

**World Scout Bureau – Europe Region, Geneva
Fund for European Scouting (FES) Allocation**

Report of the
Independent Auditor
to the European Scout Committee
on the Financial Statements
for the year ended 30 September 2012



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Report of the Independent Auditor to the European Scout Committee on the Financial Statements of

World Scout Bureau – Europe Region, Geneva
Fund for European Scouting (FES) Allocation

As independent auditor, we have been engaged to audit the accompanying financial statements of World Scout Bureau – Europe Region, Fund for European Scouting (FES) Allocation which comprise the balance sheet, statement of operations and notes for the year ended 30 September 2012. The audit of the prior year financial statements was performed by another independent auditor.

Responsibility of the management

The Management is responsible for the preparation of the financial statements in accordance with the accounting principles as described in the notes to the financial statements. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Management is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance 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 the auditor's 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, the auditor considers the internal control system relevant to the entity's preparation 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 system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, 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 audit opinion.



World Scout Bureau – Europe Region, Geneva
Fund for European Scouting (FES) Allocation
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Opinion

In our opinion, the financial statements for the year ended 30 September 2012 have been prepared in accordance with the accounting principles described in the notes.

KPMG SA

Pierre-Henri Pigeon
Licensed Audit Expert
Auditor in Charge

Eliane Fischer
Licensed Audit Expert

Geneva, 9 March 2013

Enclosure:

Financial statements (balance sheet, statement of operations and notes)

**WORLD SCOUT BUREAU - EUROPEAN SCOUT REGION, GENEVA
FUND FOR EUROPEAN SCOUTING (FES)**

BALANCE SHEET AS OF 30 SEPTEMBER 2012

	<u>Notes</u>	<u>30.09.2012</u>	<u>30.09.2011</u>
		USD	USD
ASSETS			
Current assets			
Cash	2.3	170,958	148,600
Accounts receivable	2.4	17,877	7,288
Current account - Europe		1,346	0
Current account - ASBL, Brussels		63,675	164,093
Prepaid expenses	2.5	27,583	29,337
		<hr/>	<hr/>
TOTAL ASSETS		281,439	349,318
		<hr/>	<hr/>
LIABILITIES AND OWN FUNDS			
Current liabilities			
Accounts Payable		47,221	23,763
Accrued liabilities	2.6	234,218	68,187
Accrued liabilities Partnership Fund	2.7	0	91,373
Current account - WSB, European Region		0	165,995
		<hr/>	<hr/>
Total current liabilities		281,439	349,318
		<hr/>	<hr/>
Own funds			
Accumulated surplus		0	0
Reserve Development of European Scouting		0	0
		<hr/>	<hr/>
Total own funds		0	0
		<hr/>	<hr/>
TOTAL LIABILITIES AND OWN FUNDS		281,439	349,318
		<hr/>	<hr/>

(The accompanying notes are an integral part of the financial statements)

**WORLD SCOUT BUREAU - EUROPEAN SCOUT REGION, GENEVA
FUND FOR EUROPEAN SCOUTING (FES)**

STATEMENT OF OPERATIONS FOR THE YEAR ENDED 30 SEPTEMBER 2012

	Notes	2011/2012	2010/2011
		USD	USD
INCOME			
Yearly distribution McIntosh Fund	3	1,309,878	1,360,878
Fees for seminars		108,042	12,642
Other operational income		20,351	0
Total income		<u>1,438,271</u>	<u>1,373,520</u>
EXPENSES			
Youth involvement	5	46,985	36,939
Adolescents	5	33,118	6,500
Volunteers	5	44,236	9,304
An organisation for the 21st Century	5	416,624	427,957
Scoutings profile, communication	5	38,039	31,841
Scoutings profile, partnerships	5	49,366	36,659
Scoutings profile, resources	5	1,062	1,672
General services and management	5	195,033	315,558
Personnel costs	5	699,384	737,488
Total expenses		<u>1,523,847</u>	<u>1,603,918</u>
Intermediate result		-85,576	-230,398
Financial result		-1,807	73
Currency fluctuations		27,092	259,896
Total net financial income		<u>25,285</u>	<u>259,969</u>
Operational result (prior to allocations)		<u>-60,291</u>	<u>29,571</u>
Allocations			
Withdrawal from own funds		0	954,877
Allocation to WSB - European Regional office		60,291	-984,448
NET SURPLUS FOR THE YEAR (after allocations)		<u>0</u>	<u>0</u>

(The accompanying notes are an integral part of the financial statements)

**WORLD SCOUT BUREAU - EUROPEAN SCOUT REGION, GENEVA
FUND FOR EUROPEAN SCOUTING (FES)**

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2012

Note 1 – General

The World Scout Bureau - Europe Region is a regional branch of the World Scout Bureau, Geneva, in conformity with Article XVI (2) of the constitution and by-laws of the World Organization of the Scout Movement. It is a not-for-profit organization.

The purpose of the Fund for European Scouting (FES) Allocation, a special purpose entity, is to assist the development and growth of the Scout Movement in Europe by financing approved projects within the terms of the McIntosh bequest. The income from this Fund is an integral part of the World Scout Bureau – Europe Region, based in Geneva.

Note 2 – Summary of significant accounting policies

The accompanying financial statements have been prepared under the historical cost convention as follows:

2.1. General principles

As of October 1, 2011, the Fund for European Scouting (FES) Allocation is maintaining its books and records in Swiss Francs (CHF). For the presentation of the financial statement in USD, the exchange rates used were 0.93956 for the balance sheet and 0.9326 for the statement of operations.

2.2. Foreign currency conversion

Assets and liabilities in foreign currencies are converted at the prevailing rate of exchange at balance sheet date.

Revenue and expenses in currencies other than CHF are converted at the exchange rate prevailing at the beginning of the month of the transaction.

2.3. Cash

The Fund for European Scouting (FES) Allocation considers cash on hand, amounts due from banks and short-term deposits as cash

2.4. Accounts receivable

Accounts receivable are stated at nominal value, less a provision for doubtful Receivables
Some of the previous year amounts have been re-classified to aid comparison with the current year

2.5. Accounts payable

Accounts payable are recorded at nominal value.
Some of the previous year amounts have been re-classified to aid comparison with the current year

2.6. Accrued liabilities

Accrued liabilities correspond to costs incurred by the Fund for European Scouting (FES) Allocation for which no invoices have been received at year-end. These costs are recorded based on management's best estimate of future cash outflows or based on invoices received subsequent to the year-end.

**WORLD SCOUT BUREAU - EUROPEAN SCOUT REGION, GENEVA
FUND FOR EUROPEAN SCOUTING (FES)**

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2012

2.7. Accrued liabilities Partnership Fund

The accrued liabilities for the Partnership fund concern signed agreements between the WSB-European Regional Office and National Scout Associations/Organisations and are due for payment in the next fiscal years. The purpose of the Partnership Fund is to provide financial support for projects proposed by National Scout Associations/Organisations.

2.8. Income and Expense Recognition

Income and expenses are recognized on the accrual basis and registered in the period to which they relate.

Note 3 - Fund for European Scouting

The Fund for European Scouting, managed by JP Morgan Chase Guaranty Trust Company of New York, has a total market value of USD 25.094m as of 30 September 2012. (2011: USD 22.8m).

The amount received each year by the European Scout Region corresponds to 5% of the average market value of the Fund during the previous three years.

The actual amount received on October 14, 2011 was USD 1'361'803, which for operational purposes was converted into CHF 1'221'591.76 at the prevailing exchange rate of .89704. The average rate at year-end closing is .9326, resulting in a differential of USD 51'925.

Note 4 – Forward contracts

Two forward contracts with maturity date October 19, 2012 were concluded to secure the exchange rates used for the budget.

Amount sold	Purchase date	Exchange rate	Exchange rate at 30.9.12	Actual value at 30.9.12	Unrealised exchange gain at 30.9.12
USD				CHF	CHF
895'113.73	24.5.2012	.9496	.93956	841'013.05	8'986.94
315'500.00	24.5.2012	1.262	1.28604	302'077.94	5'646.76

WORLD SCOUT BUREAU - EUROPEAN SCOUT REGION, GENEVA
FUND FOR EUROPEAN SCOUTING (FES)

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2012

Note 5 – Operational Expenses related to Project Management

	<u>2011/2012</u>		<u>2010/2011</u>
	USD		USD
1. YOUTH INVOLVMENT		1. YOUTH INVOLVMENT	
Agora - event & planning team	7,736	Agora - event & planning team	10,281
2 Youth empowerment working group meetings	6,069	European Scout Voluntary progr	23,781
European Scout Voluntary progr	13,328	Web support	1,503
Web support		Roverway 2012 - preparations	1,375
Roverway 2012	<u>19,852</u>	Total youth involvment	<u>36,939</u>
Total youth involvment	<u>46,985</u>		
2. ADOLESCENTS		2. ADOLESCENTS	
Educational methods Forum	19,387	Life skills resource pack	3,074
2 Educational methods working group meetings	11,654	Scouts of the world network	217
Scouts of the world network	1,790	LoA ambassadors meeting	3,209
e-learning module	288	Total Adolescents	<u>6,500</u>
Total Adolescents	<u>33,118</u>		
5. VOLUNTEERS		5. VOLUNTEERS	
2 Volunteering working group meetings	4,888	EYV Steering group meeting	1,843
EYV steering group & events	922	Support EYV	3,964
CMC	26,656	CMC planning	3,041
Training Comm. network mtg.	10,247	Tool on self-recognit. in NSAs	456
Recognition of learning in Scouting	1,523	Total Volunteers	<u>9,304</u>
Total Volunteers	<u>44,236</u>		
6. AN ORGANISATION FOR THE 21ST CENTURY		6. AN ORGANISATION FOR THE 21ST CENTURY	
European Scout Committee meetings & travel	45,074	European Scout Committee meetings & travel	39,201
European Scout Committee - contact visits	13,726	European Scout Committee - contact visits	20,470
Regional Director - constitutional support	7,370	Regional Director - constitutional support	3,752
2 Growth through quality working group meetings	8,307	All volunteer meetings	95,689
2 Organisational Development Core group meetings	7,613	Joint seminar on diversity/Basic mship software	582
2 Embracing change working group meetings	10,178	IT membership support	95
IT membership support	95	Overtures participation/support	2,099
Overtures participation/support	2,099	joint event on growth	591
joint event on growth	591	OD workshop/event	197
OD workshop/event	197	European Scout Foundation	14,167
European Scout Foundation	14,167	The Academy	58,801
The Academy	58,801	Chief executives meeting	4,200
Chief executives meeting	4,200	Tailored support to NSOs	31,791
Tailored support to NSOs	31,791	Partnership fund	212,413
Partnership fund	212,413	Total An Organisation for the 21st century	<u>416,624</u>
Total An Organisation for the 21st century	<u>416,624</u>	Total An Organisation for the 21st century	<u>427,957</u>

**WORLD SCOUT BUREAU - EUROPEAN SCOUT REGION, GENEVA
FUND FOR EUROPEAN SCOUTING (FES)**

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2012

Note 5 – Operational Expenses related to Project Management (continued)

	2011/2012		2010/2011
	USD		USD
7 SCOUTING'S PROFILE, COMMUNICATION		7 SCOUTING'S PROFILE, COMMUNICATION	
2 Ext. Relations & Funding Core Group meetings	8,680		
Funding support teams	1,938		
Ext. relations project teams	4,445		
WOSM representation in YFJ	5,462	WOSM representation in YFJ	14,793
NYC network meeting	9,157	Network meeting NYC representation	3,977
Institutional relationsh. & events	4,433	Institutional relationsh. & events	12,250
WOSM representation in CoE	3,923	WOSM representation in CoE	820
	38,039		31,841
Total Communication		Total Communication	
7 SCOUTING'S PROFILE, PARTNERSHIPS		7 SCOUTING'S PROFILE, PARTNERSHIPS	
2 Partnership w. other Regions working group meetings	2,507		
Europe Eurasia meeting	15,443	Support Eurasia ext. rel.	2,068
PS training event	7,866	Support Africa ext. rel.	1,880
Euro Africa Cooperation	21,195	Euro Africa Cooperation	24,022
		Euro Arab meeting	3,688
Participation in events of other Regions	2,355	Support other Regions	5,000
	49,366		36,659
Total Partnerships		Total Partnerships	
7 SCOUTING'S PROFILE, RESOURCES		7 SCOUTING'S PROFILE, RESOURCES	
Participation @ NS network	1,062	Participation @ NS network	1,672
	1,062		1,672
Total Resources		Total Resources	
Total 7 Relationships & funding	88,466	Total 7 Relationships & funding	70,172
8. GENERAL SERVICES & MANAGEMENT		8. GENERAL SERVICES & MANAGEMENT	
Staff meetings & training	32,025	Staff meetings & training	32,351
EVS support		EVS support	335
Services to South-East Europe		Services to South-East Europe	
Audit fees for FES	26,998	Audit fees for FES	33,433
Volunteer insurance	4,017	Volunteer insurance	3,863
Europak, scouthub & websites	7,156	Europak, scouthub & websites	6,247
World Scout Bureau	10,401	World Scout Bureau	15,000
Contribution to RD role (USD 113'154) - included in staff costs		Contribution to RD role	117,581
KISC support	107,227	KISC support	101,840
External offices	5,020	External offices	4,908
Contingencies	2,189		
	195,033		315,558
Total General services & managment		Total General services & managment	
	824,462		
9. Personnel costs	699,384	9. Personnel costs	737,488
Total Operational Expenses	1,523,846	Total Operational Expenses	1,603,918