

**ARCTIC CHILDREN AND  
YOUTH FOUNDATION  
FINANCIAL STATEMENTS  
March 31, 2023**

# ARCTIC CHILDREN AND YOUTH FOUNDATION

## Index

March 31, 2023

	<u>Page</u>
<b>Independent Auditors' Report</b>	1 - 2
<b>Financial Statements</b>	
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 - 11
Schedule 1 - Schedule of Projects	12 - 13



**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, 2023, 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, 2023 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.



Chartered Professional Accountants  
Lester Landau Accounting Professional Corp.

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

As at March 31, 2023

	<u>2023</u>	<u>2022</u>
<b><u>Assets</u></b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 761,874	\$ 638,209
Accounts receivable (Note 4)	340,874	356,746
GST Receivable	13,797	13,307
Prepaid expenses	<u>25,651</u>	<u>25,309</u>
	1,142,196	1,033,571
<b>Long Term</b>		
Capital assets (Note 5)	<u>292,214</u>	<u>344,749</u>
	<u>\$ 1,434,410</u>	<u>\$ 1,378,320</u>
<b><u>Liabilities</u></b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 168,230	\$ 121,019
Deferred contributions (Note 6)	5,781	93,843
Contributions repayable (Note 7)	<u>47,818</u>	<u>47,818</u>
	221,829	262,680
<b>Long Term</b>		
Deferred capital contributions (Note 8)	<u>288,724</u>	<u>343,912</u>
	<u>510,553</u>	<u>606,592</u>
<b><u>Net Assets</u></b>		
<b>Fund Balances</b>		
Unrestricted	446,567	294,438
Internally restricted (Note 9)	<u>477,290</u>	<u>477,290</u>
	<u>923,857</u>	<u>771,728</u>
	<u>\$ 1,434,410</u>	<u>\$ 1,378,320</u>
Commitments (Note 10)		

**Approved on Behalf of the Board**

\_\_\_\_\_ President

\_\_\_\_\_ Secretary/Treasurer

**ARCTIC CHILDREN AND YOUTH FOUNDATION**  
**STATEMENT OF NET ASSETS**  
For the Year Ended March 31, 2023

	<u>Unrestricted</u>	Board- Designated Operating <u>Reserve</u>	<u>2023</u>	<u>2022</u>
<b>Balance, Opening</b>	\$ 294,438	\$ 477,290	\$ 771,728	\$ 477,290
Excess revenue	<u>152,129</u>	<u>-</u>	<u>152,129</u>	<u>294,438</u>
<b>Balance, Closing</b>	<u>\$ 446,567</u>	<u>\$ 477,290</u>	<u>\$ 923,857</u>	<u>\$ 771,728</u>

**ARCTIC CHILDREN AND YOUTH FOUNDATION**  
**STATEMENT OF OPERATIONS**  
For the Year Ended March 31, 2023

	<u>2023</u>	<u>2022</u>
<b>Revenue</b>		
Government of Canada	\$ 1,242,998	\$ 903,004
Other funding revenue	772,912	424,713
Government of Nunavut	275,000	565,195
Administration fees	151,909	190,863
Transfer from deferred contributions	93,843	67,960
Fundraising activities	91,259	206,505
Amortization of deferred capital contributions	55,188	54,156
Corporate donations	12,980	21,566
Other revenue	4,368	5,253
Transfer to deferred capital contributions	-	(37,925)
Contribution repayable	-	(45,305)
Transfer to deferred contributions	<u>(5,781)</u>	<u>(93,843)</u>
	<u>2,694,676</u>	<u>2,262,142</u>
<b>Expenses</b>		
Administration fees	151,909	190,863
Amortization	56,363	54,492
Bad debts	-	3,234
General administration	150,127	148,838
Interest and bank charges	2,988	1,282
Professional fees	49,660	63,770
Program delivery	291,794	197,867
Rent	144,113	109,572
Salaries and benefits	1,597,191	1,132,350
Training	90,097	36,322
Travel	<u>8,305</u>	<u>29,114</u>
	<u>2,542,547</u>	<u>1,967,704</u>
<b>Excess Revenue</b>	<u>\$ 152,129</u>	<u>\$ 294,438</u>

**ARCTIC CHILDREN AND YOUTH FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended March 31, 2023

	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Excess revenue	\$ 152,129	\$ 294,438
Items not requiring (providing) cash:		
Amortization	56,363	54,492
Amortization of deferred capital contributions	<u>(55,188)</u>	<u>(54,156)</u>
	153,304	294,774
Changes in non-cash working capital:		
Accounts receivable	15,872	(85,644)
GST Receivable	(490)	11,778
Prepaid expenses	(342)	31,137
Accounts payable and accrued liabilities	47,211	45,098
Contributions repayable	-	39,475
Government remittances	-	(2,289)
Deferred contributions	<u>(88,062)</u>	<u>5,883</u>
	<u>127,493</u>	<u>340,212</u>
<b>Financing Activities</b>		
Deferred capital contributions received	<u>-</u>	<u>37,925</u>
<b>Investing Activities</b>		
Purchase of property and equipment	<u>(3,828)</u>	<u>(37,925)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	123,665	340,212
<b>Cash and Cash Equivalents, Opening</b>	<u>638,209</u>	<u>297,997</u>
<b>Cash and Cash Equivalents, Closing</b>	<u>\$ 761,874</u>	<u>\$ 638,209</u>



**ARCTIC CHILDREN AND YOUTH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2023

**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
Vehicles	30% 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, 2023

**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 capital assets. 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 cash equivalents, accounts receivable and GST receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and contributions repayable.

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, 2023

**2. Significant Accounting Policies (continued)**

**(h) Capital Contributions**

Externally restricted contributions for the purchase or construction of capital assets 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. Cash And Cash Equivalents**

	<u>2023</u>	<u>2022</u>
Cash in Bank	\$ 284,584	\$ 160,919
Guaranteed Investment Certificate	<u>477,290</u>	<u>477,290</u>
	<u>\$ 761,874</u>	<u>\$ 638,209</u>

Guaranteed Investment Certificate earning interest at 4.45% (2022 - 0.55%) per annum, maturing March 2024 (2022 - December 2022), is redeemable and internally restricted by the Board of Directors (Note 9).

**4. Accounts Receivable**

	<u>2023</u>	<u>2022</u>
GN Health 2122-206	\$ -	\$ 212,845
GN Health 2223-489	250,000	-
GC Indigenous Services	45,544	-
GC Justice Umingmak Centre	43,550	45,000
GN Health CA 1819-234	-	30,000
GN Health CA 2122-211	-	21,688
Inuit Tapirit Kanatami	-	20,000
GN Justice 2021/2022	-	18,553
City of Iqaluit	-	7,700
Other	<u>1,780</u>	<u>960</u>
	<u>\$ 340,874</u>	<u>\$ 356,746</u>

**5. Capital Assets**

	<u>2023</u>			<u>2022</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 403,001	\$ 151,125	\$ 251,876	\$ 292,176
Equipment	33,603	20,980	12,623	15,779
Vehicles	37,925	15,360	22,565	32,236
Computer equipment	<u>32,635</u>	<u>27,485</u>	<u>5,150</u>	<u>4,558</u>
	<u>\$ 507,164</u>	<u>\$ 214,950</u>	<u>\$ 292,214</u>	<u>\$ 344,749</u>

**ARCTIC CHILDREN AND YOUTH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2023

**6. Deferred Contributions**

	<u>2023</u>	<u>2022</u>
GC Women and Gender Equality	\$ 5,781	\$ 62,862
GN Health 2122-211	<u>-</u>	<u>30,981</u>
	<u>\$ 5,781</u>	<u>\$ 93,843</u>

**7. Contributions Repayable**

	<u>2023</u>	<u>2022</u>
GN Justice 2021/2022	\$ 26,105	\$ 26,105
GN FSCA22061	13,369	13,369
GN Justice 2020/2021	<u>8,344</u>	<u>8,344</u>
	<u>\$ 47,818</u>	<u>\$ 47,818</u>

**8. Deferred Capital Contributions**

	<u>2023</u>	<u>2022</u>
Government of Nunavut	\$ 360,775	\$ 360,775
Department of Justice Canada	85,712	85,712
Other	<u>48,809</u>	<u>48,809</u>
	495,296	495,296
Less: Accumulated Amortization	<u>(206,572)</u>	<u>(151,384)</u>
	<u>\$ 288,724</u>	<u>\$ 343,912</u>

**9. Board - Designated Operating Reserve**

The Board-Designated Operating Reserve includes surplus operating funds that have been restricted by the Board of Directors for the use of unanticipated expenses and one-time non-recurring outlays. These funds, which are held in a guaranteed investment certificate of \$477,290 (2022 - \$477,290), are restricted and can be used only with the approval of the Board of Directors.

**ARCTIC CHILDREN AND YOUTH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended March 31, 2023

**10. Commitments**

The Foundation is committed to premise leases expiring February 2027 and September 2029 with minimum annual lease payments, of \$73,125 and \$51,045 respectively, becoming due as follows:

2024	\$ 124,170
2025	124,170
2026	124,170
2027	118,076
2028	51,045
Thereafter	<u>76,567</u>
	<u>\$ 618,198</u>

**11. Comparative Amounts**

Certain 2022 financial statement amounts have been reclassified to conform to the financial statement presentation adopted in the current year.

**ARCTIC CHILDREN AND YOUTH FOUNDATION**  
**SCHEDULE OF PROJECTS**  
For the Year Ended March 31, 2023

	<u>General</u>	<u>GN Health 2223-489</u>	<u>GN Health 2122-211</u>	<u>GN Culture &amp; Heritage PN 22- 057</u>	<u>GC Indigenous Services</u>	<u>GC Women and Gender Equality</u>
<b>Revenues</b>						
Government of Canada	\$ -	\$ -	\$ -	\$ -	\$ 912,316	\$ 180,682
Other funding revenue	3,345	-	-	-	-	-
Government of Nunavut	-	250,000	-	25,000	-	-
Administration fees	151,909	-	-	-	-	-
Transfer from deferred contributions	-	-	30,981	-	-	62,862
Fundraising activities	91,259	-	-	-	-	-
Amortization of deferred capital contributions	55,188	-	-	-	-	-
Corporate donations	12,980	-	-	-	-	-
Other revenue	4,368	-	-	-	-	-
Transfer to deferred capital contributions	-	-	-	-	-	-
Contribution repayable	-	-	-	-	-	-
Transfer to deferred contributions	-	-	-	-	-	(5,781)
	<u>319,049</u>	<u>250,000</u>	<u>30,981</u>	<u>25,000</u>	<u>912,316</u>	<u>237,763</u>
<b>Expenses</b>						
Administration fees	-	25,000	-	-	33,600	40,646
Amortization	56,363	-	-	-	-	-
Bad debts	-	-	-	-	-	-
General administration	65,608	10,000	-	-	19,795	1,715
Interest and bank charges	2,988	-	-	-	-	-
Professional fees	3,442	-	-	-	-	-
Program delivery	4,096	5,461	30,981	25,000	133,359	27,631
Rent	-	-	-	-	92,421	-
Salaries and benefits	26,125	180,000	-	-	621,821	166,264
Training	8,041	29,539	-	-	11,320	1,507
Travel	257	-	-	-	-	-
	<u>166,920</u>	<u>250,000</u>	<u>30,981</u>	<u>25,000</u>	<u>912,316</u>	<u>237,763</u>
<b>Excess Revenue</b>	<u>\$ 152,129</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, 2023

	<u>GC Justice</u> <u>Umingmak</u> <u>Centre</u>	<u>NTI 2021-CO-</u> <u>105</u>	<u>NTI 2023-CO-</u> <u>185</u>	<u>Young Living</u> <u>Foundation</u>	<u>2023</u>	<u>2022</u>
<b>Revenues</b>						
Government of Canada	\$ 150,000	\$ -	\$ -	\$ -	\$ 1,242,998	\$ 903,004
Other funding revenue	-	203,440	360,040	206,087	772,912	424,713
Government of Nunavut	-	-	-	-	275,000	565,195
Administration fees	-	-	-	-	151,909	190,863
Transfer from deferred contributions	-	-	-	-	93,843	67,960
Fundraising activities	-	-	-	-	91,259	206,505
Amortization of deferred capital contributions	-	-	-	-	55,188	54,156
Corporate donations	-	-	-	-	12,980	21,566
Other revenue	-	-	-	-	4,368	5,253
Transfer to deferred capital contributions	-	-	-	-	-	(37,925)
Contribution repayable	-	-	-	-	-	(45,305)
Transfer to deferred contributions	-	-	-	-	(5,781)	(93,843)
	<u>150,000</u>	<u>203,440</u>	<u>360,040</u>	<u>206,087</u>	<u>2,694,676</u>	<u>2,262,142</u>
<b>Expenses</b>						
Administration fees	20,000	-	32,663	-	151,909	190,863
Amortization	-	-	-	-	56,363	54,492
Bad debts	-	-	-	-	-	3,234
General administration	-	36,520	7,760	8,729	150,127	148,838
Interest and bank charges	-	-	-	-	2,988	1,282
Professional fees	-	34,967	1,814	9,437	49,660	63,770
Program delivery	18,227	7,818	16,793	22,428	291,794	197,867
Rent	-	9,387	30,503	11,802	144,113	109,572
Salaries and benefits	99,773	104,950	250,507	147,751	1,597,191	1,132,350
Training	12,000	1,750	20,000	5,940	90,097	36,322
Travel	-	8,048	-	-	8,305	29,114
	<u>150,000</u>	<u>203,440</u>	<u>360,040</u>	<u>206,087</u>	<u>2,542,547</u>	<u>1,967,704</u>
<b>Excess Revenue</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,129</u>	<u>\$ 294,438</u>