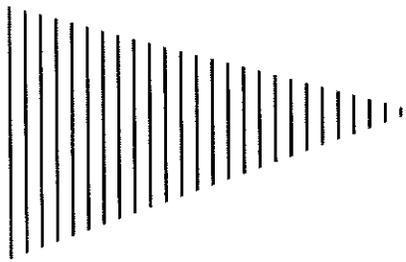


Financial Statements

**Historica Canada**

August 31, 2015



Building a better  
working world

## INDEPENDENT AUDITORS' REPORT

To the Members of  
**Historica Canada**

We have audited the accompanying financial statements of **Historica Canada**, which comprise the balance sheet as at August 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and 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.

### **Auditors' 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 auditors' 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 auditors consider 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.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Historica Canada** as at August 31, 2015, 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.

Toronto, Canada  
December 1, 2015

*Ernst & Young LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Historica Canada

**BALANCE SHEET**

As at August 31

	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	2,548,524	1,228,808
Accounts receivable <i>[note 9]</i>	1,093,929	1,706,127
Commodity taxes recoverable	73,301	102,345
Prepaid expenses	648,177	503,926
Inventory	17,157	14,830
<b>Total current assets</b>	<b>4,381,088</b>	<b>3,556,036</b>
Capital assets, net <i>[note 4]</i>	2,786,565	2,638,332
	<b>7,167,653</b>	<b>6,194,368</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	695,906	818,656
Deferred contributions <i>[note 5]</i>	2,234,972	1,824,654
<b>Total current liabilities</b>	<b>2,930,878</b>	<b>2,643,310</b>
Deferred capital contributions <i>[note 6]</i>	803,599	654,135
<b>Total liabilities</b>	<b>3,734,477</b>	<b>3,297,445</b>
Commitments <i>[note 11]</i>		
<b>Net assets</b>		
Endowment <i>[note 8]</i>	535,426	535,426
Internally restricted <i>[note 7]</i>	1,982,966	1,984,197
Unrestricted	914,784	377,300
<b>Total net assets</b>	<b>3,433,176</b>	<b>2,896,923</b>
	<b>7,167,653</b>	<b>6,194,368</b>

See accompanying notes

On behalf of the Board:

 Director

  
Director

**Historica Canada****STATEMENT OF OPERATIONS**

Year ended August 31

	2015	2014
	\$	\$
<b>REVENUE</b>		
Restricted contributions <i>[note 5]</i>		
Government	7,400,861	6,415,161
Corporate and other	838,630	764,031
Unrestricted contributions <i>[note 9]</i>	1,610,656	1,878,350
Registration fees	2,091,225	2,160,950
Other	320,506	261,359
	<b>12,261,878</b>	<b>11,479,851</b>
<b>EXPENSES</b>		
<b>Programming</b>		
Salaries and benefits	3,178,041	2,934,885
Workshops and events	3,170,663	3,315,303
Materials, publications and promotion	1,874,886	1,244,562
Consultants and subject editors	370,558	302,938
Other	998,990	944,796
	<b>9,593,138</b>	<b>8,742,484</b>
<b>Administration</b>	<b>1,351,842</b>	<b>1,463,856</b>
<b>Fund-raising <i>[note 10]</i></b>	<b>687,865</b>	<b>691,950</b>
	<b>11,632,845</b>	<b>10,898,290</b>
Income before other income and expenses	<b>629,033</b>	<b>581,561</b>
<b>OTHER INCOME AND EXPENSES</b>		
Amortization of deferred capital contributions <i>[note 6]</i>	105,498	111,709
Amortization of capital assets	(198,278)	(182,674)
	<b>(92,780)</b>	<b>(70,965)</b>
<b>Excess of revenue over expenses for the year</b>	<b>536,253</b>	<b>510,596</b>

*See accompanying notes*

Historica Canada

STATEMENT OF CHANGES IN NET ASSETS

Year ended August 31

	2015			2014		
	Endowment \$	Internally restricted \$	Unrestricted \$	Endowment \$	Internally restricted \$	Total \$
<b>Net assets, beginning of year</b>	535,426	1,984,197	377,300	535,426	1,592,847	2,386,327
Excess of revenue over expenses for the year	—	—	536,253	—	—	510,596
Interfund transfer <i>[note 7]</i>	—	(1,231)	1,231	—	391,350	(391,350)
<b>Net assets, end of year</b>	<b>535,426</b>	<b>1,982,966</b>	<b>914,784</b>	<b>535,426</b>	<b>1,984,197</b>	<b>2,896,923</b>

See accompanying notes

**Historica Canada****STATEMENT OF CASH FLOWS**

Year ended August 31

	2015 \$	2014 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	536,253	510,596
Add (deduct) items not involving cash		
Amortization of capital assets	198,278	182,674
Amortization of deferred capital contributions	(105,498)	(111,709)
	<u>629,033</u>	<u>581,561</u>
Changes in non-cash working capital balances related to operations		
Accounts receivable	612,198	(1,111,559)
Commodity taxes recoverable	29,044	(4,885)
Prepaid expenses	(144,251)	89,134
Inventory	(2,327)	1,753
Accounts payable and accrued liabilities	(122,750)	(76,745)
Deferred contributions	410,318	(472,062)
	<u>782,232</u>	<u>(1,574,364)</u>
<b>Cash provided by (used in) operating activities</b>	<u>1,411,265</u>	<u>(992,803)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(346,511)	(462,315)
<b>Cash used in investing activities</b>	<u>(346,511)</u>	<u>(462,315)</u>
<b>FINANCING ACTIVITIES</b>		
Contributions restricted for purchase of capital assets	254,962	—
<b>Cash provided by financing activities</b>	<u>254,962</u>	<u>—</u>
<b>Net increase (decrease) in cash and cash equivalents</b>		
<b>during the year</b>	<b>1,319,716</b>	<b>(1,455,118)</b>
Cash and cash equivalents, beginning of year	1,228,808	2,683,926
<b>Cash and cash equivalents, end of year</b>	<u>2,548,524</u>	<u>1,228,808</u>

*See accompanying notes*

## Historica Canada

# NOTES TO FINANCIAL STATEMENTS

August 31, 2015

## 1. DESCRIPTION OF THE ORGANIZATION

Historica Canada (“Historica”) is a national, registered charitable organization formed in 2009 through the amalgamation of the operations of two existing charitable organizations: The Historica Foundation of Canada (formed in 1999) and The Dominion Institute (formed in 1997). Historica is incorporated without share capital under the laws of Canada and continues under the *Canada Not-for-profit Corporations Act*. Historica is a charitable organization registered under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

Historica’s mandate is to enhance the awareness of Canada’s history and citizenship and its programs include: The Heritage Minutes, The Canadian Encyclopedia, Encounters with Canada, The Memory Project, Passages Canada, The Citizenship Challenge, and Aboriginal Arts & Stories. In addition, Historica offers commemorative programs tied to specific periods of history, such as the War of 1812 or the First World War. As well, Historica Canada regularly conducts public opinion polls and solicits feedback on a variety of issues of national interest. Historica operates two offices: a national office in Toronto and the Terry Fox Canadian Youth Centre in Ottawa.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada [“CPA Canada”] Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

### Revenue recognition

Historica follows the deferral method of accounting for contributions, which include grants, bequests and donations. Grants and bequests are recorded in the accounts when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Externally restricted endowment contributions are recognized as direct increases in net assets when recorded in the accounts.

Registration fees are recognized at the date students participate in the program. Revenue from licences is recognized over the licence term. Sales revenue is recognized at the date of sale.

## Historica Canada

### NOTES TO FINANCIAL STATEMENTS

August 31, 2015

Investment income, which includes interest, dividends, and realized and unrealized gains and losses, is recorded in the statement of operations as earned.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less.

#### Inventories

Inventories are recorded at the lower of cost [first-in, first-out basis] and realizable value.

#### Capital assets

Purchased capital assets are recorded at cost. Contributions of capital assets are capitalized at fair value at the date of contribution. Capital assets are amortized using the straight-line method from the date the asset is put into use over the periods as set out below:

Buildings	25 years
Furniture and fixtures	5 years
Equipment	3 years
Vehicles	10 years
Leasehold improvements	Term of the lease

#### Financial instruments

Investments reported at fair value consist of equity instruments that are quoted in an active market as well as investments in pooled funds and any investments in fixed income securities that Historica designates upon purchase to be measured at fair value. Transaction costs are recognized in the statement of operations in the period during which they are incurred.

Investments in fixed income securities not designated to be measured at fair value are initially recorded at fair value plus transaction costs and are subsequently measured at amortized cost using the straight-line method, less any provision for impairment.

All transactions are recorded on a trade date basis.

Other financial instruments, including accounts receivable and accounts payable, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

**Historica Canada**

**NOTES TO FINANCIAL STATEMENTS**

August 31, 2015

**Contributed materials and services**

Contributed materials and services are not recognized in the financial statements.

**Allocation of expenses**

Historica allocates direct costs to programming expenses. General support costs are not allocated.

**3. CREDIT FACILITY**

Historica has an operating credit facility with a limit of \$1,300,000 and credit card facilities approved to the level of \$500,000. The operating credit facility bears interest at a Canadian chartered bank's prime rate plus 1% per annum [2014 – 1%] and is repayable on demand. This credit facility is secured by a first ranking security interest against the Terry Fox Centre and the related land. As at August 31, 2015 and 2014, Historica did not utilize the operating credit facility.

Historica recorded total interest expense of \$3,486 [2014 – \$3,103] in the statement of operations.

## Historica Canada

### NOTES TO FINANCIAL STATEMENTS

August 31, 2015

#### 4. CAPITAL ASSETS

Capital assets consist of the following:

	2015		
	Cost \$	Accumulated amortization \$	Net book value \$
Land <i>[note 3]</i>	1,190,889	—	1,190,889
Buildings <i>[note 3]</i>	1,548,179	317,642	1,230,537
Furniture and fixtures	304,368	130,869	173,499
Equipment	319,165	179,513	139,652
Vehicles	149,409	97,421	51,988
	<b>3,512,010</b>	<b>725,445</b>	<b>2,786,565</b>

	2014		
	Cost \$	Accumulated amortization \$	Net book value \$
Land <i>[note 3]</i>	1,190,889	-	1,190,889
Buildings <i>[note 3]</i>	1,396,669	264,243	1,132,426
Furniture and fixtures	183,461	81,856	101,605
Equipment	316,244	169,748	146,496
Vehicles	149,410	82,494	66,916
	<b>3,236,673</b>	<b>598,341</b>	<b>2,638,332</b>

During the year ended August 31, 2015, fully amortized assets with a total cost of \$3,180 [2014 – \$650] were written off.

## Historica Canada

### NOTES TO FINANCIAL STATEMENTS

August 31, 2015

#### 5. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted donations and government grants to cover future operating expenses. The changes in the deferred contributions balance are as follows:

	2015 \$	2014 \$
<b>Balance, beginning of year</b>	<b>1,824,654</b>	2,296,716
Add grants, bequests and donations received	<b>8,649,809</b>	6,707,130
Less revenue recognized related to expenses for restricted purposes	<b>(8,239,491)</b>	(7,179,192)
<b>Balance, end of year</b>	<b>2,234,972</b>	1,824,654

#### 6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations.

The changes in the deferred capital contributions balance are as follows:

	2015 \$	2014 \$
<b>Balance, beginning of year</b>	<b>654,135</b>	765,844
Add contributions restricted for purchase of capital assets	<b>254,962</b>	—
Less amortization of deferred capital contributions	<b>(105,498)</b>	(111,709)
<b>Balance, end of year</b>	<b>803,599</b>	654,135

#### 7. INTERNALLY RESTRICTED NET ASSETS

During the year, the Board of Directors approved a transfer to internally restricted net assets equal to the amount of capital assets internally funded since no restricted contributions were received to fund these purchases, net of amortization of internally funded capital assets.

#### 8. ENDOWMENT NET ASSETS

Endowment net assets represent amounts where the Board of Directors has required that the principal be maintained on a permanent basis.

## Historica Canada

### NOTES TO FINANCIAL STATEMENTS

August 31, 2015

#### 9. THE HERITAGE PROJECT/REFLETS DU PATRIMOINE

Effective August 31, 2009, Historica's Board of Directors approved the transfer of Historica's externally restricted endowment net assets to a newly created charitable foundation named The Heritage Project/Reflets du Patrimoine ["THP"]. THP was incorporated on April 2, 2009 as a corporation without share capital under the laws of Canada and has continued under the *Canada Not-for-profit Corporations Act*. Its mandate is to promote responsible citizenship through a better and more widely shared knowledge, awareness and understanding of Canada's history and heritage. At that date, \$5,048,881 was transferred from Historica's investments to THP.

As at August 31, 2015, the fair value of THP's investments was \$11,208,623 [2014 - \$10,485,822]. These investments are held for externally endowed funds.

During the year, Historica recorded \$467,000 [2014 - \$446,202] as revenue in unrestricted contributions in the statement of operations related to income distributions from THP. As at August 31, 2015, accounts receivable includes \$98,017 [2014 - \$88,806] due from THP.

#### 10. FUND-RAISING

Fund-raising costs include \$583,917 [2014 - \$593,343] paid as remuneration to a third party fund-raiser and other related expenses and \$103,948 [2014 - \$98,607] paid to employees whose principal duties involve fund-raising. The balance of gross contributions received that were not used to fund programming are represented by unrestricted net assets.

#### 11. COMMITMENTS

As at August 31, 2015, Historica is obligated under operating leases to make the following future minimum annual payments:

	\$
2016	208,539
2017	204,794
2018	214,768
2019	211,661
2020	207,988
Thereafter	415,976