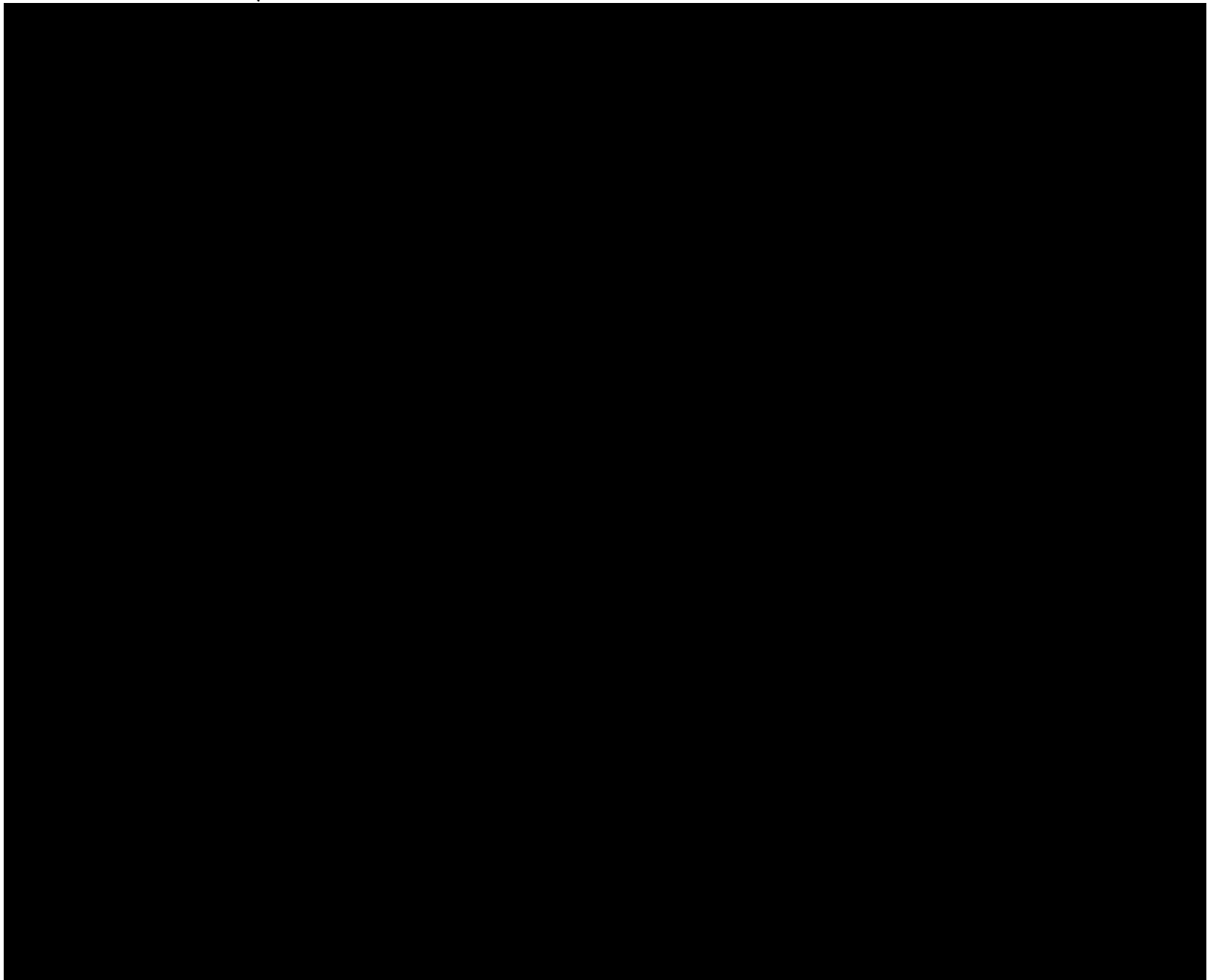


Historica Canada

Financial statements
March 31, 2021



Independent auditor's report

To the Members of
Historica Canada

Opinion

We have audited the financial statements of **Historica Canada** [the "Historica"], which comprise the balance sheet as at March 31, 2021, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Historica as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. 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 Historica 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 opinion.

Responsibilities of management and those charged with governance for the financial statements

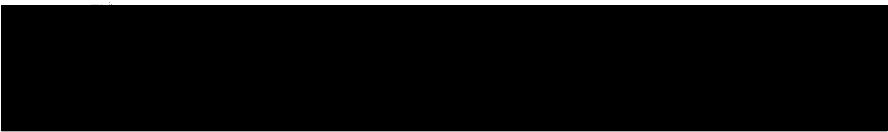
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing Historica'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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Historica'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 Historica'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 Historica 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.

Toronto, Canada
[REDACTED]

[REDACTED]
Chartered Professional Accountants
Licensed Public Accountants

[REDACTED]

Historica Canada

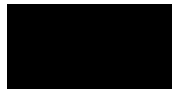
Balance sheet

As at March 31

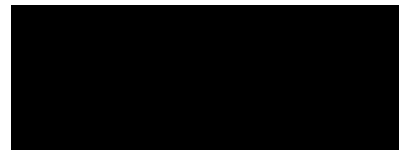
	2021	2020
	\$	\$
Assets		
Current		
Cash and cash equivalents	5,033,275	4,269,225
Accounts receivable <i>[note 9]</i>	481,908	489,839
Commodity taxes recoverable	75,703	157,276
Prepaid expenses	64,239	305,678
Inventories	—	23,013
Total current assets	5,655,125	5,245,031
Capital assets, net <i>[note 3]</i>	21,051	2,616,218
Assets held for sale, net <i>[note 4]</i>	2,354,129	—
	8,030,305	7,861,249
Liabilities and net assets		
Current		
Accounts payable and accrued liabilities	1,055,696	1,230,733
Deferred contributions <i>[note 5]</i>	1,882,429	1,652,986
Total current liabilities	2,938,125	2,883,719
Deferred capital contributions <i>[note 6]</i>	655,932	738,185
Total liabilities	3,594,057	3,621,904
Commitments <i>[note 11]</i>		
Net assets		
Endowment <i>[note 7]</i>	640,596	636,143
Internally restricted <i>[note 8]</i>	1,719,248	1,878,033
Unrestricted	2,076,404	1,725,169
Total net assets	4,436,248	4,239,345
	8,030,305	7,861,249

See accompanying notes

On behalf of the Board:



Director



Director

Historica Canada

Statement of operations

Year ended March 31

	2021	2020
	\$	\$
Revenue		
Restricted contributions <i>[note 5]</i>		
Government	4,118,205	6,977,930
Corporate and other	783,090	856,876
Registration fees	—	1,816,200
Unrestricted contributions <i>[note 9]</i>	1,965,387	2,055,644
Government subsidies <i>[note 12]</i>	656,372	—
Other	80,955	244,874
	7,604,009	11,951,524
Expenses		
Programming		
Salaries and benefits	2,712,110	3,354,642
Materials, publications and promotion	1,316,063	1,901,300
Workshops and events	100,188	2,252,145
Consultants and subject editors	101,341	261,594
Other	276,756	902,631
	4,506,458	8,672,312
Administration	1,886,088	1,641,245
Fundraising <i>[note 10]</i>	817,130	1,068,950
	7,209,676	11,382,507
Excess of revenue over expenses before the following	394,333	569,017
Other income (expenses)		
Amortization of deferred capital contributions <i>[note 6]</i>	82,253	83,878
Amortization of capital assets	(127,208)	(175,790)
Impairment of capital assets <i>[note 3]</i>	(157,662)	—
Gain on sale of assets held for sale <i>[note 4]</i>	5,187	—
	(197,430)	(91,912)
Excess of revenue over expenses for the year	196,903	477,105

See accompanying notes

Historica Canada

Statement of changes in net assets

Year ended March 31

	2021			
	Endowment	Internally restricted	Unrestricted	Total
	\$	\$	\$	\$
Net assets, beginning of year	636,143	1,878,033	1,725,169	4,239,345
Excess of revenue over expenses for the year	—	—	196,903	196,903
Interfund transfers [notes 7 and 8]	4,453	(158,785)	154,332	—
Net assets, end of year	640,596	1,719,248	2,076,404	4,436,248
	2020			
	Endowment	Internally restricted	Unrestricted	Total
	\$	\$	\$	\$
Net assets, beginning of year	622,449	1,967,402	1,172,389	3,762,240
Excess of revenue over expenses for the year	—	—	477,105	477,105
Interfund transfers [notes 7 and 8]	13,694	(89,369)	75,675	—
Net assets, end of year	636,143	1,878,033	1,725,169	4,239,345

See accompanying notes

Historica Canada

Statement of cash flows

Year ended March 31

	2021	2020
	\$	\$
Operating activities		
Excess of revenue over expenses for the year	196,903	477,105
Add (deduct) items not involving cash		
Amortization of capital assets	127,208	175,790
Amortization of deferred capital contributions	(82,253)	(83,878)
Impairment of capital assets	157,662	—
Gain on sale of assets held for sale	(5,187)	—
	<u>394,333</u>	569,017
Changes in non-cash working capital balances related to operations		
Accounts receivable	7,931	214,919
Commodity taxes recoverable	81,573	7,238
Prepaid expenses	241,439	(20,515)
Inventories	23,013	3,383
Accounts payable and accrued liabilities	(175,037)	(526,390)
Deferred contributions	229,443	435,936
Cash provided by operating activities	<u>802,695</u>	<u>683,588</u>
Investing activities		
Purchase of capital assets, net	(58,145)	(188,545)
Proceeds from sale of assets held for sale	19,500	—
Cash used in investing activities	<u>(38,645)</u>	<u>(188,545)</u>
Financing activities		
Contributions restricted for purchase of capital assets	—	186,002
Cash provided by financing activities	<u>—</u>	<u>186,002</u>
Net increase in cash during the year	764,050	681,045
Cash and cash equivalents, beginning of year	<u>4,269,225</u>	<u>3,588,180</u>
Cash and cash equivalents, end of year	<u>5,033,275</u>	<u>4,269,225</u>

See accompanying notes

Historica Canada

Notes to financial statements

March 31, 2021

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 ["EWC"], The Memory Project, The Citizenship Challenge and Indigenous 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 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 *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 programs. Rental revenue is recognized when rental services are provided and is included in other revenue. Sales revenue is recognized at the date of sale.

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.

Historica Canada

Notes to financial statements

March 31, 2021

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 less accumulated amortization. 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

Capital assets in development comprise costs capitalized during the development period. No amortization is recorded until the development is substantially complete and the assets are ready for productive use.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to Historica's ability to provide goods and services. Any impairment results in a write-down of the asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

Assets held for sale

Long-lived assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. A long-lived asset is classified as held for sale at the point in time when it is available for immediate sale, management has committed to a plan to sell and is actively locating a purchaser at a sales price that is reasonable in relation to its current estimated fair value, and the sale is expected to be completed within a one-year period. Long-lived assets held for sale are carried at the lower of their carrying amounts and estimated fair value less costs to sell. Assets classified as held for sale are not amortized.

Financial instruments

Financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment. Historica is not exposed to any significant credit risk, liquidity risk or interest rate risk.

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.

Historica Canada

Notes to financial statements

March 31, 2021

3. Capital assets

Capital assets consist of the following:

	2021		
	Cost \$	Accumulated amortization \$	Net book value \$
Equipment	118,350	97,299	21,051
	2020		
	Cost \$	Accumulated amortization \$	Net book value \$
Land	1,190,889	—	1,190,889
Buildings	1,698,769	644,174	1,054,595
Furniture and fixtures	393,151	355,527	37,624
Equipment	595,704	486,054	109,650
Vehicles	268,621	169,889	98,732
Capital assets in development	124,728	—	124,728
	4,271,862	1,655,644	2,616,218

Effective January 1, 2021, the Board of Directors approved the closing of the EWC program, and the sale and disposal of all assets related to that program. As at December 31, 2020, amortization of these assets ceased and an impairment charge of \$157,662 was incurred. Assets with a net book value of \$2,368,442 have been reclassified as held for sale [note 4].

4. Assets held for sale

Assets held for sale consist of the following:

	2021 \$	2020 \$
Land	1,190,889	—
Buildings	1,003,401	—
Furniture and fixtures	17,450	—
Equipment	70,861	—
Vehicles	71,528	—
	2,354,129	—

Historica Canada

Notes to financial statements

March 31, 2021

During the year, assets held for sale of with the net book value of \$14,313 were sold resulting in gain on sale of \$5,187.

On June 2, 2021, subsequent to year-end, Historica sold all assets of the EWC program, excluding the vehicle, at a value of \$6,250,000, resulting in a gain, net of transaction fees, of \$3,827,000 that will be recognized in 2022.

5. Deferred contributions

Deferred contributions represent unspent externally restricted donations and government grants for specific programs that will be carried out in future periods. The changes in the deferred contributions balance are as follows:

	2021	2020
	\$	\$
Balance, beginning of year	1,652,986	1,217,050
Add grants, bequests and donations received	5,130,738	8,270,742
Less revenue recognized related to expenses for restricted purposes	(4,901,295)	(7,834,806)
Balance, end of year	1,882,429	1,652,986

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:

	2021	2020
	\$	\$
Balance, beginning of year	738,185	636,061
Add contributions restricted for purchase of capital assets	—	186,002
Less amortization of deferred capital contributions	(82,253)	(83,878)
Balance, end of year	655,932	738,185

7. Endowment net assets

Endowment net assets represent amounts where the Board of Directors has required that the principal be maintained on a permanent basis. During the year ended March 31, 2021, the Board of Directors approved a transfer of \$4,453 [2020 – \$13,694] from unrestricted net assets to endowment net assets to maintain the purchasing power of these assets.

Historica Canada

Notes to financial statements

March 31, 2021

8. Internally restricted net assets

During the year ended March 31, 2021, the Board of Directors approved a transfer of \$158,785 [2020 – \$89,369] from internally restricted to unrestricted net assets equal to the amount of capital assets internally funded, net of amortization, since no restricted contributions were received to fund these purchases.

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. As at that date, \$5,048,881 was transferred from Historica's investments to THP.

As at March 31, 2021, the fair value of THP's investments was \$13,347,256 [2020 – \$11,476,371]. These investments are held for internally endowed funds.

During the year ended March 31, 2021, Historica recorded \$520,000 [2020 – \$531,000] as revenue in unrestricted contributions in the statement of operations related to income distributions from THP. As at March 31, 2021, accounts receivable includes \$165,000 [2020 – \$133,477] due from THP.

Transactions with the THP are measured at the exchange amount, which is the amount of consideration agreed to by the parties. Amounts due from THP are non-interest bearing and due on demand.

10. Fundraising

Fundraising costs for the year ended March 31, 2021 include \$743,302 [2020 – \$923,793] paid as remuneration to a third-party fundraiser and other fundraising costs of \$73,828 [2020 – \$145,157] paid to employees whose principal duties involve fundraising. The balance of gross contributions received that were not used to fund programming are represented by unrestricted net assets.

11. Commitments

As at March 31, 2021, Historica is obligated under operating leases to make the following future minimum annual payments:

	\$
2021	226,441
2022	224,295

Notes to financial statements

March 31, 2021

12. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus disease ["COVID-19"] as a pandemic, which has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown.

The duration and impact of the COVID-19 outbreak are unknown at this time, as is the efficacy of the government and central bank monetary and fiscal interventions designed to stabilize economic conditions. As a result, it is not possible to reliably estimate the length and severity of these developments, nor the impact on the financial position and financial results of Historica in future periods.

On March 15, 2020, in response to the COVID-19 outbreak, management suspended the EWC program, cancelled all remaining sessions through to May 2, 2020 and refunded all participant registration fees. Subsequently, management cancelled all sessions through to March 31, 2021 and refunded all participant registration fees for remaining sessions. Costs related to these cancellations have been reflected in these financial statements.

Effective December 31, 2020, the EWC program was cancelled and the facility and accompanying property were approved for sale [note 4]. Proceeds on the sale of these assets, net of disposal costs, will be reflected in the year of sale.

New revenues from government measures included Canada Emergency Wage Subsidy ["CEWS"] and Canada Emergency Rent Subsidy ["CERS"]. During the year, Historica received \$628,855 and \$27,517 from the CEWS and CERS programs, respectively. The CEWS was introduced to prevent further job losses, encourage employers to quickly rehire workers previously laid off as a result of COVID-19, and help better position the Canadian economy. The CERS was introduced to provide rent support to organizations and small businesses affected by COVID-19.

Historica may continue to be eligible for certain government subsidies that have been implemented to mitigate the economic impact of this outbreak. Any subsidies applied would be related to expenses not currently funded by other programs. The amount of these potential subsidies is not currently known. Current funding arrangements have been confirmed to continue through their regularly scheduled funding periods. Thus, management believes that the impact, if any, to the financial statements will not be material.