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

December 31, 2020

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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, 2020, 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, 2020, 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, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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 signature "Deloitte LLP" is written in a cursive, handwritten style in black ink.

Chartered Professional Accountants  
Licensed Public Accountants  
March 24, 2021

**The Duke of Edinburgh's International Award – Canada**  
**Statement of financial position**  
As at December 31, 2020

	Notes	2020 \$	2019 \$
<b>Assets</b>			
Current assets			
Cash		<b>1,232,888</b>	1,209,661
Short-term investments	4	<b>51,435</b>	51,168
Accounts receivable	7(c)	<b>123,163</b>	132,772
Sales taxes recoverable		<b>51,125</b>	44,422
Prepaid expenses		<b>19,262</b>	12,313
		<b>1,477,873</b>	1,450,336
Investments	4	<b>3,759,721</b>	3,708,466
Capital assets	5	<b>45,133</b>	31,410
		<b>3,804,854</b>	3,739,876
		<b>5,282,727</b>	5,190,212
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	6	<b>106,599</b>	54,043
Deferred revenue		<b>2,708</b>	—
Due to Operating Divisions	7(a)	<b>7,743</b>	564,621
		<b>117,050</b>	618,664
Long-term liability			
Bank loan	11	<b>40,000</b>	—
		<b>157,050</b>	618,664
<b>Net assets (deficit)</b>			
Unrestricted		<b>201,856</b>	(340,965)
Restricted	8		
Charter for Business Fund		—	(48,195)
Anniversary Endowment Fund		<b>3,759,721</b>	3,708,466
Forum 2015 Fund		<b>35,401</b>	35,401
National Contingency Fund		<b>51,435</b>	51,168
Invested in Capital Assets Fund		<b>12,797</b>	31,410
Canada Services Corps Fund		<b>907,041</b>	1,006,285
Open for Gold Fund		<b>150,000</b>	109,978
Gogama Remote Learning Fund		—	18,000
International Award Foundation Fund		<b>7,426</b>	—
		<b>5,125,677</b>	4,571,548
		<b>5,282,727</b>	5,190,212

**Subsequent event**

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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, 2020

	Unrestricted Fund	Charter for Business Fund	Anniversary Endowment Fund	Forum 2015 Fund	National Contingency Fund	Invested in Capital Assets Fund	Canada Service Corps Fund	Open for Gold Fund	Gogama Remote Learning Fund	International Award Foundation Fund	2020 Total	2019 Total
Notes	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>												
Donations	3	80,099	402,508	—	—	—	—	150,000	25,000	—	657,607	683,930
Grant revenue		77,140	—	—	—	—	995,557	—	—	50,934	1,123,631	2,031,224
National partner fees		21,667	—	—	—	—	—	—	—	—	21,667	—
Special events		—	—	—	—	—	—	—	—	—	—	81,791
Interest and other investment income		—	—	76,290	—	267	—	—	—	—	76,557	176,785
		<b>178,906</b>	<b>402,508</b>	<b>76,290</b>	<b>—</b>	<b>267</b>	<b>995,557</b>	<b>150,000</b>	<b>25,000</b>	<b>50,934</b>	<b>1,879,462</b>	<b>2,973,730</b>
<b>Expenses</b>												
Distributions to Divisions		1,044	276,707	—	—	—	—	—	—	—	277,751	321,872
Program expenses		55,755	—	—	—	—	907,248	103,120	43,000	43,494	1,152,617	1,193,449
General and administrative		186,999	44	—	—	—	97,303	6,858	—	14	291,218	419,742
Marketing and communication		3,849	—	—	—	—	72,511	—	—	—	76,360	203,598
Fund Development		66,832	70,374	—	—	—	—	—	—	—	137,206	234,974
Amortization		—	—	—	—	12,850	17,609	—	—	—	30,459	14,942
Interest and bank charges		3,730	39	—	—	—	130	—	—	—	3,899	4,636
Professional fees		31,053	7,149	—	—	—	—	—	—	—	38,202	34,371
		<b>349,262</b>	<b>354,313</b>	<b>—</b>	<b>—</b>	<b>12,850</b>	<b>1,094,801</b>	<b>109,978</b>	<b>43,000</b>	<b>43,508</b>	<b>2,007,712</b>	<b>2,427,584</b>
Excess of (expenses over) revenue before the undernoted		(170,356)	48,195	76,290	—	267	(12,850)	(99,244)	(18,000)	7,426	(128,250)	546,146
Change in unrealized gain on investments		—	—	123,304	—	—	—	—	—	—	123,304	297,119
Reconciliation of Due to Operating Divisions	7(a)	559,075	—	—	—	—	—	—	—	—	559,075	—
<b>Excess (deficiency) of revenue over expenses</b>		<b>388,719</b>	<b>48,195</b>	<b>199,594</b>	<b>—</b>	<b>267</b>	<b>(12,850)</b>	<b>(99,244)</b>	<b>(18,000)</b>	<b>7,426</b>	<b>554,129</b>	<b>843,265</b>

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, 2020

	Unrestricted Fund	Charter for Business Fund	Anniversary Endowment Fund	Forum 2015 Fund	National Contingency Fund	Invested in Capital Assets Fund	Canada Service Corp Fund	Open for Gold Fund	Gogama Remote Learning Fund	International Award Foundation Fund	2020 Total	2019 Total
Note	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Net assets (deficit), beginning of year</b>	(340,965)	(48,195)	3,708,466	35,401	51,168	31,410	1,006,285	109,978	18,000	—	4,571,548	3,728,283
Excess (deficiency) of revenue over expenses	388,719	48,195	199,594	—	267	(12,850)	(99,244)	40,022	(18,000)	7,426	554,129	843,265
Inter-fund transfers												
Anniversary Endowment to Unrestricted	148,339	—	(148,339)	—	—	—	—	—	—	—	—	—
Unrestricted to Invested in Capital Assets	5,763	—	—	—	—	(5,763)	—	—	—	—	—	—
<b>Net assets, end of year</b>	<b>201,856</b>	<b>—</b>	<b>3,759,721</b>	<b>35,401</b>	<b>51,435</b>	<b>12,797</b>	<b>907,041</b>	<b>150,000</b>	<b>—</b>	<b>7,426</b>	<b>5,125,677</b>	<b>4,571,548</b>

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, 2020

	2020	2019
	\$	\$
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses		
Operating Fund	<b>388,719</b>	(378,668)
Charter for Business Fund	<b>48,195</b>	30,945
Anniversary Endowment Fund	<b>199,594</b>	473,265
Forum 2015 Fund	—	—
National Contingency Fund	<b>267</b>	—
Invested in Capital Assets Fund	<b>(12,850)</b>	(14,942)
Canada Service Corp	<b>(99,244)</b>	722,687
Open for Gold Fund	<b>40,022</b>	9,978
Gogama Remote Learning Fund	<b>(18,000)</b>	—
International Award Foundation Fund	<b>7,426</b>	—
	<b>554,129</b>	843,265
Items not affecting cash		
Amortization	<b>30,459</b>	14,942
Change in unrealized gain on investments	<b>(123,304)</b>	(297,119)
Reconciliation of Due to Operating Divisions	<b>(559,075)</b>	—
	<b>(651,920)</b>	(282,177)
Net change in non-cash working capital balances		
Accounts receivable	<b>9,609</b>	(17,901)
Sales taxes recoverable	<b>(6,703)</b>	(2,516)
Prepaid expenses	<b>(6,949)</b>	34,298
Accounts payable and accrued liabilities	<b>52,556</b>	47,401
Deferred revenue	<b>2,708</b>	—
Due to Operating Divisions	<b>2,197</b>	5,546
	<b>(44,373)</b>	627,916
<b>Investing activities</b>		
Net change in investments	<b>71,782</b>	(41,346)
Purchase of capital assets	<b>(44,182)</b>	(15,962)
	<b>27,600</b>	(57,308)
<b>Financing activities</b>		
Proceeds from bank loan	<b>40,000</b>	—
Net cash inflow outflow	<b>23,227</b>	570,608
Cash, beginning of year	<b>1,209,661</b>	639,053
<b>Cash, end of year</b>	<b>1,232,888</b>	1,209,661

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, 2020

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### 1. Operations

The Duke of Edinburgh's International 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 "Award" or "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, 2020

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## 2. Significant accounting policies (continued)

### *Capital assets*

Capital assets are recorded at cost and amortization is calculated over the following periods:

Computer hardware	3 years
Computer software	3 years
Equipment	3 years
Leasehold improvements	Over the term of the lease

### *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 \$25,008 in-kind donations in 2020 (2019 - \$18,810) that are recorded as revenue in the statement of revenue and expenses. The amount represents the proceeds from the sale of donated shares.

## 4. Investments

Short-term investments relate to the following fund balance:

	2020	2019
	\$	\$
National Contingency Fund	<b>51,435</b>	51,168

The short-term investments consist of funds in guaranteed investment certificates with variable interest rates at an average of 0.5%. The interest rate as at December 31, 2020 is 0.25%. The carrying value of the short-term investments approximates their fair value due to their relatively short-term to maturity.

A reconciliation of book value to fair value of long-term investments, which relates to the Anniversary Endowment Fund, is as follows:

	2020	2019
	\$	\$
Book value	<b>3,128,982</b>	3,201,032
Mark-to-market	<b>630,739</b>	507,435
Fair market value	<b>3,759,721</b>	3,708,466

**The Duke of Edinburgh's International Award – Canada**  
**Notes to the financial statements**  
December 31, 2020

**4. Investments (continued)**

An analysis of the carrying value of long-term investments is as follows:

	<b>2020</b>	2019
	\$	\$
Pooled funds:		
Money Market Fund	<b>201,438</b>	201,142
Bond Fund	<b>581,620</b>	630,342
Global Fund	<b>2,916,345</b>	2,767,911
Total Returns Bond Fund	<b>60,318</b>	109,071
	<b>3,759,721</b>	3,708,466

The investment portfolio is allocated as follows:

	<b>2020</b>	2019
	\$	\$
Cash and cash equivalents	<b>146,629</b>	218,800
Fixed Income	<b>725,626</b>	737,985
Domestic equities	<b>582,757</b>	634,146
Foreign equities	<b>2,304,709</b>	2,117,535
	<b>3,759,721</b>	3,708,466

**5. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2020 Net book value</b>	2019 Net book value
	\$	\$	\$	\$
Computer hardware	<b>75,049</b>	<b>41,292</b>	<b>33,757</b>	10,750
Computer software	<b>14,125</b>	<b>14,067</b>	<b>58</b>	237
Equipment	<b>3,560</b>	<b>1,897</b>	<b>1,663</b>	234
Leasehold improvements	<b>31,600</b>	<b>21,945</b>	<b>9,655</b>	20,189
	<b>124,334</b>	<b>79,201</b>	<b>45,133</b>	31,410

**6. Accounts payable and accrued liabilities**

There is \$nil in outstanding government remittances as at December 31, 2020 (2019 - \$2,774) for Employer Health Tax.

**7. Related party transactions**

- (a) Amounts Due to Operating Divisions are unsecured, non-interest bearing and have no fixed terms of repayment. During 2020, management completed a reconciliation of the amount Due to Operating Divisions. Management identified an overstatement of \$559,075 within Due to Operating Divisions which had accumulated over time but was determined to be fully paid as at December 31, 2020. Management recorded the adjustment through the Statement of revenue and expenses under the line "Reconciliation of Due to Operating Divisions".

## The Duke of Edinburgh's International Award – Canada

### Notes to the financial statements

December 31, 2020

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#### 7. Related party transactions (continued)

- (b) During the year, the Organization distributed funds from fundraising activities to the Operating Divisions totaling \$277,751 (2019 - \$321,872).
- (c) At December 31, the Organization had \$53,020 (2019 - \$41,042) included in accounts receivable owing from Operating Divisions.

#### 8. 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 \$nil (2019 - \$180,575) represent designated donations and designated revenue to cover a portion of operating expenses.

##### *Anniversary Endowment Fund*

The capital of the Anniversary Endowment Fund has increased annually through a transfer from the Charter for Business Fund. Since 2017, the Organization has 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. Since 2017, the Organization has 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 2020 to the Unrestricted Fund was \$148,339 (2019 - \$134,800).

##### *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.

##### *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 youth-led forums 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 initial contractual agreement and funding was contracted to end March 31, 2019. Since then, the contract has been extended and scaled up to include the training and deployment of award leaders across the country. Notwithstanding that the current contract ends March 31, 2021, management expects that the contract will be extended until at least March 31, 2022. 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, 2020

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#### 8. Restricted funds (continued)

##### *Invested in Capital Assets Fund*

The Invested in Capital Assets Fund reflects the net book value of the Organization's capital assets excluding assets purchases under another restricted fund. In the current year, capital assets with a net book value of \$32,336 (2019 - \$5,763) are included in the Canada Service Corp Fund.

##### *Open for Gold Fund*

In November 2019, 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 2020, \$150,000 was received in funding for the program (2019 - \$100,000).

##### *Gogama Remote Learning Fund*

In June 2019, 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 2020, \$25,000 was received in funding for the Award (2019 - \$25,000) to be split between the Duke of Edinburgh's International Award – Ontario Division (\$7,000) and the Organization (\$18,000). In 2020, \$7,000 (2019 - \$7,000) was distributed to the Division.

##### *International Award Foundation Fund*

In February 2020, the Organization was granted funds by The Duke of Edinburgh's International Award Foundation as part of its Special Projects – Three Funds grant. The funds are to be allocated towards the costs of a one-year francophone market expansion, including a feasibility study. During 2020, the Organization conducted significant research into understanding the needs of its francophone communities; the Organization also updated its materials to be fully bilingual. Consequently, the Organization increased its Reach, Access to the Award, and has a clearer strategy to improving its Impact in the francophone community.

## **9. Risk management**

### *Interest rate risk*

The Organization is exposed to interest rate risk with respect to its investment in a Fixed Income Pooled 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.

### *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 pooled 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.

## **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.

## The Duke of Edinburgh's International Award – Canada

### Notes to the financial statements

December 31, 2020

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#### 11. Government assistance

##### *Canada Emergency Business Account Loan*

The government of Canada introduced a general financial support scheme in response to the economic impacts of the COVID-19 coronavirus pandemic. During 2020, the Organization borrowed \$40,000 as a Revolving Facility (the "Facility") from a chartered bank as part of the Canada Emergency Business Account program. If the Organization repays 75% of the aggregate amount advanced on or before December 31, 2022, the repayment of the remaining 25% of the aggregate amount advanced in respect of the Loan shall be forgiven. Until December 31, 2022, the Facility incurs interest of 0%. After December 31, 2022, any amount unpaid under the Facility incurs interest of 5% and is repayable on or before December 31, 2025.

##### *Temporary Wage Subsidy for Employers*

During 2020, the Organization participated in the Temporary Wage Subsidy for Employers program, a program introduced in Canada in response to the COVID-19 coronavirus pandemic. In total, the Organization received and recognized \$6,308 in the Statement of revenues and expenses as a reduction of general and administrative expenses. The Organization did not apply for either Canada Employer Wage Subsidy 1.0 or 2.0.

#### 12. Subsequent event

On January 27, 2021, the National Board of Directors approved the restructuring of the Award in Canada. The Award will realign its structures to reinforce a "one Award" approach across Canada. Delivery of the Award will be through one organization only, and the operations of the Operating Divisions through divisional licenses will cease.