

Report of the independent auditor

with financial statements as of 30 September 2011 of

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

To the European Scout Committee of the  
World Scout Bureau - European Region, Geneva  
Fund for European Scouting (FES) Allocation

Lancy, 24 July 2012

## Report of the independent auditor on the financial statements

As independent auditor and in accordance with your instructions, we have audited the accompanying financial statements of Fund for European Scouting (FES) Allocation, which comprise the balance sheet, statement of operations and notes for the year 2010/2011 ended 30 September 2011.

### *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.

*Opinion*

In our opinion, the financial statements for the year ended 30 September 2011 have been prepared in accordance with the accounting principles described in the notes.

Ernst & Young Ltd



Laurent Bludzien  
Licensed audit expert  
(Auditor in charge)



Thomas Madoery  
Licensed audit expert

**Enclosures**

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

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

BALANCE SHEET AS OF 30 SEPTEMBER 2011

	<u>Notes</u>	<u>30.09.2011</u>	<u>30.09.2010</u>
		USD	USD
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	3	148'600	807'686
Securities	3	0	197'882
Prepaid expenses, and other receivables		36'625	27'040
Current account - WSB, Head-office		0	2'643
Current account - ASBL, Brussels		164'093	130'627
		<hr/>	<hr/>
<b>TOTAL ASSETS</b>		<b>349'318</b>	<b>1'165'878</b>
		<hr/>	<hr/>
<b>LIABILITIES AND FUNDS</b>			
<b>Current liabilities</b>			
Accounts payable		23'763	29'524
Current account - WSB, Europe Region		165'995	78'327
Accrued liabilities		68'187	34'349
Accrued liabilities Partnership Fund	3.7	91'373	68'801
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>349'318</b>	<b>211'001</b>
		<hr/>	<hr/>
<b>Own funds</b>			
Accumulated surplus	4	0	179'906
Reserve Development of European Scouting	4	0	774'971
		<hr/>	<hr/>
<b>Total own funds</b>		<b>0</b>	<b>954'877</b>
		<hr/>	<hr/>
<b>TOTAL LIABILITIES AND FUNDS</b>		<b>349'318</b>	<b>1'165'878</b>
		<hr/>	<hr/>

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

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

STATEMENT OF OPERATIONS FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	2010/2011	2009/2010
		USD	USD
<b>INCOME</b>			
Yearly distribution McIntosh Fund	2	1'360'878	1'450'000
Fees for seminars		12'642	66'859
<b>Total income</b>		<u>1'373'520</u>	<u>1'516'859</u>
<b>EXPENSES</b>			
Youth involvement	6	36'939	32'830
Adolescents	6	6'500	40'590
Reaching out	6	0	188
Volunteers	6	9'304	18'627
An organisation for the 21st Century	6	427'957	423'956
Scoutings profile, communication	6	31'841	52'850
Scoutings profile, partnerships	6	36'659	20'859
Scoutings profile, resources	6	1'672	2'356
General services and management	6	315'558	294'202
Personnel costs	6	737'488	591'144
<b>Total expenses</b>	6	<u>1'603'918</u>	<u>1'477'602</u>
<b>Intermediate surplus / (deficit)</b>		<u>-230'398</u>	<u>39'257</u>
<b>Net financial income</b>			
Financial income		2'478	4'822
Financial cost		-2'405	0
Exchange gain / (loss)	5	259'896	-29'201
<b>Total net financial income</b>		<u>259'969</u>	<u>-24'379</u>
<b>Operating surplus</b>			
(prior to allocations / withdrawals)		<u>29'571</u>	<u>14'878</u>
<b>(Allocations to) / Withdrawal from</b>			
- from Own funds	3	954'877	0
- to WSB, European Regional Office		-984'448	0
- to Accumulated surplus		0	-14'878
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>		<u>0</u>	<u>0</u>
<i>(after to allocations / withdrawals)</i>		<u>0</u>	<u>0</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2011

**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 settlement. The income from this Fund is an integral part of the World Scout Bureau - Europe Region based in Geneva.

**Note 2 - Fund for European Scouting (McIntosh bequest)**

The Fund for European Scouting, managed by JP Morgan Chase Guaranty Trust Company of New York, has a total market value of USD 22.8m as of 30 September 2011 (2010: USD 24.6m).

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.

**Note 3 - Summary of significant accounting policies**

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

**3.1. General principles**

The Fund for European Scouting (FES) Allocation maintains its books and records in US Dollars ("USD").

**3.2. Foreign currency conversion**

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

Year-end balances in other currencies are converted at the prevailing rates of exchange at balance sheet date.

**3.3. Cash**

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

**3.4. Accounts receivable**

Accounts receivable are stated at nominal value, less a provision for doubtful receivables.

WORLD SCOUT BUREAU - EUROPE REGION, GENEVA  
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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2011

Note 3 - Summary of significant accounting policies (continued)

**3.5. Accounts payable**

Accounts payable are recorded at nominal value.

**3.6. 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.

**3.7. Accrued liabilities Partnership Fund**

The accrued liabilities for the Partnership Fund concerns signed agreements between the WSB European Regional Office and National Scout Associations / National Scout Organizations 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 / National Scout Organisations.

**3.8. Income and Expense Recognition**

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

Note 4 - European Investment Fund (EIF)

Based on a decision of the European Scout Committee, the World Scout Bureau and the European Scout Foundation from 11 December 2010 the European Investment Fund (EIF) was created. The assets of the fund are managed by the European Scout Foundation and are to be invested for good benefit of the European Scouting.

Following the creation of the European Investment Fund (EIF), cash and securities were transferred to the accounts of the European Regional Office for further transfer to the EIF.

Note 5 - Forward contracts

Two forward contracts of CHF 900'000 and EUR 430'000 with maturity date on 20 October 2010 have been sold with a realized exchange gain of USD 227'907.

There is no open forward contract as at 30.09.2011.

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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2011

**Note 6 – Operational Expenses related to Project Management**

	2010/2011		2009/2010
	USD		USD
1. YOUTH INVOLVMENT		1. YOUTH INVOLVMENT	
Agora - event & planning team	10'281	Agora	7'402
European Scout Voluntary progr	23'781	Agora supp. to National Agoras	0
Web support	1'503	ESVP reimbursements	21'983
Roverway 2012 - preparations	1'375	Web support Scouthub/Rovernet	2'023
Total	36'939	Patrol System Game-Flash game	935
		Support RoverNet Proj.&network	487
		Total	32'830
2. ADOLESCENTS		2. ADOLESCENTS	
Life skills resource pack	3'074	Programme Developers Summit	8'301
Scouts of the world network	217	Youth Programme CG meet. 2x	2'276
LoA ambassadors meeting	3'209	Center Managers Conference	1'230
Total	6'500	Educational Methods Team	581
Accrued liabilities		WWW	17'044
		Lands of Adventure Camp	7'418
		Lands of Adventure Ambassadors meeting	3'739
		Total	40'590
		4. REACHING OUT (Promoting openness)	
		Open Scouting Unit Meeting	0
		Meetings, visits, exchanges	188
		Support World TF in SP 1234	0
		Total	188
5. VOLUNTEERS		5. VOLUNTEERS	
Support EYV	3'964	Europ.Year Volunteering WM	518
EYV Steering group meeting	1'843	ESD - change fr ms to youth Is	772
CMC planning	3'041	Train.course recruitment method	190
Tool on self-recognit. in NSAs	456	Train.Commissioners net.meet.	9'451
Total	9'304	Training of Trainers	135
		Think tank	882
		Project PM on self-recognition	409
		Monitoring, Eval. & Capitalis.	1'920
		Core group meeting 2x	4'349
		Total	18'627
6. AN ORGANISATION FOR THE 21ST CENTURY		6. AN ORGANISATION FOR THE 21ST CENTURY	
European Scout Committee meetings & travel	39'201	European Scout Committee - meetings & travel	64'525
European Scout Committee - contact visits	20'470	European Scout Committee - contact visits	13'401
Regional Director - constitutional support	3'752	European Scout Committee - constitutional visits	2'728
All volunteer meetings	95'689	Regional Director - constitutional support	11'006
European Scout Foundation	16'179	KISC Joint Core group meeting	25'461
The Academy	15'244	Finance Support Group	280
W S Conference supp. to NSOs + participation	50'105	European Scout Foundation (meetings & audit)	10'388
W S Jamboree supp. to NSOs + participation	11'265	Symposium	46'652
Joint seminar on diversity/Basic mship software	582	The Academy	29'325
Tailored support to NSOs	29'501	Int. Commissioners Forum	7'656
Partnership fund	145'967	European Conference	50'289
Total	427'957	Meetings with other regions 2x	7'707
		Looking dif.fact. memb.growth	13'822
		Luxemburg - workshop	110
		Bulgaria	4'637
		Croatia - workshop	1'206
		Albania	25'665
		Macedonia - database	4'017
		Montenegro	851
		TSU meetings 2x	6'390
		Core group meetings 2x	9'431
		Part. CG/Unit mbrs reg. events	911
		Development & support team 2x	476
		Eval.&follow up projects/TSU	9'148
		Partnerships Fund for Dev. & Growth	77'872
		Total	423'956



WORLD SCOUT BUREAU - EUROPE REGION, GENEVA  
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NOTES TO THE FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2011

**Note 6 - Operational Expenses related to Project Management (continued)**

	2010/2011		2009/2010
	USD		USD
7 SCOUTING'S PROFILE, COMMUNICATION		7.1 SCOUTING'S PROFILE, COMMUNICATION	
WOSM representation in YFJ	14'793	EPSCG meetings 2x	19'268
Network meeting NYC represent	3'977	GA/COMEN & other YFJ members	7'232
Institutional relationsh. & ev	12'250	Net.opportunities S & G repres.	6'111
WOSM representation in CoE	820	Sup.Scout Family of ext. reps	3'444
		Monitor Policy affect.Scouting	559
		Overture network	2'314
		Institutional Contact	3'334
		Be mber of relev.NGOs platform	5'037
		Comm.website & publications	5'551
<b>Total</b>	<b>31'841</b>	<b>Total</b>	<b>52'850</b>
7 SCOUTING'S PROFILE, PARTNERSHIPS		7.2 SCOUTING'S PROFILE, PARTNERSHIPS	
Support Eurasia ext. rel.	2'068	Meeting between Europe & Eurasia	136
Support Africa ext. rel.	1'880	Ongoing sup. Africa ext. rel.	13'622
Euro Africa Cooperation	24'022	Strengthen Europe-Africa partn	7'102
Euro Arab meeting	3'688		
Support other Regions	5'000		
<b>Total</b>	<b>36'659</b>	<b>Total</b>	<b>20'859</b>
7 SCOUTING'S PROFILE, RESOURCES		7.3 SCOUTING'S PROFILE, RESOURCES	
Participation @ NS network	1'672	Ext. funding unit 1 meeting	11
		Coor.5 asso asses.Social Fund	1'464
		RS & F team meeting	881
<b>Total</b>	<b>1'672</b>	<b>Total</b>	<b>2'356</b>
<b>Total 7 Relationships &amp; funding</b>	<b>70'172</b>	<b>Total 7 Relationships &amp; funding</b>	<b>76'065</b>
8. GENERAL SERVICES & MANAGEMENT		8. GENERAL SERVICES & MANAGEMENT	
Staff meetings & training	32'351	Staff meetings & training	34'601
EVS support	335	EVS volunteers	15'214
Services to South-East Europe		Services to South-East Europe	6'278
Audit fees for FES	33'433	Audit fees for FES	16'291
Volunteer insurance	3'863	Insurance for volunteers	2'469
Europak, scouthub & websites	6'247	Euro.Scout.Info & Europak	4'817
World Scout Bureau	15'000	World Scout Bureau	14'500
Contribution to RD role	117'581	Contribution to RD role	102'452
KISC support	101'840	KISC support	96'566
External offices	4'908	Flein off. operational costs	1'016
<b>Total</b>	<b>315'558</b>	<b>Total</b>	<b>294'202</b>
9. Personnel costs	737'488	9. Personnel costs	591'144
<b>Total Operational Expenses</b>	<b>1'603'918</b>	<b>Total Operational Expenses</b>	<b>1'477'602</b>