

**ARCTIC CHILDREN AND
YOUTH FOUNDATION
FINANCIAL STATEMENTS
March 31, 2024**

ARCTIC CHILDREN AND YOUTH FOUNDATION

Index

March 31, 2024

	<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 - 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, 2024, 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, 2024 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, 2024

	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current		
Cash and cash equivalents (Note 3)	\$ 1,575,189	\$ 761,874
Accounts receivable (Note 4)	347,113	340,874
GST Receivable	35,406	13,797
Prepaid expenses	<u>14,350</u>	<u>25,651</u>
	1,972,058	1,142,196
Long Term		
Capital assets (Note 5)	<u>245,359</u>	<u>292,214</u>
	<u>\$ 2,217,417</u>	<u>\$ 1,434,410</u>
<u>Liabilities</u>		
Current		
Accounts payable and accrued liabilities	\$ 218,450	\$ 168,230
Deferred contributions (Note 6)	484,161	5,781
Contributions repayable (Note 7)	<u>53,648</u>	<u>47,818</u>
	756,259	221,829
Long Term		
Deferred capital contributions (Note 8)	<u>238,139</u>	<u>288,724</u>
	<u>994,398</u>	<u>510,553</u>
<u>Net Assets</u>		
Fund Balances		
Unrestricted	555,729	446,567
Internally restricted (Note 9)	<u>667,290</u>	<u>477,290</u>
	<u>1,223,019</u>	<u>923,857</u>
	<u>\$ 2,217,417</u>	<u>\$ 1,434,410</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, 2024

	<u>Unrestricted</u>	Board- Designated Operating <u>Reserve</u>	<u>2024</u>	<u>2023</u>
Balance, Opening	\$ 446,567	\$ 477,290	\$ 923,857	\$ 771,728
Excess revenue	299,162	-	299,162	152,129
Transfer to internally restricted	(200,000)	200,000	-	-
Transfer from internally restricted	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
Balance, Closing	\$ <u>555,729</u>	\$ <u>667,290</u>	\$ <u>1,223,019</u>	\$ <u>923,857</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF OPERATIONS
For the Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue		
Government of Canada	\$ 2,460,480	\$ 1,242,998
Other funding revenue	987,866	772,912
Government of Nunavut	577,059	275,000
Administration fees	230,330	151,909
Fundraising activities	191,324	91,259
Makigiaqta Inuit Training Corp	145,847	-
Corporate donations	89,870	12,980
Amortization of deferred capital contributions	50,585	55,188
Other revenue	34,345	4,368
Transfer from deferred contributions	5,781	93,843
Transfer to deferred contributions	<u>(484,161)</u>	<u>(5,781)</u>
	<u>4,289,326</u>	<u>2,694,676</u>
Expenses		
Administration fees	230,330	151,909
Amortization	52,760	56,363
General administration	271,322	150,127
Interest and bank charges	4,745	2,988
Professional fees	86,129	49,660
Program delivery	548,924	291,794
Rent	226,469	144,113
Salaries and benefits	2,475,680	1,597,191
Training	61,497	90,097
Travel	<u>32,308</u>	<u>8,305</u>
	<u>3,990,164</u>	<u>2,542,547</u>
Excess Revenue	<u>\$ 299,162</u>	<u>\$ 152,129</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2024

	<u>2024</u>	<u>2023</u>
Operating Activities		
Excess revenue	\$ 299,162	\$ 152,129
Items not requiring (providing) cash:		
Amortization	52,760	56,363
Amortization of deferred capital contributions	<u>(50,585)</u>	<u>(55,188)</u>
	301,337	153,304
Changes in non-cash working capital:		
Accounts receivable	(6,239)	15,872
GST Receivable	(21,609)	(490)
Prepaid expenses	11,301	(342)
Accounts payable and accrued liabilities	50,220	47,211
Contributions repayable	5,830	-
Deferred contributions	<u>478,380</u>	<u>(88,062)</u>
	<u>819,220</u>	<u>127,493</u>
Investing Activities		
Purchase of capital assets	<u>(5,905)</u>	<u>(3,828)</u>
Net Increase in Cash and Cash Equivalents	813,315	123,665
Cash and Cash Equivalents, Opening	<u>761,874</u>	<u>638,209</u>
Cash and Cash Equivalents, Closing	\$ <u>1,575,189</u>	\$ <u>761,874</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2024

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, 2024

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, 2024

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>2024</u>	<u>2023</u>
Cash in Bank	\$ 907,899	\$ 284,584
Guaranteed Investment Certificates	<u>667,290</u>	<u>477,290</u>
	<u>\$ 1,575,189</u>	<u>\$ 761,874</u>

Guaranteed Investment Certificates earning interest at variable interest rates which at the time of purchase were 4.95% (2023 - 4.45%) per annum, maturing March 2025 (2023 - March 2024) and 4.75% (2023 - nil) per annum, maturing July 2024, are redeemable and internally restricted by the Board of Directors (Note 9).

4. Accounts Receivable

	<u>2024</u>	<u>2023</u>
Makigiaqta Inuit Training Corporation	\$ 145,847	\$ -
GN Health CA 2324-279	102,084	-
GN Health CA 2223-489	37,500	250,000
GC Indigenous Services	31,200	45,544
GC Justice Umingmak Centre	14,675	43,550
Other	11,689	1,780
GN Health CA 2324-410	<u>4,118</u>	<u>-</u>
	<u>\$ 347,113</u>	<u>\$ 340,874</u>

5. Capital Assets

	<u>2024</u>			<u>2023</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 408,905	\$ 192,016	\$ 216,889	\$ 251,876
Equipment	33,603	23,504	10,099	12,623
Vehicles	37,925	22,129	15,796	22,565
Computer equipment	<u>32,635</u>	<u>30,060</u>	<u>2,575</u>	<u>5,150</u>
	<u>\$ 513,068</u>	<u>\$ 267,709</u>	<u>\$ 245,359</u>	<u>\$ 292,214</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2024

6. Deferred Contributions

	<u>2024</u>	<u>2023</u>
GC Indigenous Services	\$ 328,834	\$ -
Nunavut Tunngavik Incorporated	111,623	-
Young Living Foundation	34,729	-
Communication Foundations of Canada	8,975	-
GC Women and Gender Equality	<u>-</u>	<u>5,781</u>
	<u>\$ 484,161</u>	<u>\$ 5,781</u>

7. Contributions Repayable

	<u>2024</u>	<u>2023</u>
GN Justice 2021/2022	\$ 26,105	\$ 26,105
GN FSCA22061	19,199	13,369
GN Justice 2020/2021	<u>8,344</u>	<u>8,344</u>
	<u>\$ 53,648</u>	<u>\$ 47,818</u>

8. Deferred Capital Contributions

	<u>2024</u>	<u>2023</u>
Government of Nunavut	\$ 360,775	\$ 360,775
Department of Justice Canada	85,712	85,712
Other	<u>48,808</u>	<u>48,809</u>
	495,295	495,296
Less: Accumulated Amortization	<u>(257,156)</u>	<u>(206,572)</u>
	<u>\$ 238,139</u>	<u>\$ 288,724</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 \$667,290 (2023 - \$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, 2024

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:

2025	\$	124,170
2026		124,170
2027		118,076
2028		51,045
2029		<u>25,522</u>
	\$	<u>442,983</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
SCHEDULE OF PROJECTS
For the Year Ended March 31, 2024

	<u>General</u>	<u>GN Health 2324-279</u>	<u>GN Health 2324-410</u>	<u>GC Indigenous Services</u>	<u>GC Women and Gender Equality</u>	<u>GC Justice Umingmak Centre</u>	<u>GC Justice Umingmak Centre</u>
Revenues							
Government of Canada	\$ -	\$ -	\$ -	\$ 2,034,838	\$ 247,892	\$ 146,750	\$ 31,000
Other funding revenue	9,791	-	-	-	-	-	-
Government of Nunavut	-	540,079	36,980	-	-	-	-
Administration fees	230,330	-	-	-	-	-	-
Fundraising activities	191,324	-	-	-	-	-	-
Makigiaqta Inuit Training Corp	-	-	-	-	-	-	-
Corporate donations	89,870	-	-	-	-	-	-
Amortization of deferred capital contributions	50,585	-	-	-	-	-	-
Other revenue	34,345	-	-	-	-	-	-
Transfer from deferred contributions	-	-	-	-	5,781	-	-
Transfer to deferred contributions	-	-	-	(328,835)	-	-	-
	<u>606,245</u>	<u>540,079</u>	<u>36,980</u>	<u>1,706,003</u>	<u>253,673</u>	<u>146,750</u>	<u>31,000</u>
Expenses							
Administration fees	-	49,772	5,975	71,088	40,646	14,250	-
Amortization	52,760	-	-	-	-	-	-
General administration	110,059	21,149	-	77,924	6,328	-	11,000
Interest and bank charges	4,745	-	-	-	-	-	-
Professional fees	74,408	11,721	-	-	-	-	-
Program delivery	27,175	16,718	31,005	319,085	33,484	37,500	-
Rent	6,288	27,360	-	135,000	-	-	-
Salaries and benefits	25,339	391,823	-	1,096,544	147,760	85,000	20,000
Training	6,309	21,536	-	6,362	3,916	-	-
Travel	-	-	-	-	21,539	10,000	-
	<u>307,083</u>	<u>540,079</u>	<u>36,980</u>	<u>1,706,003</u>	<u>253,673</u>	<u>146,750</u>	<u>31,000</u>
Excess Revenue	<u>\$ 299,162</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, 2024

	<u>Makigiaqta Inuit Training Corporation</u>	<u>NTI 2021- CO-105</u>	<u>NTI 2223- CO-185</u>	<u>NTI 2324- CO-221</u>	<u>Young Living Foundation</u>	<u>Community Foundation of Canada</u>	<u>2024</u>	<u>2023</u>
Revenues								
Government of Canada	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,460,480	\$ 1,242,998
Other funding revenue	-	203,440	360,040	114,300	200,295	100,000	987,866	772,912
Government of Nunavut	-	-	-	-	-	-	577,059	275,000
Administration fees	-	-	-	-	-	-	230,330	151,909
Fundraising activities	-	-	-	-	-	-	191,324	91,259
Makigiaqta Inuit Training Corp	145,847	-	-	-	-	-	145,847	-
Corporate donations	-	-	-	-	-	-	89,870	12,980
Amortization of deferred capital contributions	-	-	-	-	-	-	50,585	55,188
Other revenue	-	-	-	-	-	-	34,345	4,368
Transfer from deferred contributions	-	-	-	-	-	-	5,781	93,843
Transfer to deferred contributions	-	-	-	(111,623)	(34,729)	(8,974)	(484,161)	(5,781)
	<u>145,847</u>	<u>203,440</u>	<u>360,040</u>	<u>2,677</u>	<u>165,566</u>	<u>91,026</u>	<u>4,289,326</u>	<u>2,694,676</u>
Expenses								
Administration fees	13,259	-	32,663	2,677	-	-	230,330	151,909
Amortization	-	-	-	-	-	-	52,760	56,363
General administration	-	1,292	7,760	-	-	35,810	271,322	150,127
Interest and bank charges	-	-	-	-	-	-	4,745	2,988
Professional fees	-	-	-	-	-	-	86,129	49,660
Program delivery	-	8,968	18,606	-	1,167	55,216	548,924	291,794
Rent	20,000	1,923	30,503	-	5,395	-	226,469	144,113
Salaries and benefits	109,214	191,257	250,508	-	158,235	-	2,475,680	1,597,191
Training	3,374	-	20,000	-	-	-	61,497	90,097
Travel	-	-	-	-	769	-	32,308	8,305
	<u>145,847</u>	<u>203,440</u>	<u>360,040</u>	<u>2,677</u>	<u>165,566</u>	<u>91,026</u>	<u>3,990,164</u>	<u>2,542,547</u>
Excess Revenue	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>299,162</u>	\$ <u>152,129</u>