

**The Duke of Edinburgh's Award Young Canadians Challenge
British Columbia and Yukon Division
Financial Statements
Year Ended December 31, 2020**

Independent Auditor's Report

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

Report on the Financial Statements

Opinion

We have audited the financial statements of The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division (the award), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the award as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the award in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the accounting principles applied by the Society in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the award's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the award or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the award's financial reporting process.

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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)*

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 award's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the award's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the award to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Statement of Financial Position

December 31, 2020

	2020	2019
	\$	\$
Assets		
Current		
Cash	269,255	168,846
Accounts receivable	5,947	1,693
Inventory	4,301	5,805
Government remittances receivable	4,779	1,812
Prepaid expenses	13,083	15,032
Grant receivable (Note 3)	-	38,216
Total assets	297,365	231,404
Liabilities		
Current		
Accounts payable and accrued liabilities	26,990	14,871
Deferred contributions (Note 13)	9,422	52,248
	36,412	67,119
Long term debt (Note 4)	30,000	-
Total liabilities	66,412	67,119
Net Assets		
Unrestricted	230,953	164,285
Total liabilities and net assets	297,365	231,404

Commitment (Note 5)

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 Operations and Changes in Net Assets

Year Ended December 31, 2020

	2020	2019
	\$	\$
Revenues		
British Columbia Community Gaming grant (<i>Note 13</i>)	156,000	156,000
National Benefactor Fund (<i>Note 13</i>)	74,972	47,638
Government grant and subsidy (<i>Notes 4, 6</i>)	61,019	-
Registrations	54,820	106,611
Foundation (<i>Note 7</i>)	52,221	50,793
Donations	32,839	46,487
Other	19,216	8,532
National outreach fund (<i>Note 13</i>)	5,140	-
Wage Subsidy	4,088	13,855
Interest	79	222
	<u>460,394</u>	<u>430,138</u>
Expenses (<i>Schedule 1</i>)	<u>393,726</u>	<u>467,827</u>
Excess (deficiency) of revenues over expenses	66,668	(37,689)
Net assets - beginning of year	<u>164,285</u>	<u>201,974</u>
Net assets - end of year	<u>230,953</u>	<u>164,285</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 Cash Flows

Year Ended December 31, 2020

	2020	2019
	\$	\$
Operating activities		
Excess (deficiency) of revenues over expenses	66,668	(37,689)
Changes in non-cash working capital:		
Accounts receivable	(4,255)	3,886
Inventory	1,509	2,202
Government remittances receivable	(2,967)	3,316
Accounts payable and accrued liabilities	12,115	(2,737)
Deferred contributions	(42,826)	52,248
Prepaid expenses	1,949	(2,956)
Grant receivable	38,216	(38,216)
	3,741	17,743
Cash flow from (used by) operating activities	70,409	(19,946)
Financing activity		
Canada Emergency Business Account loan proceeds	30,000	-
Cash flow from financing activity	30,000	-
Increase (decrease) in cash flow	100,409	(19,946)
Cash - beginning of year	168,846	188,792
Cash - end of year	269,255	168,846

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, 2020

1. Purpose of the award

The Duke of Edinburgh's Award Young Canadians Challenge British Columbia and Yukon Division (The "Award") is incorporated under the Societies Act of British Columbia. 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. Significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

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. Investment income earned on endowments is unrestricted and recorded as revenue when it is earned.

Equipment

Equipment is expensed upon acquisition. During the year, computer hardware costing \$2,716 and office equipment costing \$546 was acquired and has been expensed.

Financial instruments

The Award's financial instruments consist of cash, accounts receivable, government remittances receivable, and accounts payable and accrued liabilities. Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

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.

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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, 2020

2. Significant accounting policies (continued)

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Government assistance

Government assistance for current expenses is recorded as income.

3. Grant receivable

	2020	2019
	\$	\$
The Duke of Edinburgh's Award - National Office	-	38,216

4. Long term debt

CANADA EMERGENCY BUSINESS ACCOUNT, \$40,000 interest-free loan with no required principal repayments and \$10,000 available loan forgiveness if \$30,000 is repaid on or before December 31, 2022. In the event that the balance remains unpaid subsequent to December 31, 2022, the balance at that time will be converted to a 3-year term loan with a 5% annual interest rate. The loan is reflected net of the \$10,000 forgivable portion, which has been recognized in the current year's revenue.

5. Commitment

The Award has a long term lease with respect to its premises expiring on September 30, 2024. The lease provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2020, are as follows:

	\$
2021	18,415
2022	18,664
2023	19,659
2024	15,304

6. Government assistance

As a result of the COVID-19 pandemic, the Award received federal government assistance in the form of the Canada Emergency Wage Subsidy (CEWS) in the amount of \$45,020, Temporary Wage Subsidy (TWS) in the amount of \$5,141 and Canada Emergency Rent Subsidy (CERS) in the amount of \$859. \$2,973 of the Canada Emergency Wage Subsidy (CEWS) and \$859 of the Canada Emergency Rent Subsidy (CERS) are receivable at year-end.

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

Notes to Financial Statements

Year Ended December 31, 2020

7. 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 \$28,145 (2019 - \$27,364). The Vancouver Foundation generally does not distribute contributed principal. The market value of the endowments at December 31, 2020 is \$759,349 (2019 - \$727,647).

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 2020 totalled \$15,424 (2019 - \$14,996).

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 2020 totalled \$715 (2019 - \$689).

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 \$7,937 (2019 - \$7,744). The market value of the endowments at December 31, 2020 is \$215,489 (2019 - \$209,227).

8. 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 award's risk exposure and concentration as of December 31, 2020. There have been no significant changes in the company's risk exposure from the prior year.

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

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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, 2020

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

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.

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.

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.

9. Remuneration of employees

Societies must disclose remuneration paid to directors, 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 \$95,000 (2019 - \$82,146). The Board of Directors receive no remuneration for their services other than reimbursement of expenses.

10. COVID-19 impact on operations

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at December 31, 2020, the company has not made significant changes in its operations as a result of the COVID-19 crisis.

Management is uncertain of the effects of any future operational changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, management is unable to estimate the potential impact on the company's operations as at the date of these financial statements.

11. Prince Philip, Duke of Edinburgh

The Award acknowledges the death of the Founder HRH The Duke of Edinburgh KG, KT on April 9, 2021. His passing is not expected to impact the operations of the Award and it is expected that the Award will continue in British Columbia and Yukon.

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

Notes to Financial Statements

Year Ended December 31, 2020

12. Subsequent events

Subsequent to December 31, 2020, on January 27, 2021 the Award Canada (National) Board approved the implementation of a new structure containing the following basic elements:

- a. The new structure must be able to more effectively than the status quo achieves the strategic aims of expanding Access to the Award, extending the Reach of the Award, and strengthening the Impact the Award has on young people and their communities;
- b. In accordance with the recommendations in Fit 2 Deliver, there will be a unified structure for the Award: one single delivery agency (Award Canada) with a unified staffing, fundraising and volunteer management structure under the Award Canada but staff and volunteers will be located to ensure continued local delivery and engagement;
- c. There will be a single national governance system under the Award Canada as follows:
 - ◆ the Award Canada Board will retain the fiduciary obligation to oversee the delivery of the Award across Canada and, in this regard will amend its by-laws and policies as required to implement a unified structure;
 - ◆ divisional entities will be encouraged to replace existing separate divisional corporate structures with local councils, to transfer their assets and liabilities to Award Canada and to dissolve the divisional entity;
 - ◆ in the event that it is determined that a formal legal entity is required to be continued in a particular province in order to facilitate the receipt of grants or significant funds, Award Canada would maintain the entity and appoint the directors to the Board; and
 - ◆ the Award Canada Board and committees would continue to include volunteers from across Canada and from local councils;

As a result, on February 4, 2021, the Board of Directors of the British Columbia and Yukon Division passed the following motions regarding a restructure of the organization:

The Board of Directors of the British Columbia and Yukon Division hereby approves in principle the implementation of the new organizational structure outlined above and as set out in more detail in Fit to Deliver.

Recognizing that there are issues that need to be clarified, the Board of Directors of the British Columbia and Yukon Division will continue to work with the national management team to transition to this new structure including following the divisional checklist and making the national management team aware of specific issues that need addressing.

The Board of Directors of the British Columbia and Yukon Division will convene a special members' meeting no later than December 15, 2021 to consider resolutions necessary to give effect to any corporate changes required by the reorganization.

As at the statement date, the impact to the organization is unknown at this time.

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

Notes to Financial Statements

Year Ended December 31, 2020

13. Deferred contributions

	British Columbia Community Gaming Grant	National Outreach Fund	National Benefactor Fund	Total
	\$	\$	\$	\$
December 31, 2018				
Opening Balance	-	-	-	-
Add: Receipts	156,000	5,140	94,746	255,886
Less: Amount recognized as revenue	(156,000)	-	(47,638)	(203,638)
December 31, 2019	-	5,140	47,108	52,248
December 31, 2019				
Opening Balance	-	5,140	47,108	52,248
Add: Receipts	156,000	-	37,286	193,286
Less: Amount recognized as revenue	(156,000)	(5,140)	(74,972)	(236,112)
December 31, 2020	-	-	9,422	9,422

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

Expenses

(Schedule 1)

Year Ended December 31, 2020

	2020	2019
	\$	\$
General and administrative		
Accounting, audit, and legal	15,682	13,713
Bad debts (recovered)	(1,236)	2,956
Bank charges and interest	4,745	8,003
Computer	10,194	7,580
Insurance	10,643	8,450
Office supplies	6,040	8,633
Rent	31,015	26,937
Repairs and maintenance	1,959	2,579
Telephone and internet	6,957	6,638
Travel	176	2,272
	<u>86,175</u>	<u>87,761</u>
Program		
Awards and ceremonies	24,966	13,293
Director expenses	728	452
Field officers	-	29,221
Postage and courier	3,924	6,031
Printing	4,806	7,941
Public relations and fundraising	8,878	26,498
Travel	2,839	20,251
	<u>46,141</u>	<u>103,687</u>
Salaries and wages		
Salaries and benefits	<u>261,410</u>	<u>276,379</u>
	<u>393,726</u>	<u>467,827</u>

The accompanying notes are an integral part of these financial statements