

**The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and
Yukon Division**

Financial Statements

Year Ended December 31, 2017

**DICKSON
DUSANJ
& WIRK**

CHARTERED
PROFESSIONAL
ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division

We have audited the accompanying financial statements of The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division, which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 internal control relevant to the entity's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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.

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Independent Auditor's Report to the Board of Directors of The Duke of Edinburgh's Award Young
Canadians Challenge British Columbia and Yukon Division *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Victoria, British Columbia
April 3, 2018

DICKSON DUSANJ & WIRK
Chartered Professional Accountants

The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division

Statement of Financial Position

December 31, 2017

	2017	2016
	\$	\$
Assets		
Current		
Cash and term deposits	170,155	189,391
Accounts receivable	4,520	4,302
Government remittances receivable	2,375	3,031
Inventory	9,871	4,777
Prepaid expenses	13,337	11,956
Total assets	<u>200,258</u>	<u>213,457</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	16,630	11,358
Deferred contributions (Note 7)	32,501	40,757
Total liabilities	49,131	52,115
Net Assets		
Unrestricted	<u>151,127</u>	<u>161,342</u>
Total liabilities and net assets	<u>200,258</u>	<u>213,457</u>

Lease commitments (Note 3)

Approved by the Directors

Director

Director

The accompanying notes are an integral part of these financial statements

The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division

Statement of Changes in Net Assets

Year Ended December 31, 2017

	2017	2016
	\$	\$
Net assets - beginning of year	161,342	183,471
Deficiency of revenue over expenses	<u>(10,215)</u>	<u>(22,129)</u>
Net assets - end of year	<u>151,127</u>	<u>161,342</u>

The accompanying notes are an integral part of these financial statements

The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division

Statement of Operations

Year Ended December 31, 2017

	2017	2016
	\$	\$
Revenue		
British Columbia Community Gaming grant <i>(Note 7)</i>	130,000	130,000
Donations	26,524	27,165
Foundation Revenues <i>(Note 4)</i>	46,558	45,234
Interest income	253	739
National Benefactor Fund <i>(Note 7)</i>	53,752	73,822
National Outreach <i>(Note 7)</i>	8,000	-
PWC Grant	-	5,000
RBC International Grant <i>(Note 7)</i>	27,249	27,936
Registrations	82,071	94,415
TD Initiative <i>(Note 7)</i>	18,000	18,000
Wage Subsidy	6,362	9,749
YMCA Grant	10,935	-
	<u>409,704</u>	<u>432,060</u>
Expenses <i>(Schedule 1)</i>	<u>419,919</u>	<u>454,189</u>
Deficiency of revenue over expenses	<u>(10,215)</u>	<u>(22,129)</u>

The accompanying notes are an integral part of these financial statements

The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division

Cash Flow Statement

Year Ended December 31, 2017

	2017	2016
	\$	\$
Cash flows from operating activities		
Deficiency of revenue over expenses	(10,215)	(22,129)
Changes in non-cash working capital:		
Accounts receivable	(218)	1,473
Inventory	(5,094)	(2,516)
Accounts payable and accrued liabilities	5,272	(5,353)
Deferred contributions	(8,256)	(4,943)
Prepaid expenses	(1,381)	(4,580)
Government remittances receivable	656	358
	(9,021)	(15,561)
Net change in cash and term deposits during the year	(19,236)	(37,690)
Cash and term deposits - beginning of year	189,391	227,081
Cash and term deposits - end of year	170,155	189,391
Cash and term deposits consists of:		
Cash	170,155	89,391
Term deposits	-	100,000
	170,155	189,391

The accompanying notes are an integral part of these financial statements

The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division

Notes to Financial Statements

Year Ended December 31, 2017

1. Purpose of the society

The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division (The "Award") was incorporated under the Society Act on December 2, 1992 and transitioned to the new Societies Act on November 22, 2017. Its objectives are to challenge young people to achieve awards, in ascending standards, in the basics of good citizenship. By embracing a wide variety of interests, including physical activities, educational training, self-discipline, and community service, the awards program is designed to advance the physical, mental, and spiritual welfare of young people.

The Award is a registered charity under the Income Tax Act and as such is not subject to taxation.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP), and include the following significant accounting policies:

Revenue recognition

The Award follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Equipment

Equipment is expensed upon acquisition. During the year, computer hardware costing \$1,365 was acquired and has been expensed.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division

Notes to Financial Statements

Year Ended December 31, 2017

3. Lease commitments

The Award has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2017, are as follows:

	\$
2018	15,678
2019	12,318

4. Endowment fund

The Award is a beneficiary of designated funds at both The Vancouver Foundation and The Victoria Foundation.

The Vancouver Foundation

The Award is the sole beneficiary of The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division Endowment Fund established with The Vancouver Foundation in 1985. Contributions to this fund have come from the Award, The Vancouver Foundation which has contributed matching amounts, and other donors who have made direct contributions. Grants received from the fund during the year totalled \$24,987 (2016 - \$23,954). The Vancouver Foundation generally does not distribute contributed principal. The market value of the endowments at December 31, 2017 is \$715,141.

The Award is one of the beneficiaries of the Mark and Phae Collins Fund. As the Award has made no contribution to this fund and is one of several beneficiaries of the fund, there is no inclusion of contributed principal with respect to this fund in the Statement of Financial Position. Grants received from the Mark and Phae Collins Fund during 2017 totalled \$13,694 (2016 - \$13,127).

The Award is one of the beneficiaries of the Kurt and Else Maurer Fund. As the Award has made no contribution to this fund and is one of several beneficiaries of the fund, there is no inclusion of contributed principal with respect to this fund in the Statement of Financial Position. Grants received from the Kurt and Else Maurer Fund during 2017 totalled \$628 (2016 - \$597).

The Victoria Foundation

The Award has contributed to an endowment with The Victoria Foundation. Terms of the contribution provide that the Award may request a grant of up to 25 percent of the contributed principal to the extent of an operating deficit projected for the particular year. The Board of Directors of The Victoria Foundation must approve any grants made. Grants received from the fund during the year totalled \$7,250 (2016 - \$7,557). The market value of the endowments at December 31, 2017 is \$205,055.

5. Financial risks and concentration of risks

The Award is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the society's risk exposure and concentration as of December 31, 2017.

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The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division

Notes to Financial Statements

Year Ended December 31, 2017

5. Financial risks and concentration of risks *(continued)*

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial instruments that potentially subject the Award to potential credit risk consist primarily of accounts receivable. Accounts receivable are not concentrated with any single party, and therefore the Award is not subject to any significant concentration of credit risk. At year end, an allowance for doubtful accounts was not required.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Award does not face significant liquidity risk exposure.

(c) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Award does not face significant currency risk.

(d) Interest rate risk

Interest rate risk is the risk that an entity will encounter difficulty meeting obligations associated with financial liabilities. The Award does not face significant interest rate risk exposure.

Unless otherwise noted, it is management's opinion that the society is not exposed to significant other price risks arising from these financial instruments.

6. Remuneration of employees

Under the new Societies Act, which came into effect November 28, 2016, societies must disclose remuneration paid to directors, and to employees and contractors whose remuneration was at least \$75,000 for the fiscal year.

During the year, there was one employee who met this criterion, and the total amount of remuneration paid to this person was \$76,963. The Board of Directors receive no remuneration for their services other than reimbursement of expenses.

The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division
Notes to Financial Statements
Year Ended December 31, 2017

7. Deferred contributions

	British Columbia Community Gaming Grant	TD Initiative	National Outreach Fund	National Benefactor Fund	RBC International Funding	Total
	\$	\$	\$	\$	\$	\$
December 31, 2015						
Opening Balance	-	-	-	12,000	33,700	45,700
Add: Receipts	130,000	18,000	8,000	58,582	26,993	241,575
Less: Amount recognized as revenue	(130,000)	(18,000)	-	(70,582)	(27,936)	(246,518)
December 31, 2016	-	-	8,000	-	32,757	40,757
December 31, 2016						
Opening Balance	-	-	8,000	-	32,757	40,757
Add: Receipts	130,000	18,000	-	53,752	26,993	228,745
Less: Amount recognized as revenue	(130,000)	(18,000)	(8,000)	(53,752)	(27,249)	(237,001)
December 31, 2017	-	-	-	-	32,501	32,501

The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division

Expenses

(Schedule 1)

Year Ended December 31, 2017

	2017	2016
	\$	\$
General and administrative		
Accounting, audit, and legal	10,826	13,847
Travel	5,842	8,797
Bank charges and interest	6,020	3,839
Computer	4,958	3,483
Insurance	6,591	7,108
Licenses and fees	-	125
Office supplies	12,891	7,941
Rent	25,234	24,665
Repairs and maintenance	1,800	2,292
Telephone and internet	5,643	6,072
	<u>79,805</u>	<u>78,169</u>
Program		
Awards and ceremonies	8,348	23,144
Field officers	17,548	18,000
Postage and courier	12,221	13,477
Printing	7,400	7,161
Public relations and fundraising	13,047	28,331
Travel	12,520	15,675
Registration expenses	5,400	9,300
RBC International Project	1,800	2,054
Director expenses	127	9,263
	<u>78,411</u>	<u>126,405</u>
Salaries and benefits		
Salaries and benefits	<u>261,703</u>	<u>249,615</u>
	<u>419,919</u>	<u>454,189</u>

The accompanying notes are an integral part of these financial statements