. National payroll reductions were only 50% of those predicted in the original report.

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<sup>5</sup> \$1,229,313 ≈ \$1,229,000

<sup>6</sup> \$82,559 ≈ \$83,000

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The net effect of these and other changes affect the original forecast loss from operations in the following manner:

Original Crossroad projected loss from operations<sup>7</sup> (A) ..... \$ (589,125)

**LESS** (Factors which will increase the loss):

Membership Fee decline over and above the initial projection (note 1) ..... 204,625  
National payroll reduction less than anticipated (note 2) ..... 204,462  
Scout shop contribution less than originally predicted (note 3) ..... 333,450  
Total additional costs (B) ..... 742,537

**ADD** (Factors which will decrease the loss):

Cost of product percentage correction (note 4) ..... 185,640  
Savings on royalties due to Councils (note 5) ..... 17,100  
Expected savings on warehousing (being 14% of the National budget) ..... 23,464  
Other apparent net savings based on National's annual budget ..... 250,000  
Total additional savings (C) ..... 476,204

Revised projected operating deficit for 2004/2005 (A) - (B) + (C)<sup>8</sup> ..... \$ (855,458)

### NOTE 1

2003/2004 Membership fees per Scouts Canada Annual Report (A) ..... \$ 3,055,000  
Less: 10% reduction predicted in the original Crossroads Report<sup>9</sup> (B) ..... 305,500

2004/2005 Fee Projection in the original Crossroads Report (A) -(B)=(C) .... 2,749,500  
Less: revised 2004/2005 Membership Fee projection<sup>10</sup> (D) ..... 2,544,875

Additional reduction in Membership Fee Revenue (C)-(D) ..... \$ 204,625

### NOTE 2

Original 2004/2005 Salary Reduction Estimate (A) ..... \$ 510,085

2003/2004 Actual Net National Payroll<sup>11</sup> (B) ..... 3,534,000  
2004/2005 Forecast Net National Payroll<sup>12</sup> (C) ..... 3,228,377

Actual Realized Salary Reduction from Restructuring (B) – (C) = (D) ..... 305,623

Predicted Salary Reduction which will not be realized (A) – (D) ..... \$ 204,462

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<sup>7</sup> Crossroads Report, Page 9

<sup>8</sup> Appendix C shows an operating deficit of \$851,838.

<sup>9</sup> Crossroads Report, Page 9

<sup>10</sup> Based on 101,795 members. Membership at April 8, 2005 was 101,545. Therefore it was assumed that 250 additional members who are not already members of Scouts Canada will join between now and year end. The National Membership Fee for 2004/2005 is \$25 per member.

<sup>11</sup> Crossroads Report, Page 9, footnote 26

<sup>12</sup> Author's revised salary prediction allowing for year to date savings as seen in Appendix C of this report and note 8 of that appendix.

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### NOTE 3

Original Scout Shop sales reduction estimate <sup>13</sup> (A) .....	\$ 546,000
2004/2005 Revised Sales Reduction <sup>14</sup> (B) .....	<u>1,401,000</u>
Additional Reduction in Sales (B)-(A)=(C) .....	855,000
Less: Cost of product savings (C) x 61% = (D) .....	<u>521,550</u>
Additional reduction in contribution from Scout Shops (C) - (D) .....	<u>\$ 333,450</u>

### NOTE 4

Scout Shop sales reduction in the original report (A) .....	\$ 546,000
Original forecast cost of sales savings <sup>15</sup> (B) .....	<u>147,420</u>
Original forecast reduction in contribution from Scout Shops (A)-(B)=(C)...	398,580
Revised Net Loss (A)x39% <sup>16</sup> =(D) .....	<u>212,940</u>
Net increase based on margin adjustment (C)-(D) .....	<u>\$ 185,640</u>

### NOTE 5

Additional forecast sales reduction (A) .....	\$ 855,000
Savings based on 2% of (A) .....	\$ 17,100

**A full year Adjusted Forecast Statement of Operations is presented at Appendix C of this report.**

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<sup>13</sup> Crossroads Report, Page 9

<sup>14</sup> \$5,460,000 per 2004 Annual Report Summarized Statement of Operations - \$4,058,808 per the Adjusted Operating Surplus/(Deficit) calculation at appendix C = \$1,401,192 ≈ \$1,401,000

<sup>15</sup> Crossroads Report, Page 9

<sup>16</sup> Corrected (and actual) average margin on Scout Shop Sales

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### THE INSURANCE FUND AND BORROWING TO FUND OPERATIONS

The original Crossroads Report traced in some detail, the depletion of the *Youth Event Fund* in order to fund operating deficits. At August 31<sup>st</sup>, 2004, restricted funds were owed \$234,000 by the *Operating Fund*. At February 28<sup>th</sup>, 2005 *Restricted Funds* appear to be owed \$478,000 by the *Operating Fund*. Included in this amount is \$392,000 due to the *Insurance Fund*. This suggests that the *Insurance Fund*, like other restricted funds, is not immune from being used as a financing vehicle to support chronic operating deficits.

**This course of action raises a number of philosophical questions and concerns.**

The insurance fund was introduced to the membership as a means to provide a pool of funds to cover claims related to child abuse not covered by contracts of insurance which, according to management, were unobtainable. The author has been repeatedly advised that the insurance fees would only be used for insurance related items. The fact that these funds are susceptible to this sort of expropriation is troubling.

The major expense of this fund is an insurance premium. It would therefore not be unreasonable to assume that the excess, if any, is in place to provide for uninsured charges of child abuse brought against Scouts Canada and its volunteers.

It would be advisable to explain why the fee as presently calculated is actuarially appropriate for its assessment (and financial quantification) of the risk. The author would respectfully submit that if funds are available to fund operations, than perhaps the insurance fees are too high and should be returned to members. **Or put another way, the real insurance fee is something less than \$15 per member and the real membership fee is currently more than \$25 per member. Year to date, \$3.85 (or 25.67%) of a members \$15 insurance fee<sup>17</sup> has actually been used to fund operations.**

It is not appropriate to use the *Insurance Fund* as an indirect method of creating a surplus available for operational purposes.

**The use of the insurance fund in this manner appears to suggest that the past practice, as highlighted in the original Crossroad Report, of borrowing from restricted funds in order to support chronic operating deficits supports the assumption that this practice will continue.**

**Assuming a continuation of the practice of borrowing without any reasonable prospect of repayment to the particular “restricted” funds so that**

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<sup>17</sup> \$392,362 currently loaned to fund operations ÷ 101,795 members = \$3.85 per member

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**in the long term the funds are actually available for the intended purposes can only be viewed as troubling.**

This practice, in the authors view, calls into question the belief of ordinary members that the fund is in place both for their own and the organization's broader protection. A reasonable onlooker might justifiably wonder if the fund will be available for the purpose for which it was so clearly intended. If the fund is unavailable to its intended purpose, than it seems likely that other tangible assets (like camps) would have to be sold to fund adverse judgments.

### OTHER REVENUE AND THE YOUTH EVENT FUND

The National Budget for the full fiscal year includes \$276,500 in other revenue. Only \$29,195 was apparently expected to be realized in the first six months of this fiscal year. Therefore, one would conclude that National expects an event or combination of events will produce \$247,355<sup>18</sup> in the final six months of the year. The author believes this amount probably relates to the upcoming Central Canada Jamboree (CCJ).

If this is the case, the author can only speculate as to why this would not be revenue properly allocated to the *Youth Event Fund*. Readers will recall from the original Crossroads report that \$2,089,000 has already been transferred from the *Youth Event Fund* to the *Operating Fund*<sup>19</sup>. Also of some importance is the fact that the Youth Event Fund has been deleted from the financial presentation shown in the National Year to Date Results.

The author is therefore left with a myriad of questions including:

- Is the assumption correct that the CCJ will be the source of the balance of the predicted "other revenue" or is there some other possible source?
- If that assumption is correct then why would Revenue from a Jamboree be considered part of ordinary operations and included in the *Operating Fund*?
- Has the Youth Event Fund now been abolished?
- If the fund had been abolished, was the Board of Governors aware of and did they consent to this action?
- If the fund has been abolished, how was the remaining \$250,000 attributed to the fund as at August 31<sup>st</sup>, 2004 distributed or accounted for?

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<sup>18</sup> \$276,500 - \$29,195 = \$247,355

<sup>19</sup> Crossroads Report, January 28, 2005, Page 7 (\$2,339,000 - \$250,000 = \$ 2,089,000)

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### OPERATING RESULTS AND THE CROSSROADS

#### SIGNIFICANT DIFFERENCES IN STRATEGY AND ASSUMPTIONS

The National Annual budget speaks, albeit silently, to National's current understanding of where revenues come from. National is currently dependant on Scout Shop sales in its annual budget forecast.

Total annual budgeted sales for Scouts Shops, for this scouting year, is \$5,112,000. This compares to the 2003/2004 actual sales of \$5,460,000 or 94% of the 2003/2004 amount (a 6% reduction)<sup>20</sup>. At the same time, National was clearly contemplating 2004/2005 membership levels to be at 88% of last year (a reduction of 12%)<sup>21</sup>.

The author's previous assumption was that Scout Shop revenues (and for that matter all other sources of National Revenue) are entirely dependant on membership levels<sup>22</sup>. Members are the primary financial resource providers to Scouts Canada at all levels. National's approach and assumptions, as manifested in their budget, seem to suggest that they believe Scouts Shops will:

1. Sell more to individual existing members (because the budgeted membership reduction is twice that of the budgeted sales reduction as a percentage).
2. Sell more to non members (the general public) and maintain proportional sales to its existing members or;
3. A combination of 1 and 2.

Actual year to date Scout Shop sales of \$3,316,619 are in fact only 79% of budgeted year to date results<sup>23</sup>. The author believes that falling short of the targeted year to date revenue of \$4,177,225 by some 21% is completely consistent with the actual membership reduction of 20%. Even if National sells the \$935,000 of goods it budgeted for in the final 6 months of the year<sup>24</sup>, sales for the year will still be only 83%<sup>25</sup> of the amount originally budgeted for. This is again very closely correlated to the 20% membership reduction.

In the original Crossroads Report, the author stated that National, "does not have the Real Estate assets, marketing capability, or information technology infrastructure to be a full scale retailer. Even if capital were available to develop these, the organization would then be confronted with competitors selling largely

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<sup>20</sup>  $(\$5,112,000 \div \$5,460,000) \times 100 = 93.69\% \approx 94\%$

<sup>21</sup>  $(107,000 \text{ members (2005 budget)} \div 122,151 \text{ members (at Aug 2004)}) \times 100 = 87.60\% \approx 88\%$

<sup>22</sup> Crossroads Report, January 28, 2005, Page 4, Pgh 4

<sup>23</sup>  $(\$3,316,619 \text{ (being 6 month actual)} \div \$4,177,225 \text{ (being 6 month budget)}) \times 100 = 79.39\% \approx 79\%$

<sup>24</sup>  $\$5,112,000 \text{ (being the annual sales budget)} - \$4,177,225 \text{ (being the 6 month budget)} = \$934,775 \approx \$935,000$

<sup>25</sup>  $(\$3,316,619 \text{ ytd sales} + \$934,775 \text{ expected sales for the rest of the year}) \div \$5,112,000 = 83.16\% \approx 83\%$

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the same merchandise, often at better prices and from more numerous and convenient locations (including the internet)<sup>26</sup>.

**Simply stated, the logical and reasonable assumption is that there are 20% fewer members and Scout Shop sales will therefore show a similar reduction.**

**The author strongly contends that membership levels and Scout Shops sales ARE DIRECTLY CORRELATED to one another and arguably budgeting on any other basis is arguably unwise.** The year to date performance of the Scout Shops, in the author's opinion, strongly supports this position.

### **THE "DEMOCRATIC DEFICIT" AND MEMBERSHIP**

I indicated in my initial report that stable financial results are an "*outcome*" of an otherwise workable enterprise, be it a commercial concern or a not-for-profit organization like SCOUTS CANADA.

Even if one were to accept the argument that National's operations and their associated costs are appropriate, one can not deny that the structure is not even capable of producing stable membership results. Because membership numbers drive revenue, declining membership can only be expected to produce increased losses and ever increasing (now almost unmanageably large) financial burdens on the remaining ordinary membership and the program assets they rely upon.

**Can membership ever be expected to grow when decisions are made by a few appointees without any effective stakeholder involvement?**

In the author's opinion, the answer to this question is decidedly NO.

It is fair comment for the National leadership of Scouts Canada to simply state that times have changed and we must change with them. It is however, in the author's view, equally fair comment for the people directly impacted by that change, the ordinary membership, to question whether the response to that change has been at all successful when measured against benchmarks one would consider critical to our collective success. In other words, how should we measure our success?

If membership is the measure, an onlooker could reasonably conclude that this structure of governance is a failure. Adult membership is plummeting. Well trained committed (consulted adults) will bring more youth to this organization than 1,000 ill fated advertising campaigns. In the author's opinion, it is unlikely that those members will ever return or that those members still here will stay without true consultative representation. In a word, "Democracy". "The worst

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<sup>26</sup> Crossroad Report, January 28, 2005, Page 12, Pgh 5.

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form of Government ever tried, except for all those others that have been tried from time to time”, as Winston Churchill reminds us<sup>27</sup>.

The British Colonists of New England threw their shipment of tea into the Boston Harbour because they were taxed and yet unrepresented in government. Had they had a say in their governance, the Commonwealth would look dramatically different and there would be no United States of America.

Equally true, I cannot recall a single news story during the Cold War, chronicling an attempt by an individual to get over the Berlin Wall so they could enter East Berlin. While there may be some, for each and every one there are thousands of stories of individuals wishing to go the other way. So that they might be represented, consulted and ultimately counted.

If financial stability is such a measure, again, an onlooker would conclude the structure has failed. While it may sound inappropriate or crass to consider financial measures in a not-for-profit enterprise, we must acknowledge that we cannot realize our mission if we are no longer here. Our ever worsening financial condition really suggests that if we do not embrace short term real change we won't be.

**This of course speaks to the most important measure of our success. To contribute to the education of young people. Remember?** In my mind, fewer youth members mean we are making an ever smaller contribution to the education of young people. So with respect to this most important of all benchmarks we observe demonstrable, measurable, unequivocal and “unspinnable” failure. Thousands of adult volunteers have taken their proverbial ball (or more succinctly stated the youth in their communities) and have gone home. **Demonstrable, measurable, unequivocal, and “unspinnable” failure. Nothing more, nothing less. Unspinnable!**

People will not, “buy in to”, or “accept” any process or change when they neither directly, nor by truly elected representatives, have any meaningful role in creating the process or change. This is particularly so when they knew why they had a former process and often have no idea why they have a new process. Demonstrable, measurable, unequivocal and yes, “unspinnable” failure.

### EXCUSE ME, WHAT IS THE QUESTION?

It is time, and in the author's view urgently time, to vigorously question this path and to continue to forcefully argue for its change. The present state of affairs is “unspinnable” and it is time. Not because the professional management of this organization is insincere, but rather, because the senior management team appears

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<sup>27</sup> The full quotation is, “Many forms of Government have been tried, and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of Government except all those others that have been tried from time to time.”

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to be lost. Management appears to continue to wish to pursue a world which does not, in the authors view, reflect the reality on the ground, the needs of the ordinary (program delivery and administrative) volunteer membership, or the manifestation of the organization's true mission.

Each member must, I am sorry, consider these issues for himself or herself. I know I never personally envisioned having to take these important issues under advisement when I consented to volunteer service in this organization. I also know it is in the nature of a Scouter to hope for the best. I do, however, believe that hope without action is a voyage with no destination. Members truly must consider and vocalize the democratic path on which they believe the organization should be moving.

So we must again and more urgently consider the following:

1. **What should the real role of the National operation be and, consequently, what infrastructure is really required for National to fulfill that role? In other words, "What should National do and what should that cost?" The subsidiary questions are:**
  - a. Should operating costs be reduced? Are the operating costs generally and the staff levels particularly excessive given the current size of the organization?
    - i. Do we currently incur staff and other costs at the National Operation which have no tangible effect on the program we deliver to youth and if that is the case, why do we choose to incur those costs?
    - ii. Do we currently incur staff and other costs at the National Operation, which do tangibly impact on the program which are "nice to have" but which are currently simply beyond the economic means of the organization and its membership?
  - b. If the current infrastructure and its associated costs are viewed as acceptable to you as a member, should your membership fee be increased to fully fund it<sup>28</sup>? Alternatively should new/additional "National" fundraising initiatives be introduced<sup>29</sup>?
  - c. Should encroachments on restricted funds be permitted in order to continue financing the existing structure?

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<sup>28</sup> National is currently proposing a \$2 per member (8%) increase in the National membership fee taking the fee to \$27. The insurance fee will remain at \$15 per member.

<sup>29</sup> 7.1.2.2 of the Draft Strategic Plan suggests this is the direction National wishes to take by stating, "A shift away from reliance on membership fees and local fund-raisers to alternative revenue streams coordinated at the national level"

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- d. Should there be a continued liquidation of Scout Camps and other real property to support the existing structure?
2. **Because the road to reduced “Professional Scouter Costs” is paved with the time commitments of volunteers, how can our organization be restructured in order that it may once again make sustained adult membership (in both program and administrative roles) an attractive community service proposition? The subsidiary questions are:**
    - a. Do you accept the premise that well trained and motivated leaders produce good programs which in turn attract youth members? And if so.....
    - b. Can new adults be attracted to and can experienced adults be retained by an organization in which they have no true, timely or coherent stake in the decision making process?
    - c. Does the current dichotomy created by the “Staff Led/Volunteer supported and Volunteer Led/Staff supported” mantras actually enhance the framework of the movement’s true mission and its community based intent?
    - d. Should formalized training be re-emphasized, funded, and mandated in order to build existing leader competencies?
    - e. Should volunteers have a larger role in the prosecution of administrative and risk management matters?

Which path do you believe this organization should be on?

## **BEYOND THE CROSSROADS**

*AN UPDATE ON THE FINANCES OF THE NATIONAL OPERATION AT FEBRUARY 28<sup>TH</sup>, 2005*

---

### **SOME THOUGHTS FROM ROBERT FROST (1874-1963)**

#### **THE ROAD NOT TAKEN**

Two roads diverged in a yellow wood,  
And sorry I could not travel both  
And be one traveler, long I stood  
And looked down one as far as I could  
To where it bent in the undergrowth;  
Then took the other, as just as fair,  
And having perhaps the better claim,  
Because it was grassy and wanted wear;  
Though as for that the passing there  
Had worn them really about the same,  
And both that morning equally lay  
In leaves no step had trodden black.  
Oh, I kept the first for another day!  
Yet knowing how way leads on to way,  
I doubted if I should ever come back.  
I shall be telling this with a sigh  
somewhere ages and ages hence:  
Two roads diverged in a wood, and I-  
I took the one less traveled by,  
And that has made all the difference

## **BEYOND THE CROSSROADS**

*AN UPDATE ON THE FINANCES OF THE NATIONAL OPERATION AT FEBRUARY 28<sup>TH</sup>, 2005*

---

### **ACKNOWLEDGMENTS**

The author wishes to thank Ted Claxton, Liam Morland, and Michael Reid for editorial assistance and counsel in the preparation of this report.

The author also wishes to thank David Creek, for his vetting of the accuracy and reasonableness of the calculations and assumptions employed in this report.

**Scouts Canada - National Operation****APPENDIX A****Adjusted Operating Surplus / (Deficit)**

Six Months Ended February 28th, 2005

Paid up Membership		98,345	
<b>REVENUE</b>		<b>\$</b>	<b>%</b>
Membership Fees		2,458,625	48.52
Unearned Portion of Membership Fees		(1,229,313)	(24.26)
Scout Shops Sales		3,316,619	65.46
Donations and Sponsorships		90,583	1.79
Fundraising		264,684	5.22
Fees for Service		109,625	2.16
Grants		30,865	0.61
Other		25,033	0.50
		<b>5,066,721</b>	<b>100.00</b>
<b>EXPENSES</b>			
Salaries & Benefits		1,777,087	35.07
Retail Services Cost of Sales		2,012,934	39.73
Communication & Promotion		173,797	3.43
Office Administration		230,851	4.56
Building & Grounds		63,583	1.25
Occupancy		137,884	2.72
Canadian Leader Magazine		116,346	2.30
Warehouse Operation & Shipping		115,558	2.28
Corporate Meetings & Travel		105,933	2.09
World Bureau Fees		165,117	3.26
Unearned Portion of World Bureau Fees		(82,559)	(1.63)
Training & Relocation		3,368	0.07
HR Fund Contribution		19,079	0.38
Council Revenue Sharing		63,964	1.26
Other		38,432	0.76
Interest		25,429	0.50
Amortization		213,908	4.22
		<b>5,180,711</b>	<b>102.25</b>
<b>Surplus / (Deficit) consistent with the Annual Report</b>		<b>(113,990)</b>	<b>(2.25)</b>

Scouts Canada - National Operation

APPENDIX B

RESTATED CONSOLIDATED BALANCE SHEET

February 28, 2005

	\$ 000'S		
	Operating Fund	Restricted Funds	TOTAL
<b>ASSETS</b>			
<i>CURRENT</i>			
Cash	68	1,037	1,105
Accounts Receivable	1,781	346	2,127
Prepaid Expenses	169	398	567
<b>Prepaid World Bureau Fees</b>	<b>83</b>	<b>-</b>	<b>83</b>
Due from Council Funds	192	-	192
Inventory	3,080	-	3,080
	<u>5,373</u>	<u>1,781</u>	<u>7,154</u>
Investments	594	2,470	3,064
Benefit Recovery Receivable	1,025	-	1,025
Capital Assets	2,793	-	2,793
Prepaid Pension Costs	595	-	595
<b>Due from the General Fund</b>	<b>-</b>	<b>478</b>	<b>478</b>
<b>TOTAL ASSETS</b>	<b>10,380</b>	<b>4,729</b>	<b>15,109</b>
<b>LIABILITIES &amp; FUND BALANCES</b>			
<i>CURRENT LIABILITIES</i>			
Line of Credit	381	-	381
Accounts Payable & Accrued Liabilities	1,282	132	1,414
Deferred Revenue	177	-	177
	<u>1,840</u>	<u>132</u>	<u>1,972</u>
Inventory Rebates Payable	158	-	158
Long Term Payable re Inventory Purchase	1,136	-	1,136
Loan from Ontario Inc	507	-	507
Accrued Post Retirement Benefits	5,042	-	5,042
<b>Due to Restricted Funds</b>	<b>478</b>	<b>-</b>	<b>478</b>
<b>Unearned Insurance Fees</b>	<b>-</b>	<b>337</b>	<b>337</b>
<b>Unearned Membership Fees</b>	<b>1,229</b>	<b>-</b>	<b>1,229</b>
	<u>10,390</u>	<u>469</u>	<u>10,859</u>
<i>FUND BALANCES</i>			
Operating Fund	3,637	-	3,637
Future Benefits Fund	(2,501)	-	(2,501)
<b>Unearned Membership Fees</b>	<b>(1,229)</b>	<b>-</b>	<b>(1,229)</b>
<b>Unearned Insurance Fees</b>	<b>-</b>	<b>(337)</b>	<b>(337)</b>
<b>Prepaid World Bureau Fees</b>	<b>83</b>	<b>-</b>	<b>83</b>
Insurance Fund	-	2,678	2,678
Brotherhood & International Participation	-	790	790
World Scout Foundation	-	1,129	1,129
	<u>(10)</u>	<u>4,260</u>	<u>4,250</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b>10,380</b>	<b>4,729</b>	<b>15,109</b>

## Scouts Canada - National Operation

Adjusted Operating Surplus / (Deficit)

Fiscal Year Ended August 31st, 2005

## APPENDIX C

	Scouts Canada Original Budgeted Amount		Author's Forecast Annual Results		Notes	Variance from Budget	
Paid up Membership	107,000		101,795			(5,205)	
<b>REVENUE</b>	<b>\$</b>	<b>%</b>	<b>\$</b>	<b>%</b>		<b>\$</b>	<b>%</b>
Membership Fees	2,675,000	30.42	2,544,875	28.94	1	(130,125)	(4.86)
Scout Shops Sales	5,112,000	58.14	4,058,808	46.16	2	(1,053,192)	(20.60)
Donations and Sponsorships	208,000	2.37	150,010	1.71	3	(57,990)	(27.88)
Fundraising	254,000	2.89	264,684	3.01	4	10,684	4.21
Fees for Service	150,400	1.71	150,400	1.71	5	-	-
Grants	117,000	1.33	36,849	0.42	6	(80,151)	(68.51)
Other	276,500	3.14	50,000	18.05	7	(226,500)	(81.92)
	<b>8,792,900</b>	<b>100.00</b>	<b>7,255,627</b>	<b>100.00</b>		<b>(1,537,273)</b>	<b>(17.48)</b>
<b>EXPENSES</b>							
Salaries & Benefits	3,299,800	37.53	3,228,377	36.72	8	71,423	2.16
Retail Services Cost of Sales	3,067,200	34.88	2,475,873	28.16	9	591,327	19.28
Communication & Promotion	292,100	3.32	292,100	3.32	10	-	-
Office Administration	379,100	4.31	379,100	4.31	10	-	-
Building & Grounds	102,700	1.17	102,700	1.17	10	-	-
Occupancy	278,000	3.16	278,000	3.16	10	-	-
Canadian Leader Magazine	196,400	2.23	196,400	2.23	10	-	-
Warehouse Operation & Shipping	167,600	1.91	144,136	1.64	11	23,464	14.00
Corporate Meetings & Travel	186,200	2.12	186,200	2.12	10	-	-
World Bureau Fees	161,500	1.84	161,500	1.84	10	-	-
Training & Relocation	17,800	0.20	17,800	0.20	10	-	-
HR Fund Contribution	-	-	19,079	0.22	12	(19,079)	n/a
Council Revenue Sharing	102,200	1.16	102,200	1.16	10	-	-
Other	117,200	1.33	117,200	1.33	10	-	-
Interest	7,000	0.08	7,000	0.08	10	-	-
Amortization	399,800	4.55	399,800	4.55	10	-	-
	<b>8,774,600</b>	<b>99.79</b>	<b>8,107,465</b>	<b>92.21</b>		<b>667,135</b>	<b>7.60</b>
<b>Surplus / (Deficit)</b>	<b>18,300</b>	<b>0.21</b>	<b>(851,838)</b>	<b>7.79</b>		<b>(870,138)</b>	

### NOTE 1

Membership as at April 8th, 2005 (per Q2 Report)	101,545
Additional new memberships expected (see below)	250
<b>Memberships at August 31st, 2005</b>	<b>101,795</b>

Assumes there will be a small increase in membership from summer camp programs where in addition to the actual camping fee, Scouts Canada will also charge an annual membership fee to the participants.

2003/2004 Membership Numbers per the annual report	122,158
Budgeted 2004/2005 Membership Numbers	107,000

### NOTE 2

Year to Date Scout Shop Sales per 6 month actual results	A	3,316,619
Expected 6 month sales based on 2nd Quarter SC Management Report	B	4,177,225
Financial Shortfall (\$)	A-B=C	(860,606)
Financial Shortfall (%)	C/B x 100 = D	(20.60)
Annual Scout Shop Budget per 2nd Quarter SC Management Report	E	5,112,000
Financial shortfall percentage as calculated above	D	(20.60)
Author's forecast gross sales for the entire fiscal year	E x (1-(D÷100)) = F	4,058,808

**NOTE 3**

Donation and sponsorship results for the 6 months ended February 28, 2005	A	90,583
Expected 6 month results based on the 2nd Quarter SC Management Report	B	125,600
Financial Shortfall (\$)	A-B=C	(35,017)
Financial Shortfall (%)	C/B x 100 = D	(27.88)
Annual Donation and Sponsorship Budget per 2nd Quarter SC Management Report	E	208,000
Financial shortfall percentage as calculated above	D	(27.88)
Author's forecast gross sales for the entire fiscal year	E x (1-(D÷100)) = F	150,010

**NOTE 4**

Fundraising results for the 6 months ended February 28, 2005	A	264,684
Expected 6 month results based on the 2nd Quarter SC Management Report	B	254,000
Financial Surplus (\$)	A-B=C	10,684
Financial Surplus (%)	((A÷B)-1)x100=D	4.21
Annual Donation and Sponsorship Budget per 2nd Quarter SC Management Report	E	254,000
Financial shortfall percentage as calculated above	D	4.21
Author's forecast gross sales for the entire fiscal year	E x ((100+D)÷100) =	264,684

**NOTE 5**

Amount per SC Annual Budget

**NOTE 6**

Grant results for the 6 months ended February 28, 2005	A	30,865
Expected 6 month results based on the 2nd Quarter SC Management Report	B	98,000
Financial Shortfall (\$)	A-B=C	(67,135)
Financial Shortfall (%)	C/B x 100 = D	(68.51)
Annual Grant Budget per 2nd Quarter SC Management Report	E	117,000
Financial shortfall percentage as calculated above	D	(68.51)
Author's forecast gross sales for the entire fiscal year	E x (1-(D÷100)) = F	36,849

**NOTE 7**

The author believes the budgeted amount relates to the Central Canadian Jamboree scheduled for July 2005. Assuming the budgeted amount is actually realized, it should be credited to that fund.

**NOTE 8**

Budgeted National Payroll based on the 2nd Quarter SC Management Report	3,299,800
Less year to date positive variance	(71,423)
Author's forecast gross payroll for the entire fiscal year	3,228,377

**NOTE 9**

Revised Scout Shop Revenue	A	4,058,808
Cost of Sales Percentage based on 2nd Quarter SC Management Report	B	61%
Revised Annual Cost of Sales Calculation	A x B	2,475,873

**NOTE 10**

These expenses are assumed to end at budgeted amounts

**NOTE 11**

The annual warehousing budget amount was reduced by 14% to annualize the year to date savings of 14%.

**NOTE 12**

Amount based on Year to Date Actual

# Scouts Canada

## Report to Board of Directors-Second Quarter 2005

We are pleased to submit this report to you on the operating activities of Scouts Canada for the Six months ending February 28, 2005. This report is submitted to you in advance of the May Board meeting, in order to update you on the operating results of the first six months of fiscal 2005.

### **Financial Statements-February 28, 2005**

Attached is the Consolidated Balance Sheet as of February 28, 2005 and the Statement of Income for the six months then ended. Comparative figures have been provided for the comparable period for the preceding year, as well as for the Budget.

We comment on any material differences from budget, composition of key revenue and expenses, such as Retail Store contribution and Fund Raising, analysis as required of key balance sheet balances, and unanticipated expenses that have developed, as well as an indication of future cash flows.

### **Discussion of Income Statement**

**Membership-**This reflects paid up memberships for the year to date. Attached is a schedule of registrations by Council.

**Retail Store Sales-**A schedule of sales and key components of costs, such as costs of goods sold, salaries and benefits, occupancy costs and other is attached. In a review held with the Director of Retail Stores, it became apparent that some stores are not performing well and that a small budgeted annual profit will in fact, turn out to be a small annual loss. Management has initiated a detailed review and analysis and advise that they will be in a position to report on 2004- 2005 as well as 2005- 2006 activities in some detail, as part of the Budget package. The Board will have the opportunity at the September meeting to further discuss this area.

**Fund Raising-**This area is of importance and concern to the Board so we direct your attention to the separate schedule for Fund Raising revenues and direct expenses. Hot chocolate sales have not developed as well as planned and there will be a further write down of inventories on disposition of the balance remaining in the next month or so. This loss will be reported in the third quarter of the year.

### **Discussion of Balance Sheet**

**Accounts Receivable-**This balance comprises Membership Fees receivable, along with other amounts due from Councils. There are no anticipated uncollectable amounts that have not been provided for.

**Prepaid Expenses-** Nothing special to report. Represents normal prepayments.

**Inventories-** This amount is similar to that of a year ago. There are no known items that should be provided, for or written down, that are not already covered by provisions made at August 31, 2004.

As previously reported, the related inventory rebates payable to Councils are being paid out in full as stores are closed, with the balance being paid \$400 per month, per store on a quarterly basis. The long-term payables for inventory purchases made as of September 1, 2003 are being paid to Councils, in accordance with the agreed schedule.

**Due From Council Funds-** This balance represents the funds due to National from those Councils that are handled by the National accounting staff. Balances owing are subject to interest.

**Long Term Receivable-** This represents amounts due from Councils in respect of Employee Future Benefits, specifically the difference between the actuarial accounting expense and amount actually received from Councils via payroll contributions.

**Deferred Revenue-** This represents unspent funds from the SCOUTSabout program and the Human Resource Fund.

**Accrued Post Retirement Benefits-** We will report in person on this ever-increasing liability at the next Board meeting. We both attended a meeting held on April 20, 2005 of the Pension and Benefit Advisory Committee. The meeting also dealt with the pension plan, preliminary consideration of implementation of a defined contribution plan as well as a meeting with the plan investment advisor. A further meeting is scheduled for May 26, 2005.

### **Fund Balances**

The **Insurance Fund** has a balance of \$2,678,000 at February 28, 2005 as shown by the attached financial statements for the Insurance Fund. A further \$200,000 was transferred in after February 28, 2005.

### **Investment Returns**

The investment returns for the trust funds for the calendar year 2004 ranged between 8.16% and 8.33% for all funds, except the short-term investments, which yielded an annual return of 5.92%.

The Pension Plan had an annual return of 9.6% for the year 2004. For each of the past five years, the investment return has exceeded the established benchmark.

### **Cash Flow**

There are no anticipated cash flow concerns as of the date of issue of this report.

### **Contingencies**

There are no changes in this area from that disclosed in the annual financial statements. The Second Quarter Compliance Certificates signed by the EC/CEO confirming environmental compliance, withholding taxes including workers compensation, sales taxes and pension contributions, as well as workplace health and safety legislation will be provided to you separately. These certificates cover National Operations as well as those of the Councils.

### **Other Financial Matters**

#### **Controller**

You have already been advised of the resignation of Sally Clarke as of March 31, 2005. We both thank Sally for all of her efforts over the past number of years on behalf of Scouts Canada and take this opportunity to wish Sally good luck in whatever the future brings to her. We also take the opportunity to welcome Gary Boutilier who joined us on April 18, 2005.

### **Reporting Dates 2005**

The next Quarterly Report will be issued and mailed to you *on or about July 31, 2005* covering the nine months ended May 31, 2005. A forecast to the end of the fiscal year will also accompany this third quarter report. Future reports will be sent to you within 60 days after the end of each quarter.

### **Financial Objectives-2005**

It is still planned that a Consolidated Audited Financial Statement will be available for 2005. A target of only one audit for all of the organization for 2006 is also planned. Specific details are still being worked out and preliminary indications are that Councils wish to retain audited Council financial statements. We will report more details to you as soon as planning in this area is completed.

We hope you find this Second Quarter Report to be informative and we again would be pleased to receive any constructive comments on its improvement. It is anticipated that Gary Boutilier will issue this report from now on, although the Vice-Chair, Finance will continue to review the report prior to its issuance.

Christopher Barltrop FCA  
Vice-Chair, Finance

Rob Stewart  
EC/CEO

April 20, 2005

**SCOUTS CANADA**  
**NATIONAL OPERATION**

**2nd Quarter Report**  
**2005**

*Included in this report:*

Operating Fund Income Statement  
Consolidated Balance Sheet  
National Retail Services Income Statement  
Fundraising Income Statement  
Insurance Fund Income Statement  
Membership Statistics Report

April 20, 2005

**Scouts Canada**  
**OPERATING FUND INCOME STATEMENT**  
For the Six Month's Ending 28, February 2005

	<u>Actual</u>	<u>Budget</u>	<u>Last Year</u>	<u>Annual Budget</u>
<b>REVENUE</b>				
Membership Fees	<b>\$2,458,625</b>	\$2,150,000	\$2,693,768	2,675,000
Scout Shops Sales	<b>3,316,619</b>	4,177,225	3,527,932	5,112,000
Donations and Sponsorships	<b>90,583</b>	125,600	158,933	208,000
Fundraising	<b>264,684</b>	254,000	436,853	254,000
Fees for Service	<b>109,625</b>	70,394	85,098	150,400
Grants	<b>30,865</b>	98,000	84,383	117,000
Other	<b>25,033</b>	29,145	19,089	276,500
	<b><u>6,296,034</u></b>	<b><u>6,904,364</u></b>	<b><u>7,006,056</u></b>	<b><u>8,792,900</u></b>
<b>EXPENSES</b>				
Salaries & Benefits	<b>1,777,087</b>	1,854,835	1,705,664	3,299,800
Retail Services Cost of Sales	<b>2,012,934</b>	2,429,876	2,155,623	3,067,200
Communication & Promotion	<b>173,797</b>	200,790	192,641	292,100
Office Administration	<b>230,851</b>	193,083	227,293	379,100
Building & Grounds	<b>63,583</b>	48,074	68,833	102,700
Occupancy	<b>137,884</b>	158,888	127,082	278,000
Canadian Leader Magazine	<b>116,346</b>	118,000	121,526	196,400
Warehouse Operation & Shipping	<b>115,558</b>	134,800	163,266	167,600
Corporate Meetings & Travel	<b>105,933</b>	105,210	98,481	186,200
World Bureau Fees	<b>165,117</b>	161,500	157,683	161,500
Training & Relocation	<b>3,368</b>	5,000	4,666	17,800
HR Fund Contribution	<b>19,079</b>	13,053	17,622	
Council Revenue Sharing	<b>63,964</b>	62,279	68,230	102,200
Other	<b>38,432</b>	36,840	106,500	117,200
Interest	<b>25,429</b>	26,002	6,054	7,000
Amortization	<b>213,908</b>	217,376	210,702	399,800
	<b><u>5,263,270</u></b>	<b><u>5,765,606</u></b>	<b><u>5,431,866</u></b>	<b><u>8,774,600</u></b>
<b>Surplus / (Deficit)</b>	<b><u>1,032,764</u></b>	<b><u>1,138,758</u></b>	<b><u>1,574,190</u></b>	<b><u>18,300</u></b>

**Scouts Canada**  
**National Operation**  
**CONSOLIDATED BALANCE SHEET**  
**Feb 28/05**

**\$ 000'S**

	<u>Operating Fund</u>	<u>Restricted Funds</u>	<u>TOTAL</u>	<u>Feb 28/04</u>
<b>ASSETS</b>				
<b><i>CURRENT</i></b>				
Cash	68	1,037	1,105	1,894
Accounts Receivable	1,781	346	2,127	2,859
Prepaid Expenses	169	398	567	55
Due from Council Funds	192		192	(36)
Inventory	3,080		3,080	3,069
	<u>5,290</u>	<u>1,781</u>	<u>7,071</u>	<u>7,841</u>
Investments	594	2,470	3,064	3,732
Benefit Recovery Receivable	1,025	-	1,025	
Capital Assets	2,793	-	2,793	3,067
Long Term Balance New Brunswick	-			
Prepaid Pension Costs	595	-	595	685
Due from Restricted Funds	(478)	478	-	-
<b>TOTAL ASSETS</b>	<b><u>9,819</u></b>	<b><u>4,729</u></b>	<b><u>14,548</u></b>	<b><u>15,325</u></b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b><i>CURRENT LIABILITIES</i></b>				
Line of Credit	381	-	381	1,281
Accounts Payable & Accrued Liabilities	1,282	132	1,414	626
Deferred Revenue	177	-	177	244
	<u>1,840</u>	<u>132</u>	<u>1,972</u>	<u>2,151</u>
Inventory Rebates Payable	158	-	158	352
Long Term Payable re Inventory Purchase	1,136	-	1,136	1,262
Loan from Ontario Inc	507	-	507	-
Accrued Post Retirement Benefits	5,042	-	5,042	4,477
	<u>8,683</u>	<u>132</u>	<u>8,815</u>	<u>8,242</u>
<b>FUND BALANCES</b>				
Operating Fund	3,637	-	3,637	5,764
Future Benefits Fund	(2,501)		(2,501)	(2,454)
Insurance Fund	-	2,678	2,678	1,953
Brotherhood & International Participation	-	790	790	733
World Scout Foundation	-	1,129	1,129	1,087
	<u>1,136</u>	<u>4,597</u>	<u>5,733</u>	<u>7,083</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<b><u>9,819</u></b>	<b><u>4,729</u></b>	<b><u>14,548</u></b>	<b><u>15,325</u></b>

**Scouts Canada**  
**NATIONAL RETAIL SERVICES**  
**INCOME STATEMENT**  
For the Six Month's Ending 28, February 2005

	Actual	Budget	Last Year	VARIANCE	
				v. Budget	v Last Year
<b>REVENUE</b>					
Retail Sales	\$3,316,619	\$4,177,225	\$3,527,932	(\$860,606)	(\$211,313)
Cost of Sales	2,012,933	2,429,876	2,155,623	\$416,943	\$142,690
<b>Gross Profit</b>	<b>1,303,686</b>	<b>1,747,349</b>	<b>1,372,309</b>	<b>(443,663)</b>	<b>(68,623)</b>
<b>Gross Profit %</b>	<b>39%</b>	<b>42%</b>	<b>39%</b>		
<b>EXPENSES</b>					
Salaries & Benefits	651,101	863,574	725,415	212,473	74,314
Communication & Promotion	90,963	97,500	94,519	6,537	3,556
Office Administration	143,295	185,854	177,814	42,559	34,519
Occupancy	137,884	158,888	127,082	21,004	(10,802)
Warehouse Operation & Shipping	115,558	134,800	160,585	19,242	45,027
Meetings & Travel	14,961	8,500	15,182	(6,461)	221
Council Revenue Sharing	63,964	62,279	68,230	(1,685)	4,266
Other	5,471	12,263	2,637	6,792	(2,834)
Amortization	6,054	0	759	(6,054)	(5,295)
	<b>1,229,251</b>	<b>1,523,658</b>	<b>1,372,223</b>	<b>294,407</b>	<b>142,972</b>
<b>OTHER REVENUE</b>					
Co Op Advertising & Royalties	16,142	46,498	39,513	(30,356)	(23,371)
Store Revenue Share	5,409	6,700	5,600	(1,291)	(191)
<b>Operating Income / (Loss)</b>	<b>\$95,986</b>	<b>\$276,889</b>	<b>\$45,199</b>	<b>(\$180,903)</b>	<b>\$50,787</b>

**Scouts Canada**  
**NATIONAL FUNDRAISING**  
**INCOME STATEMENT**  
For the Six Month's Ending 28 February 2005

	<b>Actual</b>	<b>Budget</b>	<b>Last Year</b>	<b>VARIANCE</b>	
				<b>v. Budget</b>	<b>v. Last Year</b>
<b>REVENUE</b>					
Popcorn Royalty	\$254,440	\$254,000	\$203,796		\$50,644
Other Sales	\$10,244	\$0	\$226,493		
	<b>264,684</b>	<b>254,000</b>	<b>430,289</b>	<b>0</b>	<b>50,644</b>
<b>EXPENSES</b>					
Communication & Promotion	36,446	24,152	59,663	(12,294)	23,217
Cost of Sales			137,295		
Office Administration	1,587		13,794	(1,587)	12,207
Travel	7,947	3,000	10,163	(4,947)	2,216
Other	126		2,918	(126)	2,792
	<b>46,106</b>	<b>27,152</b>	<b>223,833</b>	<b>(18,954)</b>	<b>40,432</b>
<b>NET before OVERHEAD</b>	<b>\$218,578</b>	<b>\$226,848</b>	<b>\$206,456</b>	<b>(\$18,954)</b>	<b>\$91,076</b>
<b>OVERHEAD</b>					
Salaries & Benefits	37,082	38,307	39,285	1,225	(29,029)
<b>Operating Income / (Loss)</b>	<b>\$181,496</b>	<b>\$188,541</b>	<b>\$167,171</b>	<b>7,045</b>	<b>(29,029)</b>

**Scouts Canada**  
**INSURANCE FUND**  
**INCOME STATEMENT**  
For the Six Month's Ending 28, February 2005

	<u>Actual</u>	<u>31/08/04</u>	<u><b>VARIANCE</b></u> <u>v Last Year</u>
<b>REVENUE</b>			
Insurance Fees	<b>\$1,503,382</b>	\$2,013,055	(\$509,673)
Donated Legal Fees	<b>\$33,840</b>	112,492	(\$78,652)
Administrative Fees	<b>\$20,000</b>	-	\$20,000
Investment	<b>6,606</b>	34,272	(\$27,666)
Insurance Settlements	<b>0</b>	30,000	(\$30,000)
	<b><u>1,563,828</u></b>	<b><u>2,189,819</u></b>	<b><u>(595,991)</u></b>
<b>EXPENSES</b>			
Salaries & Benefits	<b>47,652</b>	-	(47,652)
Insurance Premiums	<b>830,549</b>	991,191	160,642
Claims	<b>21,951</b>	56,495	34,544
Insurance Brokerage fees *	<b>63,760</b>	-	(63,760)
Legal	<b>39,453</b>	148,120	108,667
Other	<b>(443)</b>	52	495
	<b><u>1,002,922</u></b>	<b><u>1,195,858</u></b>	<b><u>240,588</u></b>
	<b><u><u>\$560,906</u></u></b>	<b><u><u>\$993,961</u></u></b>	<b><u><u>(\$433,055)</u></u></b>

\* not shown separately last year

Scouts Canada  
**INSURANCE FUND**  
 Balance Sheet  
 28, February 2005

	<b>2005</b>	<b>2004</b>
<b>ASSETS</b>		
Cash and Short Term Investments	\$1,034,413	
Fees Receivable	\$346,078	(\$233,278)
Prepaid Insurance	\$397,936	
Investments	\$632,784	\$500,000
Accrued Interest	\$5,773	
Due from General Fund	\$392,362	\$1,817,026
	-----	-----
<b>TOTAL ASSETS</b>	<b>\$2,809,346</b>	<b>\$2,083,749</b>
	=====	=====
<b>LIABILITIES</b>		
Accrued Liabilities	131,000	131,000
	-----	-----
<b>FUND BALANCE</b>		
Opening Fund Balance	2,117,441	1,123,480
Year to Date Surplus/(Deficit)	560,905	829,269
	-----	-----
	2,678,346	1,952,749
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b>2,809,346</b>	<b>2,083,749</b>

**Scouts Canada**  
**Registered Members at February 28th, 2005**

	<b>2005</b>		<b>2004</b>	<b>% of</b>	<b>Rank</b>
	<b>28/Feb</b>	<b>08/Apr</b>	<b>Aug. 31</b>	<b>2004</b>	
New Brunswick	<b>2249</b>	2284	2578	<b>87%</b>	<b>1</b>
Voyageur	<b>7110</b>	7279	8152	<b>87%</b>	<b>2</b>
Battlefields	<b>4794</b>	4876	5546	<b>86%</b>	<b>3</b>
Pacific Coast	<b>3734</b>	3835	4336	<b>86%</b>	<b>4</b>
Shining Waters	<b>6613</b>	6796	7753	<b>85%</b>	<b>5</b>
Tri-Shores	<b>6921</b>	7066	8167	<b>85%</b>	<b>6</b>
Central Escarpment	<b>8402</b>	8583	9980	<b>84%</b>	<b>7</b>
Manitoba	<b>2938</b>	2986	3515	<b>84%</b>	<b>8</b>
Nova Scotia	<b>5554</b>	5683	6713	<b>83%</b>	<b>9</b>
Northern Lights	<b>6533</b>	6878	8140	<b>80%</b>	<b>10</b>
Chinook	<b>9306</b>	9677	11624	<b>80%</b>	<b>11</b>
Saskatchewan	<b>2924</b>	3011	3688	<b>79%</b>	<b>12</b>
Greater Toronto	<b>6980</b>	7295	8831	<b>79%</b>	<b>13</b>
Cascadia	<b>5880</b>	6061	7469	<b>79%</b>	<b>14</b>
Quebec	<b>4181</b>	4523	5496	<b>76%</b>	<b>15</b>
White Pine	<b>5903</b>	6062	7769	<b>76%</b>	<b>16</b>
Newfoundland and Labrador	<b>2050</b>	2203	2877	<b>71%</b>	<b>17</b>
Prince Edward Island	<b>349</b>	350	524	<b>67%</b>	<b>18</b>
Northern Ontario	<b>1148</b>	1235	1762	<b>65%</b>	<b>19</b>
Fraser Valley	<b>4572</b>	4672	7031	<b>65%</b>	<b>20</b>
OTHER	<b>188</b>	190	200		
	<b>98329</b>	<b>101545</b>	<b>122151</b>	<b>92%</b>	