

**ARCTIC CHILDREN AND
YOUTH FOUNDATION
FINANCIAL STATEMENTS**
March 31, 2021

ARCTIC CHILDREN AND YOUTH FOUNDATION

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Independent Auditors' Report

To the Board of Directors of the Arctic Children and Youth Foundation

Qualified Opinion

We have audited the financial statements of the Arctic Children and Youth Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2021, and the statements of net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, except for matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives some of its revenue from donations and fund raising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenues, excess revenues, assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation 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 qualified 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 the financial statements that are free of material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

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
September 30, 2021


Chartered Professional Accountants

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF FINANCIAL POSITION

As at March 31, 2021

(with comparative amounts as at March 31, 2020)

	March 31	March 31
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current		
Cash and cash equivalents	\$ 297,997	\$ 1,055
Accounts receivable	296,187	307,812
Prepaid expenses	<u>56,445</u>	<u>59,126</u>
	650,629	367,993
Long Term		
Capital assets (Note 3)	<u>361,316</u>	<u>415,662</u>
	<u>\$ 1,011,945</u>	<u>\$ 783,655</u>
<u>Liabilities</u>		
Current		
Accounts payable and accrued liabilities	\$ 75,918	\$ 46,229
Government remittances	2,289	10,516
Deferred contributions (Note 4)	87,960	40,427
Contributions repayable (Note 5)	<u>8,344</u>	<u>15,449</u>
	174,511	112,621
Long Term		
Deferred capital contributions (Note 6)	<u>360,144</u>	<u>413,945</u>
	<u>534,655</u>	<u>526,566</u>
<u>Net Assets</u>		
Net Assets	<u>477,290</u>	<u>257,089</u>
	<u>\$ 1,011,945</u>	<u>\$ 783,655</u>

Commitments (Note 7)

Approved on Behalf of the Board

_____ President

_____ Secretary/Treasurer

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF NET ASSETS
For the Year Ended March 31, 2021
(with comparative amounts for the 3 months ended March 31, 2020)

	March 31 <u>2021</u>	March 31 <u>2020</u>
Balance, Opening	\$ 257,089	\$ 232,903
Excess revenue	<u>220,201</u>	<u>24,186</u>
Balance, Closing	<u>\$ 477,290</u>	<u>\$ 257,089</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2021
(with comparative amounts for the 3 months ended March 31, 2020)

	March 31	March 31
	<u>2021</u>	<u>2020</u>
Revenue		
GN - Health	\$ 368,818	\$ 51,712
Government of Canada - Justice	262,632	25,147
Fundraising activities	203,743	13,016
Other funding revenue	203,440	100,000
Government of Canada - Indigenous Services	147,620	-
City of Iqaluit	70,000	-
Amortization of deferred capital contributions	53,802	13,826
Corporate grants	31,183	14,453
GN - Justice	27,830	-
Administration fees	28,170	11,640
Other revenue	3,650	-
Deferred contributions, beginning of year	40,427	133,184
Deferred contributions, end of year	(87,960)	(40,427)
Contribution repayable	(8,344)	(15,449)
Contributions not received	<u>(9,276)</u>	<u>-</u>
	<u>1,335,735</u>	<u>307,102</u>
Expenses		
Salaries and wages	619,730	140,217
Program Delivery	130,680	48,006
General administration	95,001	11,305
Rent	90,010	21,791
Amortization	54,347	13,978
Training	50,449	4,543
Professional fees	42,243	5,111
Administration fees	28,170	11,640
Travel	3,560	25,640
Interest and bank charges	<u>1,344</u>	<u>685</u>
	<u>1,115,534</u>	<u>282,916</u>
Excess Revenue	<u>\$ 220,201</u>	<u>\$ 24,186</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2021
(with comparative amounts for the 3 months ended March 31, 2020)

	March 31 <u>2021</u>	March 31 <u>2020</u>
Operating Activities		
Excess revenue	\$ 220,201	\$ 24,186
Items not requiring an outlay of cash:		
Amortization	54,347	13,978
Amortization of deferred capital contributions	<u>(53,802)</u>	<u>(13,826)</u>
	220,746	24,338
Changes in non-cash working capital:		
Accounts receivable	11,624	(91,235)
Prepaid expenses	2,681	(46,529)
Accounts payable and accrued liabilities	29,690	(57,113)
Government remittances	(8,227)	(5,099)
Contributions repayable	(7,105)	15,449
Deferred contributions	<u>47,533</u>	<u>(92,757)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	296,942	(252,946)
Cash and Cash Equivalents, Opening	<u>1,055</u>	<u>254,001</u>
Cash and Cash Equivalents, Closing	<u>\$ 297,997</u>	<u>\$ 1,055</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2021
(with comparative amounts for the 3 months ended March 31, 2020)

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) Capital Assets

Capital assets 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 Year Ended March 31, 2021
(with comparative amounts for the 3 months ended March 31, 2020)

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 Year Ended March 31, 2021
(with comparative amounts for the 3 months ended March 31, 2020)

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. Capital Assets

	March 31 2021			March 31 2020
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 403,001	\$ 70,525	\$ 332,476	\$ 372,776
Equipment	33,603	13,879	19,724	24,654
Computer equipment	<u>28,807</u>	<u>19,691</u>	<u>9,116</u>	<u>18,232</u>
	<u>\$ 465,411</u>	<u>\$ 104,095</u>	<u>\$ 361,316</u>	<u>\$ 415,662</u>

4. Deferred Contributions

	March 31 2021	March 31 2020
Indigenous Services Canada	\$ 67,960	\$ -
Corporate Donations	20,000	20,000
GN - Umingmak Centre	<u>-</u>	<u>20,427</u>
	<u>\$ 87,960</u>	<u>\$ 40,427</u>

5. Contributions Repayable

	March 31 2021	March 31 2020
Government of Nunavut - Alluriarvik Justice Committee	<u>\$ 8,344</u>	<u>\$ 15,449</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2021
(with comparative amounts for the 3 months ended March 31, 2020)

6. Deferred Capital Contributions

	March 31 2021	March 31 2020
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>(97,228)</u>	<u>(43,427)</u>
	<u>\$ 360,144</u>	<u>\$ 413,945</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:

2022	\$ 51,045
2023	51,045
2024	51,045
2025	51,045
2026	51,045
Thereafter	191,419

8. Covid-19

The COVID-19 virus has developed rapidly during the year and continues to affect businesses in Nunavut and throughout the world. At this stage, the impact on our organization and results has not been significant and based on our experience to date, we expect this to remain the case. 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 Year Ended March 31, 2021
(with comparative amounts for the 3 months ended March 31, 2020)

	<u>General</u>	<u>DOJ 2020- 2021</u>	<u>DOJ Grant 1437403</u>	<u>DOJ Grant 11931547</u>	<u>ISC - Child First Initiative</u>	<u>Alluriarvik Justice Committee</u>	<u>GN - Umingmak 2018-2019</u>
Revenues							
Government of Nunavut	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,830	\$ 30,000
Government of Canada	-	150,000	72,632	40,000	147,620	-	-
Fundraising activities	157,743	-	-	-	-	-	-
Other funding revenue	-	-	-	-	-	-	-
City of Iqaluit	-	-	-	-	-	-	-
Amortization of deferred capital contributions	4,882	15,357	-	-	-	-	25,869
Corporate grants	31,183	-	-	-	-	-	-
Administration fees	28,170	-	-	-	-	-	-
Other revenue	3,650	-	-	-	-	-	-
Deferred contributions, beginning of year	20,000	-	-	-	-	-	20,427
Deferred contributions, end of year	(20,000)	-	-	-	(67,960)	-	-
Contribution repayable	-	-	-	-	-	(8,344)	-
Contributions not received	-	-	-	-	-	(9,276)	-
	<u>225,628</u>	<u>165,357</u>	<u>72,632</u>	<u>40,000</u>	<u>79,660</u>	<u>10,210</u>	<u>76,296</u>
Expenses							
Salaries and wages	-	94,589	52,632	24,995	59,054	7,782	-
Program Delivery	-	-	-	5	-	-	-
General administration	-	-	10,000	15,000	13,364	-	-
Rent	-	-	-	-	-	-	48,051
Amortization	5,427	15,357	-	-	-	-	25,869
Training	-	20,000	10,000	-	-	-	-
Professional fees	-	15,411	-	-	-	1,500	2,376
Administration fees	-	20,000	-	-	7,242	928	-
Travel	-	-	-	-	-	-	-
Interest and bank charges	-	-	-	-	-	-	-
	<u>5,427</u>	<u>165,357</u>	<u>72,632</u>	<u>40,000</u>	<u>79,660</u>	<u>10,210</u>	<u>76,296</u>
Excess Revenue	<u>\$ 220,201</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
SCHEDULE OF PROJECTS
For the Year Ended March 31, 2021
(with comparative amounts for the 3 months ended March 31, 2020)

	<u>GN -</u> <u>Umingmak</u> <u>2019-2020</u>	<u>GN -</u> <u>Umingmak</u> <u>2020-21</u>	<u>NTI -</u> <u>National Inuit</u> <u>Suicide</u> <u>Prevention</u> <u>Strategy</u>	<u>City of</u> <u>Iqaluit -</u> <u>Wellness</u>	<u>Breakfast</u> <u>Program</u>	<u>March 31</u> <u>2021</u>	<u>March 31</u> <u>2020</u>
Revenues							
Government of Nunavut	\$ 38,818	\$ 300,000	\$ -	\$ -	\$ -	\$ 396,648	\$ 51,712
Government of Canada	-	-	-	-	-	410,252	25,147
Fundraising activities	-	-	-	-	46,000	203,743	13,016
Other funding revenue	-	-	203,440	-	-	203,440	100,000
City of Iqaluit	-	-	-	42,500	27,500	70,000	-
Amortization of deferred capital contributions	7,694	-	-	-	-	53,802	13,826
Corporate grants	-	-	-	-	-	31,183	14,453
Administration fees	-	-	-	-	-	28,170	11,640
Other revenue	-	-	-	-	-	3,650	-
Deferred contributions, beginning of year	-	-	-	-	-	40,427	133,184
Deferred contributions, end of year	-	-	-	-	-	(87,960)	(40,427)
Contribution repayable	-	-	-	-	-	(8,344)	(15,449)
Contributions not received	-	-	-	-	-	(9,276)	-
	<u>46,512</u>	<u>300,000</u>	<u>203,440</u>	<u>42,500</u>	<u>73,500</u>	<u>1,335,735</u>	<u>307,102</u>
Expenses							
Salaries and wages	11,891	246,151	92,443	30,193	-	619,730	140,217
Program Delivery	-	24,769	32,406	-	73,500	130,680	48,006
General administration	-	11,378	45,259	-	-	95,001	11,305
Rent	26,927	-	15,032	-	-	90,010	21,791
Amortization	7,694	-	-	-	-	54,347	13,978
Training	-	-	8,142	12,307	-	50,449	4,543
Professional fees	-	16,358	6,598	-	-	42,243	5,111
Administration fees	-	-	-	-	-	28,170	11,640
Travel	-	-	3,560	-	-	3,560	25,640
Interest and bank charges	-	1,344	-	-	-	1,344	685
	<u>46,512</u>	<u>300,000</u>	<u>203,440</u>	<u>42,500</u>	<u>73,500</u>	<u>1,115,534</u>	<u>282,916</u>
Excess Revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220,201</u>	<u>\$ 24,186</u>