

Rideau Hall Foundation

Financial Statements
December 31, 2017



June 13, 2018

Independent Auditor's Report

To the Directors of Rideau Hall Foundation

We have audited the accompanying financial statements of Rideau Hall Foundation (the Foundation), which comprise the statement of net assets as at December 31, 2017 and the statements of changes in net assets, operations and cash flows for the year then ended, and the related notes, which comprise 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.

PricewaterhouseCoopers LLP
99 Bank Street, Suite 710, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2017 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Rideau Hall Foundation

Statement of Net Assets

As at December 31, 2017

	2017 \$	2016 \$
Assets		
Current assets		
Cash	4,913,439	4,423,483
Investments (note 3)	22,045,406	18,564,215
Accounts receivable	1,182,196	932,232
Prepaid expenses	18,640	9,473
	<u>28,159,681</u>	<u>23,929,403</u>
Capital assets (note 4)	<u>214,644</u>	<u>33,986</u>
	<u>28,374,325</u>	<u>23,963,389</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	4,311,986	886,974
Deferred revenue (note 7)	15,097,102	15,798,172
	<u>19,409,088</u>	<u>16,685,146</u>
Net assets		
Unrestricted	790,425	1,178,243
Externally restricted for endowment purposes (note 8)	8,174,812	6,100,000
	<u>8,965,237</u>	<u>7,278,243</u>
	<u>28,374,325</u>	<u>23,963,389</u>

Approved by the Board of Directors

 Director

 Director

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

Rideau Hall Foundation

Statement of Changes in Net Assets

For the year ended December 31, 2017

	Net assets - Beginning of year \$	Net expense for the year \$	Endowment contributions \$	Net assets - End of year \$
Unrestricted	1,178,243	(387,818)	-	790,425
Externally restricted for endowment purposes (note 8)	6,100,000	-	2,074,812	8,174,812
	<u>7,278,243</u>	<u>(387,818)</u>	<u>2,074,812</u>	<u>8,965,237</u>

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

Rideau Hall Foundation

Statement of Operations

For the year ended December 31, 2017

	2017 \$	2016 \$
Revenue		
Donations	10,622,666	4,247,763
Investment income	1,264,846	901,271
	<hr/> 11,887,512	<hr/> 5,149,034
Expense		
Scholarships and grants	4,911,018	20,000
Contractor fees	2,866,548	1,678,769
Building awareness	1,708,784	1,276,548
Payroll and related	1,283,902	767,337
Travel and meetings	417,702	439,262
Event	313,739	153,774
Accounting and legal	162,772	164,937
Partnership development	160,949	2,093
New initiatives	95,269	-
Office supplies	86,346	39,676
Rent	75,765	1,600
Memberships and publications	36,112	15,432
Amortization	33,844	7,721
Telephone	29,453	9,659
Translation	25,755	8,913
Internet and website	22,805	33,260
Interest and bank charges	19,931	89,957
Staff development	16,281	8,122
Insurance	8,355	4,910
Management fees	-	156,916
	<hr/> 12,275,330	<hr/> 4,878,886
Net revenue (expense) for the year	<hr/> (387,818)	<hr/> 270,148

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

Rideau Hall Foundation

Statement of Cash Flows

For the year ended December 31, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	(387,818)	270,148
Items not affecting cash		
Change in fair value of investments	(863,317)	(716,991)
Amortization	33,844	7,721
Changes in non-cash working capital items		
Accounts receivable	(249,964)	(634,729)
Prepaid expenses	(9,167)	(9,473)
Accounts payable and accrued liabilities	3,425,012	407,562
Deferred revenue	(701,070)	1,511,255
	<u>1,247,520</u>	<u>835,493</u>
Investing activities		
Purchases of investments	(2,617,874)	(751,488)
Purchases of capital assets	(214,502)	(7,510)
	<u>(2,832,376)</u>	<u>(758,998)</u>
Financing activity		
Endowment contributions (note 8)	<u>2,074,812</u>	<u>100,000</u>
Net change in cash for the year	489,956	176,495
Cash - Beginning of year	<u>4,423,483</u>	<u>4,246,988</u>
Cash - End of year	<u>4,913,439</u>	<u>4,423,483</u>

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

Rideau Hall Foundation

Notes to Financial Statements

December 31, 2017

1 Nature of operations

The Rideau Hall Foundation (“the Foundation”) was incorporated under the *Canada Not-for-profit Corporations Act* on August 30, 2012.

The objective of the Foundation is to receive, maintain and manage a fund or funds and to assist the Office of the Governor General in its role in educating and increasing Canadian understanding of the democratic foundations of Canada’s constitutional monarchy by:

- a) advancing education by providing awards and other forms of recognition to Canadians who demonstrate outstanding civic engagement, excellence, leadership and innovation;
- b) educating and increasing the public’s appreciation of Canadian arts and culture;
- c) educating and increasing the public’s awareness of Canada’s democratic values and history;
- d) gifting funds to qualified donees as defined in subsection 149.1(1) of the *Income Tax Act*; and
- e) doing all such things as are ancillary or incidental to the attainment of such objects.

The Foundation qualifies for tax-exempt status as a registered charity under paragraph 149(1)(f) of the *Income Tax Act*.

2 Significant accounting policies

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 amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from these estimates.

Investments

Investments are recorded at fair value. Changes in fair value are included in net revenue (expense) for the year.

Capital assets

Capital assets are initially recorded at cost and are then amortized over their estimated useful service lives as follows:

Furniture and equipment	20% declining balance
Computers and software	33% declining balance

Rideau Hall Foundation

Notes to Financial Statements

December 31, 2017

Revenue recognition

The Foundation follows the deferral method of accounting for contributions.

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.

Externally restricted contributions for endowment purposes are recognized as direct increases in net assets.

Other externally restricted contributions are deferred and recognized as revenue when the related expenses are incurred.

3 Investments

	2017 \$	2016 \$
Guaranteed investment certificates	100,000	100,000
Manulife Asset Management Pooled Funds		
Global Equity	6,476,076	5,857,833
Canadian Fixed Income	4,366,105	7,056,604
Canadian Growth	3,507,476	5,549,778
Century management	6,686,105	-
Rational investments	909,644	-
	<u>22,045,406</u>	<u>18,564,215</u>

Guaranteed investment certificates bear interest at fixed rates ranging from 0.95% to 1.75% (2016 - rate ranging from 0.95% to 0.75%) and have original terms to maturity of one year or less. The guaranteed investment certificates have been provided as security for a corporate credit card with the Bank of Montreal.

4 Capital assets

	<u>2017</u>		<u>2016</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	205,790	32,976	172,814	22,384
Computers and software	57,616	15,786	41,830	11,602
	<u>263,406</u>	<u>48,762</u>	<u>214,644</u>	<u>33,986</u>

Rideau Hall Foundation

Notes to Financial Statements

December 31, 2017

5 Lease commitments

Future minimum lease payments under operating leases for premises are as follows:

	\$
Year ending December 31, 2018	60,000
2019	5,000

6 Government remittances

Government remittances of \$18,733 (2016 - \$nil) are included in accounts payable and accrued liabilities.

7 Deferred revenue

	Balance - Beginning of year \$	Contributions received during the year \$	Investment income received during the year \$	Revenue recognized during the year \$	Investment income recognized during the year \$	Balance - End of year \$
Operating	-	1,211,539	200,374	1,211,539	200,374	-
Travelling Exhibit	85,188	-	-	85,188	-	-
Giving Behaviour Project	244,740	712,500	-	696,173	-	261,067
Queen Elizabeth Diamond Jubilee	14,141,958	1,524,893	438,096	2,634,151	1,007,110	12,463,686
Order of Canada	663,280	32,752	-	433,062	-	262,970
Innovation Awards	342,403	350,000	-	527,842	-	164,561
Access to Excellence	-	2,955,999	-	1,414,368	-	1,541,631
Culture of Innovation	-	1,030,130	-	912,007	-	118,123
Rideau Hall Capital Projects	-	1,775,054	-	1,744,392	-	30,662
Youth-Led Reconciliation	-	187,500	-	150,126	-	37,374
Mental Health Event	-	275,000	-	275,000	-	-
Arctic Inspiration Prize	-	176,210	-	176,210	-	-
Post Secondary Access	-	50,000	-	50,000	-	-
Management Grants - Access to Excellence	-	226,520	-	209,432	-	17,088
Sovereign Medals for Volunteers (note 8)	320,603	-	39,875	103,176	57,362	199,940
	<u>15,798,172</u>	<u>10,508,097</u>	<u>678,345</u>	<u>10,622,666</u>	<u>1,264,846</u>	<u>15,097,102</u>

Operating Fund

The Operating Fund represents the excess of revenue over expense related to ongoing programs and activities. All allocations and strategic investments funded from the Foundation itself are financed from this fund.

Rideau Hall Foundation

Notes to Financial Statements

December 31, 2017

Travelling Exhibit

The Travelling Exhibit Fund represented a donation from a donor for the purpose of running the Travelling Exhibit. This exhibit aimed to achieve a better understanding of Canada's National Honours program, showcase the achievements, service, and bravery of some of the recipients through stories and objects, educate visitors on the role of the Queen of Canada and the Governor General, draw attention to the Governor General's website, and increase national pride.

Giving Behaviour Project

The Giving Behaviour Project Fund represents contributions received from donors for the purpose of supporting the My Giving Moment Campaign undertaken by the Foundation. This Campaign aimed to get Canadians to look for ways to have their own giving moments. The Giving Behaviour Project is a suite of evidence-based tools and research products exploring the ways that giving in Canada is evolving in order to better encourage a culture of giving.

Queen Elizabeth Diamond Jubilee

The Queen Elizabeth Diamond Jubilee Fund represents donations that are for the purpose of creating a scholarship program which includes: scholarships for students from abroad to study in Canada; research supplements for Canadian graduate students at Canadian universities; and internships for Canadian students to undertake work experiences, field studies or research experiences in other countries.

Order of Canada

The Foundation and members of the Order of Canada are considering ways in which the Order might be further mobilized. Donations raised supported the Order of Canada's 50th Anniversary celebrations in 2017.

Innovation Awards

The Governor General's Innovation Awards have the following objectives:

- Celebrate excellence in innovation across all sectors of Canadian society
- Inspire Canadians, particularly Canadian youth, to be entrepreneurial innovators
- Foster an active culture of innovation that has a meaningful impact on our lives

Innovation Culture

The vision of the Foundation is to establish a more deeply engrained culture of innovation in Canada. The Foundation is working with partners on a comprehensive suite of initiatives, through Canadianinnovationspace.ca, to celebrate innovators and innovations, connect innovators across the Canadian ecosystem, and to cultivate new innovators, particularly with new teacher resources to support development of innovation skills in young people in Canada.

Rideau Hall Foundation

Notes to Financial Statements

December 31, 2017

Access to Excellence

The learning partnership for Indigenous youth (formerly “Access to Excellence”) was created in the spirit of reconciliation, in partnership with the Mastercard Foundation, Vancouver Island University and Yukon College. The Foundation serves as managing partner for this project and guides its partner institutions through a process of co-creation to create opportunities for Indigenous learners to be full partners in their education. The program officially launched in September 2017.

Management Grants for Access to Excellence

The Management Grant allowed the Foundation to establish the learning partnership for Indigenous youth (formerly “Access to Excellence”). The Foundation undertook campus visits to select post-secondary institutions across Canada, then proceeded on a series of co-creation sessions with the Foundation’s first partners, Yukon College and Vancouver Island University.

Post-secondary Access Network

The Foundation, in partnership with the Community Foundation of Hamilton and the Fairmount Foundation, has begun developing a cross-Canada access and success network as a platform for collaboration, innovation and the scaling up of effective interventions aimed at closing gaps in outcomes for learners that are underrepresented at the post-secondary level.

Rideau Hall Capital Projects

Working with Rideau Hall and partners to facilitate donor relationships and capital projects that benefit the OSGG.

Mental Health Event

The Foundation secured private sector donations to support the Office of Governor General in holding a one-time large scale event, Masquerade for Mental Health, on the grounds of Rideau Hall.

Youth led reconciliation

The Foundation secured private sector donations to enable the youth led reconciliation gathering at Rideau Hall entitled “Imagine a Canada.” This event brought together youth, the vice regal network across Canada, and youth leaders from the 4R Youth Movement and the leadership of the National Centre for Truth and Reconciliation for the youth engagement program and culminating event at Rideau Hall.

Rideau Hall Foundation

Notes to Financial Statements

December 31, 2017

Arctic Inspiration Prize (“AIP”)

The Foundation is the managing partner for the Arctic Inspiration Prize, an annual prize of up to \$3 million to celebrate and support northern innovation. The Foundation’s role as managing partner of the AIP includes the administration of the AIP prize cycle, development of the AIP’s broad network of partners, including to link sustainability partners with AIP laureates and nominees, and support for the AIP Trust. These funds are separate from the prize capital for the AIP.

8 Net assets externally restricted for endowment purposes

	Balance - Beginning of year \$	Endowment contributions \$	Balance - End of year \$
Johnston Fund for Canada	5,000,000	-	5,000,000
Sovereign Medals for Volunteers Fund	1,100,000	150,000	1,250,000
Rideau Hall Foundation General Endowment	-	1,924,812	1,924,812
	<u>6,100,000</u>	<u>2,074,812</u>	<u>8,174,812</u>

Johnston Fund for Canada

The purpose of the Johnston Fund for Canada is to help establish the Foundation as an enduring legacy of the mandate of the Rt. Honourable David Johnston, Governor General of Canada, in a manner consistent with the statement of purpose of the Foundation. In particular, the Fund is intended to advance Canadian pride in our country, and to assist the extent of philanthropy and giving, education and learning, innovation and barn-raising approaches for Canadians to work together in the bettering of our country.

Sovereign Medals for Volunteers Fund

Created in 1995, the Governor General’s Caring Canadian Awards recognizes individuals who volunteer their time to help others to build a smarter and more caring nation.

The award also highlights the fine example set by these volunteers, whose compassion and engagement are so much a part of our Canadian character. It allows us to thank them for their contributions and for the positive impact they have had on the lives of others.

Rideau Hall Foundation General Endowment

The endowment fund is seeking to raise \$42 million. The annual earnings from the endowment will support the operating costs of the Foundation.

Rideau Hall Foundation

Notes to Financial Statements

December 31, 2017

9 Scholarships and grants

	\$
Youth Led reconciliation	150,000
Arctic Inspiration Prize	136,500
Access to Excellence	1,124,518
Queen Elizabeth Scholars	<u>3,500,000</u>
	<u>4,911,018</u>