

**ARCTIC CHILDREN AND
YOUTH FOUNDATION
FINANCIAL STATEMENTS
March 31, 2020**

ARCTIC CHILDREN AND YOUTH FOUNDATION

Index

March 31, 2020

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10
Schedule 1 - Schedule of Projects	11

Auditors' 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 auditors' 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Iqaluit, Nunavut
April 29, 2021


Chartered Professional Accountants

**ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF FINANCIAL POSITION**

As at March 31, 2020

(with comparative amounts as at December 31, 2019)

	March 31 <u>2020</u>	December 31 <u>2019</u>
<u>Assets</u>		
Current		
Cash	\$ 1,055	\$ 254,001
Accounts receivable	307,812	216,577
Prepaid expenses	<u>59,126</u>	<u>12,597</u>
	367,993	483,175
Long Term		
Leasehold improvements and equipment (Note 3)	<u>415,662</u>	<u>429,640</u>
	<u><u>\$ 783,655</u></u>	<u><u>\$ 912,815</u></u>
<u>Liabilities</u>		
Current		
Accounts payable and accrued liabilities	\$ 46,229	\$ 103,342
Government remittances	10,516	15,615
Deferred contributions (Note 4)	40,427	133,184
Contributions repayable (Note 5)	<u>15,449</u>	<u>-</u>
	112,621	252,141
Long Term		
Deferred capital contributions (Note 6)	<u>413,945</u>	<u>427,771</u>
	<u><u>526,566</u></u>	<u><u>679,912</u></u>
<u>Net Assets</u>		
Net Assets	<u><u>257,089</u></u>	<u><u>232,903</u></u>
	<u><u>\$ 783,655</u></u>	<u><u>\$ 912,815</u></u>

Commitments (Note 7)

Approved on Behalf of the Board

_____ President

_____ Secretary/Treasurer

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF NET ASSETS
For the 3 Months Ended March 31, 2020
(with comparative amounts for the 3 months ended December 31, 2019)

	March 31 <u>2020</u>	December 31 <u>2019</u>
Balance, Opening	\$ 232,903	\$ 107,469
Excess revenue	<u>24,186</u>	<u>125,434</u>
Balance, Closing	<u>\$ 257,089</u>	<u>\$ 232,903</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF OPERATIONS
For the 3 Months Ended March 31, 2020
(with comparative amounts for the 3 months ended December 31, 2019)

	March 31	December 31
	<u>2020</u>	<u>2019</u>
Revenue		
Corporate grants	\$ 14,453	\$ 77,141
Fundraising activities	13,016	54,489
Government of Canada	25,147	374,095
Government of Nunavut	51,712	743,781
Other funding revenue	100,000	170,882
Amortization of deferred capital contributions	13,826	29,601
Administration fees	11,640	51,384
Deferred contributions, beginning of year	133,184	103,753
Deferred contributions, end of year	(40,427)	(133,184)
Contribution repayable	(15,449)	-
Deferred capital contributions	-	(457,372)
	<u>307,102</u>	<u>1,014,570</u>
Expenses		
Administration fees	11,640	51,384
Advertising and promotion	-	52
Consulting fees	-	34,143
Depreciation	13,978	30,644
General administration	11,305	41,057
Interest and bank charges	685	4,687
Professional fees	5,111	13,752
Program Delivery	48,006	108,049
Rent	21,791	50,281
Salaries and wages	140,217	434,988
Subcontracts	-	43,714
Training	4,543	19,170
Travel	25,640	57,215
	<u>282,916</u>	<u>889,136</u>
Excess Revenue	<u>\$ 24,186</u>	<u>\$ 125,434</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF CASH FLOWS
For the 3 Months Ended March 31, 2020
(with comparative amounts for the 3 months ended December 31, 2019)

	March 31	December 31
	<u>2020</u>	<u>2019</u>
Operating Activities		
Excess revenue	\$ 24,186	\$ 125,434
Items not requiring an outlay of cash:		
Depreciation	13,978	30,644
Amortization of deferred capital contributions	<u>(13,826)</u>	<u>(29,601)</u>
	24,338	126,477
Changes in non-cash working capital:		
Accounts receivable	(91,235)	(177,908)
Prepaid expenses	(46,529)	(10,991)
Accounts payable and accrued liabilities	(57,113)	89,662
Government remittances	(5,099)	(6,592)
Contributions repayable	15,449	-
Deferred contributions	<u>(92,757)</u>	<u>29,431</u>
	<u>(252,946)</u>	<u>50,079</u>
Financing Activities		
Deferred capital contributions	<u>-</u>	<u>457,372</u>
Investing Activities		
Purchase of property and equipment	<u>-</u>	<u>(457,372)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(252,946)	50,079
Cash and Cash Equivalents, Opening	<u>254,001</u>	<u>203,922</u>
Cash and Cash Equivalents, Closing	<u>\$ 1,055</u>	<u>\$ 254,001</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the 3 Months Ended March 31, 2020
(with comparative amounts for the 3 months ended December 31, 2019)

1. Nature of the Foundation

Arctic Children and Youth Foundation was incorporated under the Canada Corporations Act - Part II on July 30, 2003 and was continued under the Canada Not-for-Profit Corporations Act on October 2, 2013. The purpose of the Foundation is to focus, direct and strengthen efforts towards addressing the issues and needs of Arctic children and youth as a distinct, disadvantaged and under-represented part of the population.

The Foundation is a charitable organization and is exempt from income tax under Sec. 149(1)(f) of the Income Tax Act (Canada).

2. Significant Accounting Policies

The financial statements have been prepared, on a going concern basis, in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

(a) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short term highly liquid investments that are readily convertible to cash. Short term investments are recorded at the lower of cost or market value.

(b) Leasehold Improvements and Equipment

Leasehold improvements and equipment are recorded at cost. Depreciation is provided annually at rates calculated to write-off the assets over their estimated useful lives as follows:

Leasehold improvements	10 years straight line
Equipment	20% declining balance
Computer equipment	50% declining balance

One-half of the annual rate of depreciation is taken in the year of acquisition.

(c) Revenue Recognition

The deferral method of revenue recognition for contributions is followed. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donations and fundraising revenues are recorded when received or receivable, if collection is reasonably assured. Contributions in kind are recorded at their estimated fair value at the date of contribution, where the value can be reasonably estimated.

(d) Expense Allocations

Expenses which are wholly attributable to a particular project are charged directly to the appropriate project. Where expenses are not wholly attributable to a specific project these expenses are allocated amongst the applicable projects based on management's estimates of the time, effort and resources required to support these activities.

ARCTIC CHILDREN AND YOUTH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the 3 Months Ended March 31, 2020
(with comparative amounts for the 3 months ended December 31, 2019)

2. Significant Accounting Policies (continued)

(e) 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, valuation of contributed services and the estimated useful life of leasehold improvements and equipment. Actual results could differ from those estimates.

(f) Financial Instruments

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures all its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and government remittances.

Financial assets subsequently measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial assets or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- The present value of the cash flows expected to be generated by the asset or group of assets;
- The amount that could be realized by selling the asset or group of assets;
- The net realizable value of any collateral held to secure repayment of the asset or group of assets.

When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

It is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from these financial instruments. Unless otherwise noted, the fair value of these financial instruments approximate their carrying values.

(g) Contributed Goods and Services

Donations in kind are recorded at their estimated fair value at the date of donation, where the value can be reasonably determined. Because of the difficulty in determining the fair value of volunteer services, they are not recognized in the financial statements.

ARCTIC CHILDREN AND YOUTH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the 3 Months Ended March 31, 2020
(with comparative amounts for the 3 months ended December 31, 2019)

2. Significant Accounting Policies (continued)

(h) Capital Contributions

Capital contributions towards capital projects are recorded as deferred capital contributions. Deferred capital contributions are amortized into revenue at the same rate as the corresponding capital asset is depreciated.

3. Leasehold Improvements and Equipment

	March 31 2020			December 31 2019
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 403,001	\$ 30,225	\$ 372,776	\$ 382,851
Equipment	33,602	8,948	24,654	25,953
Computer equipment	<u>28,807</u>	<u>10,575</u>	<u>18,232</u>	<u>20,836</u>
	<u>\$ 465,410</u>	<u>\$ 49,748</u>	<u>\$ 415,662</u>	<u>\$ 429,640</u>

4. Deferred Contributions

	March 31 2020	December 31 2019
Department of Justice Canada	\$ -	\$ 9,656
Corporate Donations	20,000	20,000
ITK - Umingmak Centre	-	19,824
GN - Alluriarvik Justice Committee	-	17,306
GN - Umingmak Centre	<u>20,427</u>	<u>66,398</u>
	<u>\$ 40,427</u>	<u>\$ 133,184</u>

5. Contributions Repayable

	March 31 2020	December 31 2019
Government of Nunavut - Alluriarvik Justice Committee	<u>\$ 15,449</u>	<u>\$ -</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the 3 Months Ended March 31, 2020
(with comparative amounts for the 3 months ended December 31, 2019)

6. Deferred Capital Contributions

	March 31 2020	December 31 2019
Government of Nunavut	\$ 322,851	\$ 322,851
Department of Justice Canada	85,712	85,712
Other	<u>48,809</u>	<u>48,809</u>
	457,372	457,372
Less: Accumulated Amortization	<u>(43,427)</u>	<u>(29,601)</u>
	<u>\$ 413,945</u>	<u>\$ 427,771</u>

7. Commitments

The Foundation has a commitment under a lease agreement expiring October 2029 for building premises with minimum annual lease payments of \$51,045 (including non-rebateable taxes). The agreement gives the Foundation the option to renew the lease for an additional five years. On each of the first ten anniversaries of the commencement date, the tenant has the option to purchase the lands as detailed in the agreement. Over the next five years lease commitments are as follows:

2021	\$ 51,045
2022	51,045
2023	51,045
2024	51,045
2025	51,045
Thereafter	229,703

8. Covid-19

The COVID-19 virus is affecting businesses in Nunavut and throughout the world. A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the disease makes it difficult to determine the length of time that the Organization's operations will be impacted. Consequently, at the time of issuance of these financial statements, the effect that the abrupt decline in economic activity will have on the Foundation's operations, assets, liabilities, net assets, revenues, and expenses is not yet known.

ARCTIC CHILDREN AND YOUTH FOUNDATION
SCHEDULE OF PROJECTS

For the 3 Months Ended March 31, 2020

(with comparative amounts for the 3 months ended December 31, 2019)

	General	DOJ 2019- 2020	DOJ - Peer Leader	Alluriarvik Justice Committee	GN - Umingmak 2018-2020	GN - Umingmak 2019-2020	ITK - Umingmak 2019-2020	March 31 2020	December 31 2019
Revenues									
Corporate grants	\$ 14,453	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,453	\$ 77,141
Fundraising activities	13,016	-	-	-	-	-	-	13,016	54,489
Government of Canada	-	25,147	-	-	-	-	-	25,147	374,095
Government of Nunavut	-	-	-	-	-	51,712	-	51,712	743,781
Other funding revenue	-	-	-	-	-	-	100,000	100,000	170,882
Amortization of deferred capital contributions	1,220	4,186	-	-	6,467	1,953	-	13,826	29,601
Administration fees	11,640	-	-	-	-	-	-	11,640	51,384
Deferred contributions, beginning of year	20,000	6,424	3,232	17,306	66,398	-	19,824	133,184	103,753
Deferred contributions, end of year	(20,000)	-	-	-	(20,427)	-	-	(40,427)	(133,184)
Contribution repayable	-	-	-	(15,449)	-	-	-	(15,449)	-
Deferred capital contributions	-	-	-	-	-	-	-	-	(457,372)
	<u>40,329</u>	<u>35,757</u>	<u>3,232</u>	<u>1,857</u>	<u>52,438</u>	<u>53,665</u>	<u>119,824</u>	<u>307,102</u>	<u>1,014,570</u>
Expenses									
Administration fees	-	3,333	-	807	-	7,500	-	11,640	51,384
Advertising and promotion	-	-	-	-	-	-	-	-	52
Consulting fees	-	-	-	-	-	-	-	-	34,143
Depreciation	1,372	4,186	-	-	6,467	1,953	-	13,978	30,644
General administration	3,877	604	-	625	1,672	285	4,242	11,305	41,057
Interest and bank charges	685	-	-	-	-	-	-	685	4,687
Professional fees	-	-	-	-	-	5,111	-	5,111	13,752
Program Delivery	9,000	10,591	-	-	5,580	61	22,774	48,006	108,049
Rent	-	-	-	-	21,791	-	-	21,791	50,281
Salaries and wages	870	17,043	3,232	425	6,528	38,755	73,364	140,217	434,988
Subcontracts	-	-	-	-	-	-	-	-	43,714
Training	131	-	-	-	2,060	-	2,352	4,543	19,170
Travel	208	-	-	-	8,340	-	17,092	25,640	57,215
	<u>16,143</u>	<u>35,757</u>	<u>3,232</u>	<u>1,857</u>	<u>52,438</u>	<u>53,665</u>	<u>119,824</u>	<u>282,916</u>	<u>889,136</u>
Excess Revenue	<u>\$ 24,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,186</u>	<u>\$ 125,434</u>