

Financial Statements of

**SCOUTS CANADA
(NEWFOUNDLAND AND
LABRADOR) TRUST
FOUNDATION INC.**

Year ended August 31, 2018
(Unaudited)

Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc.

Statement of Financial Position

August 31, 2018, with comparative information for 2017
(Unaudited)

	2018	2017
ASSETS		
Current assets		
Cash	\$ -	\$ 287,280
Trade receivable	4,352	4,252
Short-term investments (note 2)	415,328	57,759
	419,680	349,291
Long-term investments (note 2)	0	68,245
	\$ 419,680	\$ 417,536
LIABILITIES AND UNRESTRICTED NET ASSETS		
Current liabilities		
Accrued liabilities	\$ 15,055	\$ 15,055
Deposits payable (note 3)	21,809	21,809
	36,864	36,864
Unrestricted net assets	382,816	380,672
	\$ 419,680	\$ 417,536

See accompanying notes to financial statements.

On behalf of the Board

_____ Member _____ Member

Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc.

Statement of Operations and Changes in Net Assets

Year ended August 31, 2018, with comparative information for 2017

(Unaudited)

	2018	2017
Revenues		
Donations	\$ 100	\$ 1,882
Interest income	2,044	8,630
	2,144	10,512
Expenditures		
Professional fees	-	-
Grants (note 5)	-	2,050
	-	2,050
Excess (deficiency) of revenues over expenditures	2,144	8,462
Unrestricted net assets, beginning of year	380,672	372,210
Unrestricted net assets, end of year	\$ 382,816	\$ 380,672

See accompanying notes to financial statements.

Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc.

Notes to Financial Statements

Year ended August 31, 2018

(Unaudited)

Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc. (the "Foundation") is a not-for-profit organization incorporated under the laws of the Province of Newfoundland and Labrador. The Foundation is a registered charity and, as such, is exempt from the payment of income tax.

The Foundation holds investments in order to provide sufficient income to make annual grants to Scouts Canada Newfoundland and Labrador Council ("Newfoundland and Labrador Council") for operations and special projects as the Foundation's Board of Directors may approve from time to time.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Foundations significant accounting polices are as follows:

(a) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any 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 cost, which are amortized using the straight-line method.

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, the Foundation 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

Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2018

(Unaudited)

1. Significant accounting policies (continued):

present value of the expected cash flow, the amount that could be realized from the selling of the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(b) Investments:

Investments classified as current assets are carried at the lower of cost and market value. Other investments are carried at cost less a write-down, if necessary, for any impairment in value which is other than temporary.

(c) Revenue recognition:

The Foundation uses the deferral method for accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received is reasonably assured. Restricted contributions are deferred and recognized as revenue when the related expenditure is incurred. Investment income is recognized in revenue of the period in which it is earned.

(d) Contributed services:

Volunteers contribute many hours to assist the Foundation in the governance of its operations and programs. Because of the difficulty in assessing the number of hours and their fair value, contributed services are not recognized in the financial statements.

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2018

(Unaudited)

2. Investments:

	2018		2017	
Short-term investments	\$	415,329	\$	57,759
Long-term investments		0		68,245
	\$	415,329	\$	126,004

Short-term and long-term investments include investments in guaranteed investment certificates and mutual funds. Short-term investments include investment certificates which have a maturity date within one year of the fiscal year-end date.

3. Deposits payable:

The Foundation holds deposits on behalf of other Scouts Groups that do not have a separate charter to hold assets. Therefore, investment balances are held by the Foundation until such investments are requested to be withdrawn.

4. Financial risks:

The Foundation's financial instruments consist of cash, short term and long-term investments, accrued liabilities and deposits payable. The fair values of financial instruments approximate their carrying values unless otherwise noted. Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant currency or interest risks.

(a) Liquidity risk:

Liquidity risk is the risk that the Foundation will be unable to meet its cash requirements in a timely and cost-effective manner. Liquidity requirements are managed by monitoring its cash

Scouts Canada (Newfoundland and Labrador) Trust Foundation Inc.

Notes to Financial Statements (continued)

Year ended August 31, 2018

(Unaudited)

flows and ensuring that it has sufficient cash and short-term investments to meet its obligation and liabilities.

(b) Credit risk:

Financial instruments which potentially subject the Foundation to credit risk consist primarily of cash, and short term and long-term investments. The Foundation limits the amount of credit exposure with its cash balance by only maintaining cash and investments with major Canadian financial institutions.

5. Related party transactions:

The Newfoundland and Labrador Council receives significant benefit from the Foundation by virtue of the Council's economic interest in the Foundation.

During the fiscal year, the Foundation awarded \$Nil (2017 - \$Nil) to the Newfoundland and Labrador Council in grants.

During the fiscal year, the Foundation awarded \$Nil (2016 - \$Nil) to Scouts Canada (Newfoundland and Labrador) Properties Inc., an organization under common control.

Included in trade receivables at year end is \$4,352 (2017 - \$4,252) owing from Scouts Canada (Newfoundland and Labrador) Properties Inc. for donations received and directed to the Foundation.

Included in accrued liabilities at year end is \$nil (2017 - \$13,005) owed to Scouts Canada (Newfoundland and Labrador) Properties Inc. for audit fees and \$Nil (2017 - \$2,050) for approved grants to support youth.