



100 Years of Scouting 100 ans de scoutisme



Report of the Executive Commissioner & CEO: Year Ended August 31, 2006

I am pleased to submit to you my overview on Scouts Canada's National Operation for the year ended August 31, 2006, along with comments on planned activities for our 100th year of Scouting in Canada.

Summary

In line with Scouts Canada's Strategic Directions, we have achieved a number of successes in the past year that are worthy of mention in my report to the members of Scouts Canada. They are highlighted as follows:

- **Program:** Scouts Canada has focused a great deal of its efforts on ensuring that we continue to provide a program that remains relevant and interesting to today's youth. We have achieved this through partnering with various government agencies and corporations in order to offer leading-edge activities to youth dealing with such areas as climate change, appreciating Canada's veterans, and celebrating our Centennial.
- **Membership:** Membership exceeded our budget target of 100,000. We ended the year with a total of 102,200. Pacific Coast Council and Greater Toronto Council achieved membership in excess of 100% of the previous year, and Shining Waters was very close to achieving this target. Our success can be attributed in large part to Councils embracing Scouts Canada's Strategic Directions and in particular focusing more effort on membership growth and retention.
- **Finance:** Efforts spent in improving fiscal discipline are paying dividends as evidenced in this year's operating results where we are showing an excess of revenue over expenses for the Operating Fund of \$102,000. The costs associated with restructuring are mainly behind us. We also have built a strong reserve in the Insurance Fund to protect the sustainability of our operations. A more detailed analysis is provided in the Finance section of this report.
- **Other Points of Interest:**
 - The new Governor General has agreed to serve as Chief Scout and extended an invitation to the Chief Commissioner and Executive Commissioner & CEO to meet with her to discuss our program.
 - We have created a position dedicated to enhancing our Internal Communications, one of the key Strategic priorities.

Program

Program Networks

Scouts Canada is shifting from its Program Services Committee model to three new Networks which cover Program, Adult Development, and Recognition. A representative from each council will sit on each network. It is anticipated that this will improve communication to and from the field and increase the ability to engage the field to discuss trends, issues and new initiatives. This is consistent with our Strategic Directions.

Honours and Awards

The Recognition Deputy and Network have reviewed some of the processes around the Honours and Awards program and have streamlined some of the forms making it easier for applicants. They have also encouraged Councils to establish goals or targets for the number of Scouters recognized; 5% has been established as the minimum for each Council to achieve. This supports our Strategic Directions. The Recognition Network is also working with the Youth Committee to review Council Youth awards and develop a proposal for a national youth award. This group has also developed a proposal for a Centennial Medal for review and approval by the Council Commissioners, the Operations Advisory Committee, and Chief Commissioner.

Centennial

A committee was established this past year to plan Centennial celebrations. As a result, many initiatives are under way for 2007.

A new badge has been developed and produced for adults who have earned the Chief Scout, Queen's Venturer or King's Scout Awards. The first order has already sold out in Scout Shops across the country!

The national web site now features a special Centennial section for sharing centennial ideas and activities as well as providing national updates. We look forward to a year of celebrations including a national sunrise ceremony on Parliament Hill; a black tie Gala in the national capital; the Canadian Jamboree at Tamaracouta Scout Reserve in Mille Isle, Quebec; and the many local Council events and activities.

Commissioners have approved the development of a 2007 badge to be worn on the uniform of members during the Centennial year. This is also now available in Scout Shops.

Partnerships

Scouts Canada's ongoing partnership with Veterans Affairs Canada has continued to evolve throughout 2005-06. This year, Chief Commissioner Glenn Armstrong and another adult Advisor along with 12 Venturers from across Canada joined a delegation of youth on a Journey of Remembrance to commemorate the 90th Anniversary of the Battle of the Somme and Beaumont-Hamel. We have also developed Pass the Torch interpretive trails at a number of locations across the Country.

Scouts Canada's *Climate Change Education and Action Program* had a fantastic year. It was bestowed three awards: (1) runner up in Imagine Canada's Community Partnership Award, (2) Huguette Labelle Award for Engaging Youth in International Cooperation with the Delphi Group for our work with the South African Scout Association, and (3) an exceptional honour; the Canadian Environment Awards – Gold for Climate Change! As well, Scouts Canada, the South African Scout Association and the Delphi Group held a workshop in Windhoek, Namibia to expand climate change programming to Scout Associations across Africa.

We would like to recognize our partners and sponsors who have helped make this happen - the Delphi Group, The South African Scout Association, Alcan Inc. and Nexen Inc. The Scouts Canada Climate Change Award is a good example of how Scouting remains relevant to Canadian society one of Scouts Canada's Strategic Directions.

Membership

This past year, membership exceeded our budget target of 100,000 with a final tally of 102,200. Pacific Coast Council and Greater Toronto Council achieved membership in excess of 100% of the previous year, and Shining Waters Council was very close to achieving this target. Many groups across the country also reported growth in numbers.

While our overall membership declined by 6.8% from the previous year, the rate of decline has been slowed from the average 10% year-over-year decline we have experienced each of the last five years.

The number one challenge continues to be the recruitment of leaders to deliver our programs. We are committed to identifying ways to make volunteering less demanding and more flexible so that we can attract and retain these much needed adult leaders.

The use of school talks and local distribution of flyers continue to generate positive results across the country. While Scouts Canada's programs continue to attract young people, we must focus some effort on the follow up of those who show an interest in our programs. There are indicators to suggest we need to make it easier for parents to obtain information about getting their children registered at the group level.

We continue to make a concerted effort to expand our programs into all communities across the country. Our Diversity Task Group has been providing key leadership in our initiative to welcome all Canadians into the Movement.

Our Partners and Sponsors continue to play a key role in the delivery of our programs in the local community. We must nurture these relationships, and in some cases reconnect to ensure that their needs are being met. We are committed to assisting

them in achieving their Mission by applying the Scout program.

A number of Councils reported a very successful Spring Registration program. This allows the Council to begin planning for the Fall program and ensures appropriate leadership is in place and trained in a timely manner.

Finance

After a series of losses going back to the 2001-2002 fiscal year, Scouts Canada has begun to realize the benefits of restructuring and administrative changes undertaken in the last few years are paying dividends as evidenced in this year's operating results where we are showing an excess of revenue over expenses for the Operating Fund of \$102,000.

Operating Fund

Membership revenue is higher than last year but is not reflective of the full membership fee increase implemented for the 2005-06 year. Differences in the membership mix (full year programs, Extreme Adventure, SCOUTSabout, etc.) along with corresponding rates impacted the overall revenue amount.

Revenue was down overall in 2005-06 compared to the previous year, due primarily to a reduction in Scout Shop retail sales. This reduction in sales can be attributed to the decline in membership. Despite the downturn in sales, Retail Services was able to generate a profit this year of \$130,000 as compared to losses of \$210,500 in the previous year. Reductions in salaries and benefits of almost \$200,000 along with reductions in the cost of freight, warehousing and promotional costs were the primary contributors to the change in profitability of the Scout Shops. It should be noted that in addition to the profit generated by Retail Services, contributions to council and national operations for rents, services and profit sharing totaled just under \$500,000.

An increase in fundraising revenue can be attributed to increased sales of Scout Popcorn. Revenues generated directly from popcorn remain at the council and group levels. The revenues received at the national level are based on a royalty for unit sales and is used to offset some of the administrative costs of running the popcorn program incurred by the National Operation.

Most other revenue streams remained consistent year over year with the exception of grants and fees for service. During the year several councils took back responsibility for their accounting. This resulted in a decline in the service fees collected by National Operation for this service and is the primary source of the decline of fees for service.

Grant availability to Scouts Canada during the year was not as good as in the previous year. We were able to take advantage of some key grants that should lead to multiyear partnerships. Program and grant expenses were reduced proportionately with the grant monies received.

Other operating expenses were either on budget or under in 2005-06.

Cash Management

Fiscal 2005-06 ended with our bank debt being reduced by \$1,000,000 from the same time the previous year. Better membership collection processes lead the way to improved cash management but also included better inventory management; lower shipping costs, decreased travel and meeting expenses as well as reductions in prepaid expenses.

Retail Services was successful this year in reducing on-hand inventories by almost \$600,000 which greatly benefited the organization's ability to utilize cash in other areas. It is believed that further reductions in inventory are possible which will continue to positively add to the cash flow requirements of Scouts Canada.

During the year we were able to take advantage of profits from our investments increasing our investment revenues. Monies from these profits were reinvested and will be available to the organization in the future as required.

This year a significant number of capital assets came to the end of their economic as well as their useful life. This accounted for a reduction in expense of more than \$175,000 but has left the organization in need of replacing assets necessary to the management and delivery of programs. A life-cycle plan for technology and building maintenance is under development and will serve as a tool for the efficient implementation of necessary technology and building maintenance and improvements.

Also included in this year's cash balance are monies held for both the World Jamboree and the Canadian Jamboree. Although these are restricted funds they make up a portion of the year-end cash balances.

A complete set of condensed consolidated financial statements was prepared for the year ended August 31, 2005 and sent out to all Councils. These consolidated financial statements demonstrate the overall strength of Scouting in Canada. Due to the timing of Annual meetings as well as the decentralized accounting by geographic area, it is not possible to have these consolidated financial statements available earlier than the spring of the following year. Plans are already underway to issue the condensed consolidated financial statements for 2005-2006.

Insurance

A camp insurance program has been established and many councils are experiencing significant savings on their premiums.

A policy change with respect to Scouts Canada property usage is providing opportunities for Councils to increase their revenue by renting facilities to outside groups.

The coming year will provide Scouting with wonderful opportunities to enhance our profile. This will be the 100th Anniversary of the Scouting Movement and a number of celebrations in Canada and around the world will serve to remind Canadians that Scouting remains an integral part of their community.

We anticipate the participation of over 7000 Scouts, Venturers, Leaders and other volunteer Scouters at our Canadian Jamboree at Tamaracouta in July. There will also be a Jamboree in British Columbia and a number of other events taking place in Councils across the country over the course of the year. We will also send a contingent of Venturers and Leaders to England for the World Jamboree. This contingent will be under the leadership of Mike Scott, Past Chief Commissioner. They will join over 30,000 members from around the world.

We must continue to focus on achieving the desired results as identified in the Strategic Directions strategy. Of course membership growth and retention is the cornerstone of our efforts at all levels. While we had a positive year with respect to our financial results, we must continue to follow the Scout Law and continue to operate "in the black".

Our efforts will continue to support the development and enhancement of our Membership Management System.

We plan to continue to work to ensure our Scout Shops operate in a manner that results in service to our membership while at the same time providing a reasonable return on investment.

Conclusion

This is the first time we have compiled a comprehensive review of the year's activities for the information of our members. It forms part of our commitment to better communicate with our stakeholders on an ongoing basis. I hope you find this report useful in better understanding the operations of Scouts Canada. I would also like to note that we have set aside time prior to our AGM in Winnipeg to review of the financial report.

Yours in Scouting,



J. Robert (Rob) Stewart
CEO and Executive Commissioner

Ottawa, Ontario
November 7, 2006

One World, One Promise  Un monde une promesse