
Financial statements of
The Duke of Edinburgh's
International Award – Canada

December 31, 2018

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Independent Auditor's Report

To the Board of Directors of
The Duke of Edinburgh's International Award – Canada

Qualified Opinion

We have audited the financial statements of The Duke of Edinburgh's International Award - Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statement of revenue and expenses, 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 (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donation revenue, the excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2018 and 2017, current assets as at December 31, 2018 and 2017, and net assets as at January 1 and December 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended December 31, 2017 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). 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 Organization in accordance with the 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 qualified audit opinion.

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 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.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

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 GAAS 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 GAAS, 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 Organization'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 Organization'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 Organization 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.

The image shows a handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.


Chartered Professional Accountants
Licensed Public Accountants
March 22, 2019

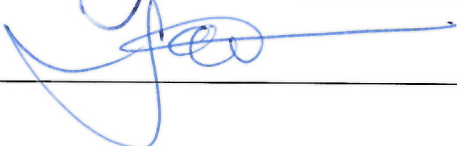
The Duke of Edinburgh's International Award – Canada
Statement of financial position
As at December 31, 2018

	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash		639,053	565,795
Short-term investments	4(a)	51,168	51,168
Accounts receivable	6(d)	156,777	146,509
Prepaid expenses		46,610	21,869
		893,608	785,341
Investments			
Capital assets	4(b) 5	3,370,002 30,390	3,462,316 2,286
		4,294,000	4,249,943
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	6,642	23,355
Due to Operating Divisions	6(b)	512,825	466,575
		519,467	489,930
Long-term liability			
Due to Operating Divisions	6(b)	46,250	92,500
Net assets (deficit)			
Unrestricted		(215,460)	(178,491)
Restricted	7		
Charter for Business Fund		55,185	179,637
Anniversary Endowment Fund		3,370,001	3,570,641
Forum 2015 Fund		35,401	42,272
National Contingency Fund		51,168	51,168
Canada Services Corps Fund		283,598	—
Invested in Capital Assets Fund	9	30,390	2,286
Open for Gold Fund		100,000	—
Gogama Remote Learning Fund		18,000	—
		3,728,283	3,667,513
		4,294,000	4,249,943

The accompanying notes are an integral part of the financial statements.

Approved by the Board


_____, Director


_____, Director

The Duke of Edinburgh's International Award – Canada
Statement of revenue and expenses
Year ended December 31, 2018

		2018					2017				
	Notes	Unrestricted Fund	Charter for Business Fund	Anniversary Endowment Fund	Forum 2015 Fund	Invested in Capital Assets Fund	Canada Service Corps Fund	Open for Gold Fund Learning Fund	Gogama Remote Fund	Total	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue											
Donations	2	62,408	626,310	—	—	—	—	100,000	18,000	806,718	967,670
Grant Revenue		—	—	—	—	—	1,065,728	—	—	1,065,728	66,379
Special events		—	—	—	—	—	—	—	—	—	26,108
Interest and other investment income		632	—	—	—	—	—	—	—	632	4,636
		63,040	626,310	—	—	—	1,065,728	100,000	18,000	1,873,078	1,064,793
Expenses											
Distributions to Divisions	6(c)	—	350,574	—	—	—	—	—	—	350,574	433,037
Program expenses (Youth expeditions)		2,060	—	—	—	—	725,517	—	—	727,577	19,009
General and administrative		319,065	18,100	—	—	—	56,162	—	—	393,327	572,207
Marketing and communication		192,364	—	—	—	—	—	—	—	192,364	100,022
Fund Development		40,507	—	—	—	—	—	—	—	40,507	250,859
Amortization		—	—	—	—	1,964	—	—	—	1,964	2,438
Interest and bank charges		3,492	1,022	—	—	—	451	—	—	4,965	3,693
Professional fees		7,817	24,368	—	—	—	—	—	—	32,185	24,734
Other expense		—	2,935	—	—	—	—	—	—	2,935	38,156
		565,305	396,999	—	—	1,964	782,130	—	—	1,746,398	1,444,155
Excess of (expenses over) revenue before the undemoted		(502,265)	229,311	—	—	(1,964)	283,598	100,000	18,000	126,680	(379,362)
Change in unrealized gain (loss) on investments		—	—	(65,910)	—	—	—	—	—	(65,910)	253,159
Excess (deficiency) of revenue over expenses		(502,265)	229,311	(65,910)	—	(1,964)	283,598	100,000	18,000	60,770	(126,203)

The accompanying notes are an integral part of the financial statements.

The Duke of Edinburgh's International Award – Canada
Statement of changes in net assets
Year ended December 31, 2018

Note	2018		2017								
	2018	2017	2018	2017							
Net assets (deficit), beginning of year	(178,491)	3,570,641	42,272	51,168	2,286	—	—	—	—	3,667,513	3,793,716
Excess (deficiency) of revenue over expenses	(502,265)	(65,910)	—	—	(1,964)	283,598	100,000	18,000	—	60,770	(126,203)
Inter-fund transfers	—	(134,730)	—	—	—	—	—	—	—	—	—
Anniversary Endowment to Unrestricted	134,730	(134,730)	—	—	—	—	—	—	—	—	—
Charter for Business to Unrestricted	353,763	(353,763)	—	—	—	—	—	—	—	—	—
Forum 2015 Fund to Unrestricted	6,871	—	(6,871)	—	—	—	—	—	—	—	—
Unrestricted to Invested in Capital Assets	(30,068)	—	—	—	30,068	—	—	—	—	—	—
Net assets (deficit), end of year	(215,460)	3,370,001	35,401	51,168	30,390	283,598	100,000	18,000	—	3,728,283	3,667,513

The accompanying notes are an integral part of the financial statements.

The Duke of Edinburgh's International Award – Canada
Statement of cash flows
Year ended December 31, 2018

	2018	2017
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses		
Operating Fund	(502,265)	(608,022)
Charter for Business Fund	229,311	211,675
Anniversary Endowment Fund	(65,910)	277,690
Forum 2015 Fund	—	(5,108)
Canada Service Corp	283,598	—
Invested in Capital Assets Fund	(1,964)	(2,438)
Open for Gold Fund	100,000	—
Gogama Remote Learning Fund	18,000	—
	60,770	(126,203)
Items not affecting cash		
Amortization	1,964	2,438
Change in unrealized (gain) loss on investments	65,910	(253,159)
	128,644	(376,924)
Net change in non-cash working capital balances		
Accounts receivable	(10,268)	173,074
Prepaid expenses	(24,741)	21,016
Accounts payable and accrued liabilities	(16,713)	(2,820)
Deferred Revenue	—	(26,795)
Due to Operating Divisions	—	(582,621)
	76,922	(795,070)
Investing activities		
Change in investments	26,404	698,170
Purchase of capital assets	(30,068)	—
	(3,664)	698,170
Net cash inflow (outflow)	73,258	(96,900)
Cash, beginning of year	565,795	662,695
Cash, end of year	639,053	565,795

The accompanying notes are an integral part of the financial statements.

The Duke of Edinburgh's International Award – Canada

Notes to the financial statements

December 31, 2018

1. Operations

The Duke of Edinburgh's International Award (the "Award") is an international award program for young people. The National Board of Directors is the governing body of the Canadian award authority. The Duke of Edinburgh's International Award - Canada (the "Organization") also conducts fundraising activities and distributes funds to Operating Divisions located in the Provinces and Territories. The Operating Divisions are separately incorporated.

The Organization is classified as a registered charity under the Income Tax Act and, accordingly, is not subject to income taxes.

2. Significant accounting policies

Financial statement presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the restricted fund method of reporting restricted contributions.

These financial statements include the assets, liabilities, operations and cash flows of the Award's National Office ("National Office"). They do not include the assets, liabilities, operations and cash flows of the Award's Operating Divisions, as they are separate legal entities with separate Boards of Directors.

Revenue recognition

Revenue from donations is recorded when received. Interest is recognized on the accrual basis. Restricted donations for which no corresponding restricted fund is presented are deferred and recognized in income when the related expense is incurred.

Pledges are recognized as receivable if the amounts can be reasonably estimated and collection is reasonably assured.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Organization becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for investments. The Organization has elected to use the fair value option to measure investments, with any subsequent changes in fair value recorded in the statement of revenue and expenses.

Investments

Investments are carried at fair value at the year end. Equities are valued at the closing bid price. Short-term investments are valued at cost plus accrued interest, which approximates fair value.

All transactions costs are expensed as incurred.

In-kind donations

The Organization recognizes contributions of materials when a fair value can be reasonably estimated and when the materials are used in the normal course of operations and would otherwise have been purchased. The organization also accepts donation of items for sale or auction with a valid appraisal in keeping with Canada Revenue Agency regulations.

The Duke of Edinburgh's International Award – Canada
Notes to the financial statements
December 31, 2018

2. Significant accounting policies (continued)

Capital assets

Capital assets are recorded at cost and amortization is calculated based on the following methods:

Computer hardware	55% per year
Computer software	55% per year
Equipment	20% per year
Leasehold improvements	Straight line

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Balances requiring significant estimates and assumptions include the collectability of accounts receivable, valuation of investments, accrued liabilities and amortization expense.

3. In-kind donations

There were \$18,810 in-kind donations in 2018 (\$84,475 in 2017) that are recorded as revenue in the statement of revenue and expenses. The amount represents the proceeds from the sale of donated shares of \$18,810.

4. Investments

(a) Short-term investments relate to the following fund balance:

	2018	2017
	\$	\$
National Contingency Fund	51,168	51,168
	51,168	51,168

The short-term investments consist of funds in guaranteed investment certificates with variable interest rates based on prime minus 2.4%. The carrying value of the short-term investments approximates their fair value due to their relatively short-term to maturity.

(b) Long-term investments relate to the following funds:

	2018	2017
	\$	\$
Anniversary Endowment Fund	3,370,002	3,462,316

The long-term investments are held in various pooled funds.

The Duke of Edinburgh's International Award – Canada

Notes to the financial statements

December 31, 2018

5. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
	\$	\$	\$	\$
Computer hardware	18,724	18,387	337	749
Computer software	14,125	13,598	527	1,171
Equipment	1,273	981	292	366
Leasehold improvements	30,069	835	29,234	—
	64,191	33,801	30,390	2,286

6. Related party transactions

- The Duke of Edinburgh's Award International Foundation ("International Foundation") collects all donations from the World Fellowship Fund and when stipulated sends 50% to the Organization. The International Foundation no longer requires funds to be applied to the Anniversary Endowment Fund. During the year, the Organization received \$nil (\$49,061 in 2017) from the World Fellowship Fund.
- Amounts Due to Operating Divisions are unsecured, non-interest bearing and have no fixed terms of repayment. The long-term Due to Divisions was established in 2014 when two donors pledged \$25,000 and \$21,250 respectively per year to the Charter for Business as designated funds over 6 years. They both subsequently chose to pay their pledge in one lump sum. These funds are allocated to the divisions annually from 2014.
- During the year, the Organization distributed funds from fundraising activities to the Operating Divisions totaling \$350,574 (\$433,037 in 2017).
- At December 31, the Organization had \$27,666 (\$56,592 in 2017) accounts receivable owing from Operating Divisions.

7. Restricted funds

Charter for Business Fund

The Charter for Business Fund is a special national fundraising initiative undertaken to provide funds to ensure that every young Canadian has the opportunity to participate in the Duke of Edinburgh's Award program. Funds transferred to the Unrestricted Fund during the year of \$183,500 (\$211,675 in 2017) represent designated donations, and designated revenue to cover a portion of operating expenses. In addition, \$170,263 of 2013 - 50th Anniversary Gala proceeds was transferred to the Unrestricted Fund to offset revenue shortfall for a total of \$353,763.

The Duke of Edinburgh's International Award – Canada

Notes to the financial statements

December 31, 2018

7. Restricted funds (continued)

Anniversary Endowment Fund

In 2016, the 40th Anniversary Endowment Fund and the 20th Anniversary Endowment Fund were combined into The Anniversary Endowment Fund. The 20th Anniversary Endowment Fund was established by the Organization in 1983 to generate investment income to support the operations of the National Office. The 40th Anniversary Endowment Fund was established in 2005 with the objective of reducing the Award's dependence on annual fundraising activities. Initial funding of the 40th Anniversary Endowment Fund consisted of a transfer from the Special Events Fund that was established from the proceeds from the 40th Anniversary Gala.

The capital of the Anniversary Endowment Fund has increased annually through a transfer from the Charter for Business Fund. In 2018 and 2017, the Organization redirected these funds to the Unrestricted Fund.

Each year, 2% of the average value of the Anniversary Endowment Fund is transferred to the Charter for Business Fund. In 2018 and 2017, the Organization redirected these funds to the Unrestricted Fund.

Additionally, each year, 2% of the average value of the Anniversary Endowment Fund has been transferred to the Unrestricted Fund. The amount transferred during 2018 to the Unrestricted Fund was \$134,730 (\$123,306 in 2017).

Forum 2015 Fund

In 2015 Canada hosted the International Forum which was a significant financial commitment. In order to track revenue raised for this event and the associated expenses, a Forum 2015 Fund was established in 2011. In 2018, the balance of this Fund totalling \$6,871 (\$nil in 2017) was transferred to the Unrestricted Fund.

National Contingency Fund

The National Contingency Fund was established in 2000 to provide a reserve intended to allow the National Office to cope with any unforeseen demands that it may face.

Canada Service Corps Fund

In December 2017, the Organization entered into a contractual agreement with the Canadian Federal Government – Employment and Social Development Canada (ESDC). This funded initiative is referred to as Canada Service Corps by ESDC and is designed to encourage civic engagement in our country's youth. Through three youth led forums held over a period of two years this program will foster engagement and leadership growth in Canadian youth from across the country. Participants will be inspired by key-note speakers, take part in workshops, team building exercises and outdoor activities that will develop their passion for change into concrete action plans that can be executed within their own communities.

The current contractual agreement and funding will end March 31, 2020. However, ESDC has the option to cancel this program should their program funding not be renewed by the Federal Government.

The Duke of Edinburgh's International Award – Canada

Notes to the financial statements

December 31, 2018

7. Restricted funds (continued)

Open for Gold Fund

In November 2018, the Organization was granted funds in support of an Open for Gold program initiative to nationally increase the reach of the Gold Award level, by enrolling more young people who are 16 years or older to the Gold level. The Gold level attracts young people who are beginning take their next step into either a post-secondary or work environment. This is the level of the Award that develops the most effective and recognized work / life skills. The objectives of the program include: increasing participation of young people into the Gold Level; enhance skills developed by completing the Award; increase our network of adult volunteers who will act as Award Leaders and mentors to participants; develop a career support platform to connect Award Holders to corporate entities and other supporters, and engage our network of donors, supporters and alumni to develop a robust platform of tools and resources. In 2018, \$100,000 was received in funding for the program (\$nil in 2017).

Gogama Remote Learning Fund

In June 2018, the Organization received a gift agreement with a focus on three key purposes: increasing Access to the Award, regardless of socio or economic factors, in particular attracting and providing support to at risk and marginalized youth (inner city, aboriginal youth, youth with disabilities and young offenders); increasing the Reach of the Award to all areas and groups across Canada; increasing the Impact of the Award, ensuring more young Canadians complete their Award and bring benefit to their communities. The gift is directed to the Ontario division to extend the program in the Gogama/Sudbury/Timmins region with a focus on assisting indigenous and marginalized youth in the region to register and succeed in the Award program; and to the National Award office to develop a general learning approach to build capacity in remote regions and develop up to four core modules of learning for potential Award volunteers. In 2018, \$25,000 was received in funding for the Award (\$nil in 2017) to be split between the Duke of Edinburgh's Ontario Division (\$7,000) and the Duke of Edinburgh's International Award – Canada (\$18,000).

8. Risk management

Interest rate risk

The Organization is exposed to interest rate risk with respect to its investment in a Fixed Income Mutual Fund. Changes in the prime interest rate will have a positive or negative impact on the Organization's long-term investments. Such exposure will increase accordingly should the Organization maintain higher levels of investments in the future.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization's investment policy defines permitted investments and provides guidelines and restrictions on acceptable investments which minimizes credit risk.

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices (other than those arising from interest rate or foreign exchange risk) whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. To mitigate this risk, the Organization invests in a diversified portfolio of investments within the Organization's investment policy.

8. Risk management (continued)

Foreign exchange risk

Foreign exchange 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 Organization invests in non-Canadian equities through the mutual funds and is therefore directly exposed to currency risk as the value of the equities denominated in other currencies will fluctuate due to changes in exchange rates.

9. Invested in Capital Assets Fund

The Invested in Capital Assets Fund reflects the net book value of the Organization's capital assets.

10. Guarantees

In the normal course of business, the Organization enters into agreements that meet the definition of a guarantee.

The only such guarantee relates to the indemnity that has been provided to all directors and/or officers of the Organization for various items including, but not limited to, all costs to settle suits or actions due to their involvement with the Organization, subject to certain restrictions. The Organization has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of the Organization. The maximum amount of any potential future payment cannot be reasonably estimated.

The nature of this indemnification agreement prevents the Organization from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Organization has not made any payments under such or similar indemnification agreements and therefore no amount has been accrued in the financial statements with respect to these agreements.

11. Accounts payable and accrued liabilities

There are no outstanding government remittances as at December 31, 2018 and December 31, 2017.

12. Credit facility

The Organization has access to an operating line of credit with a major chartered bank with interest payable at prime plus 1.25%, of which \$nil has been withdrawn as at December 31, 2018 and December 31, 2017.