

Rideau Hall Foundation

Financial Statements
December 31, 2016



June 23, 2017

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, 2016 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.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2016 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

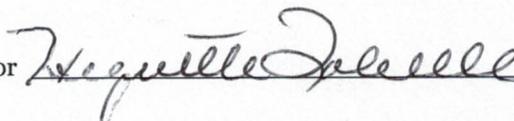
As at December 31, 2016

	2016 \$	2015 \$
Assets		
Current assets		
Cash	4,423,483	4,246,988
Investments (note 3)	18,564,215	17,095,736
Accounts receivable	932,232	297,503
Prepaid expenses	9,473	-
	<u>23,929,403</u>	<u>21,640,227</u>
Capital assets (note 4)	<u>33,986</u>	<u>34,197</u>
	<u>23,963,389</u>	<u>21,674,424</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	886,974	479,412
Deferred revenue (note 7)	15,798,172	14,286,917
	<u>16,685,146</u>	<u>14,766,329</u>
Net assets		
Unrestricted	1,178,243	908,095
Externally restricted for endowment purposes (note 8)	6,100,000	6,000,000
	<u>7,278,243</u>	<u>6,908,095</u>
	<u>23,963,389</u>	<u>21,674,424</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, 2016

	Net assets - Beginning of year \$	Net revenue for the year \$	Endowment contributions \$	Net assets - End of year \$
Unrestricted	908,095	270,148	-	1,178,243
Externally restricted for endowment purposes (note 8)	6,000,000	-	100,000	6,100,000
	<u>6,908,095</u>	<u>270,148</u>	<u>100,000</u>	<u>7,278,243</u>

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

Rideau Hall Foundation
Statement of Operations
For the year ended December 31, 2016

	2016 \$	2015 \$
Revenue		
Donations	4,247,763	3,749,510
Investment income	901,271	368,900
	<hr/> 5,149,034	<hr/> 4,118,410
Expense		
Contractor fees	1,678,769	1,433,726
Building awareness	1,273,658	378,084
Payroll and related expense	767,337	19,686
Travel and meetings	439,262	674,473
Accounting and legal	164,937	120,556
Management fees	156,916	646,540
Event expenses	153,774	19
Interest and bank charges	89,957	70,897
Office supplies	39,676	15,554
Internet and website	33,260	108,764
Gifts to qualified donees	20,000	10,000
Memberships and publications	15,432	6,197
Telephone	9,659	11,128
Translation	8,913	2,208
Staff development	8,122	6,407
Amortization	7,721	5,701
Insurance	4,910	5,756
Graphic design	2,890	-
Partnership development	2,093	2,577
Rent	1,600	-
	<hr/> 4,878,886	<hr/> 3,518,273
Net revenue for the year	<hr/> 270,148	<hr/> 600,137

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

Rideau Hall Foundation
Statement of Cash Flows
For the year ended December 31, 2016

	2016	2015
	\$	\$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	270,148	600,137
Items not affecting cash -		
Changes in fair value of investments	(716,991)	357,594
Amortization	7,721	5,701
Changes in non-cash working capital items -		
Accounts receivable	(634,729)	864,943
Prepaid expenses	(9,473)	-
Accounts payable and accrued liabilities	407,562	(66,384)
Deferred revenue	1,511,255	2,609,222
	<hr/>	<hr/>
	835,493	4,371,213
	<hr/>	<hr/>
Investing activities		
Purchases of investments	(751,488)	(6,993,766)
Proceeds on disposal of investments	-	500,000
Purchases of capital assets	(7,510)	(11,469)
	<hr/>	<hr/>
	(758,998)	(6,505,235)
	<hr/>	<hr/>
Financing activity		
Endowment contributions (note 8)	100,000	5,000,000
	<hr/>	<hr/>
Net change in cash for the year	176,495	2,865,978
Cash - Beginning of year	4,246,988	1,381,010
	<hr/>	<hr/>
Cash - End of year	4,423,483	4,246,988
	<hr/>	<hr/>
Supplementary information		
Non-cash reduction in deferred revenue	-	(1,000,000)
Transfer from deferred revenue to net assets externally restricted for endowment purposes	-	1,000,000

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

Rideau Hall Foundation

Notes to Financial Statements

December 31, 2016

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

Investments

Investments are recorded at fair value. Changes in fair value are included in net revenue 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, 2016

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

	2016 \$	2015 \$
Guaranteed investment certificates	100,000	50,000
Manulife Asset Management Pooled Funds		
Global Equity	5,857,833	5,552,687
Canadian Fixed Income	7,056,604	6,704,034
Canadian Growth	5,549,778	4,789,015
	<u>18,564,215</u>	<u>17,095,736</u>

Guaranteed investment certificates bear interest at fixed rates ranging from 0.95% to 1.75% (2015 – a fixed rate of 1.40%) 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>2016</u>		<u>2015</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Furniture and equipment	31,976	9,592	22,384	20,922
Computers and software	16,927	5,325	11,602	13,275
	<u>48,903</u>	<u>14,917</u>	<u>33,986</u>	<u>34,197</u>

Rideau Hall Foundation

Notes to Financial Statements

December 31, 2016

5 Lease commitments

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

	\$
Year ending December 31, 2017	55,000
2018	60,000
2019	5,000

6 Government remittances

Government remittances of \$nil (2015 - \$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	-	1,291,310	416,080	1,291,310	416,080	-
Travelling Exhibit	85,188	-	-	-	-	85,188
Giving Behaviour Project	283,481	1,687,500	-	1,726,241	-	244,740
Queen Elizabeth Diamond Jubilee	12,105,549	1,536,688	919,183	-	419,462	14,141,958
Order of Canada	964,071	75,000	-	375,791	-	663,280
Innovation Awards	848,628	-	-	506,225	-	342,403
Wise Practices	-	348,196	-	348,196	-	-
Sovereign Medals for Volunteers (note 8)	-	303,116	83,216	-	65,729	320,603
	<u>14,286,917</u>	<u>5,241,810</u>	<u>1,418,479</u>	<u>4,247,763</u>	<u>901,271</u>	<u>15,798,172</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, 2016

Travelling Exhibit

The Travelling Exhibit Fund represents a donation from a donor for the purpose of running the Travelling Exhibit. This exhibit aims to achieve a better understanding of Canada's National Honour 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 while moving towards Canada's 150th anniversary of Confederation.

Giving Behaviour Project

The Giving Behaviour Project Fund represents contributions received from donors for the purpose of supporting the ongoing My Giving Moment Campaign that has been undertaken by the Foundation. This Campaign aims to get Canadians to look for ways to have their own giving moments.

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 ODS-eligible Commonwealth countries 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 developing countries of the Commonwealth.

Order of Canada

The Foundation and members of the Order of Canada are considering ways in which the Order might be further mobilized. In particular, they are considering ways in which the Order may be able to contribute to the upcoming milestone (2017) in our country's history. The Foundation, through its collective leadership capability, is working closely with the Office and the Order of Canada 50th Anniversary Executive Committee to identify ways in which the Foundation can support the Order's efforts as it builds toward both 2017 and the 50th anniversary of the Order.

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

Wise Practices

The Rideau Hall Foundation co-hosted two events in 2016 to bring together national Indigenous and non-Indigenous leaders and youth to discuss a national project that will support Indigenous education, with the ultimate goal of improving outcomes for Indigenous learners.

Rideau Hall Foundation

Notes to Financial Statements

December 31, 2016

8 Net asset 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	1,000,000	100,000	1,100,000
	<u>6,000,000</u>	<u>100,000</u>	<u>6,100,000</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.