

**ARCTIC CHILDREN AND
YOUTH FOUNDATION
FINANCIAL STATEMENTS**
December 31, 2017

ARCTIC CHILDREN AND YOUTH FOUNDATION

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December 31, 2017

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Independent Auditors' Report

To the Board of Directors of Arctic Children and Youth Foundation

We have audited the accompanying financial statements of the Arctic Children and Youth Foundation, which comprise the statement of financial position as at December 31, 2017, and the statements of operations and net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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 (expenses), assets and net debt.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the statement of financial position of the Arctic Children and Youth Foundation as at December 31, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Iqaluit, Nunavut
May 3, 2018



Chartered Professional Accountants

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

As at December 31, 2017

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Current		
Cash	\$ 133,084	\$ 46,911
Accounts receivable	3,168	29,639
Prepaid expenses	<u>1,606</u>	<u>1,451</u>
	137,858	78,001
Long Term		
Equipment (Note 3)	<u>1,718</u>	<u>2,147</u>
	<u>\$ 139,576</u>	<u>\$ 80,148</u>
<u>Liabilities</u>		
Current		
Accounts payable and accrued liabilities	\$ 24,191	\$ 25,404
Government remittances	-	32,418
Deferred contributions (Note 4)	<u>96,848</u>	<u>39,214</u>
	121,039	97,036
Net Debt		
	<u>18,537</u>	<u>(16,888)</u>
	<u>\$ 139,576</u>	<u>\$ 80,148</u>

Approved on Behalf of the Board

_____ President

_____ Secretary/Treasurer

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF OPERATIONS AND NET DEBT

For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Revenue		
Corporate grants	\$ 23,107	\$ 6,365
Fundraising activities	9,481	11,803
Government of Canada	103,492	72,008
Government of Nunavut	10,459	3,986
Other funding revenue	129,460	-
City of Iqaluit	3,500	3,500
Administration fees	31,543	-
Deferred contributions, beginning of year	39,214	51,385
Deferred contributions, end of year	(96,848)	(39,214)
Contribution repayable	-	(2,187)
	<u>253,408</u>	<u>107,646</u>
Expenses		
Administration fees	31,543	-
Bad debts	3,141	-
Consulting fees	63,193	9,635
Depreciation	429	537
General administration	11,547	7,720
Interest and bank charges	3,202	607
Professional fees	8,039	9,020
Rent	17,964	18,051
Salaries and wages	73,324	76,466
Travel	5,601	2,498
	<u>217,983</u>	<u>124,534</u>
Excess Revenue (Expenses)	35,425	(16,888)
Net Debt, Opening	<u>(16,888)</u>	<u>-</u>
Net Debt, Closing	<u>\$ 18,537</u>	<u>\$ (16,888)</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

	<u>2017</u>	<u>2016</u>
Operating Activities		
Excess revenue (expenses)	\$ 35,425	\$ (16,888)
Item not requiring an outlay of cash:		
Depreciation	<u>429</u>	<u>537</u>
	35,854	(16,351)
Changes in non-cash working capital:		
Accounts receivable	26,471	142
Prepaid expenses	(155)	1,430
Accounts payable and accrued liabilities	(1,214)	13,683
Government remittances	(32,418)	19,474
Deferred contributions	<u>57,635</u>	<u>(12,171)</u>
Net Increase in Cash and Cash Equivalents	86,173	6,207
Cash and Cash Equivalents, Opening	<u>46,911</u>	<u>40,704</u>
Cash and Cash Equivalents, Closing	<u>\$ 133,084</u>	<u>\$ 46,911</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2017

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) Equipment

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

Equipment	20% declining balance
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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 December 31, 2017

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 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 December 31, 2017

3. Equipment

	2017			2016
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ <u>5,988</u>	\$ <u>4,270</u>	\$ <u>1,718</u>	\$ <u>2,147</u>

4. Deferred Contributions

	2017	2016
Department of Justice Canada	\$ 14,301	\$ 35,714
RCMP	12,000	-
NTI	70,547	-
City of Iqaluit	<u>-</u>	<u>3,500</u>
	<u>\$ 96,848</u>	<u>\$ 39,214</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
SCHEDULE OF PROJECTS
For the Year Ended December 31, 2017

	<u>General</u>	<u>DOJ 2016-2017</u>	<u>DOJ 2017-2018</u>	<u>Community Wellness</u>	<u>GN VAF</u>
Revenues					
Corporate grants	\$ 23,107	\$ -	\$ -	\$ -	\$ -
Fundraising activities	9,481	-	-	-	-
Government of Canada	-	7,207	96,285	-	-
Government of Nunavut	-	-	-	-	10,459
Other funding revenue	-	-	-	-	-
City of Iqaluit	-	-	-	3,500	-
Administration fees	31,543	-	-	-	-
Deferred contributions, beginning of year	-	35,714	-	3,500	-
Deferred contributions, end of year	-	-	(26,301)	-	-
Contribution repayable	-	-	-	-	-
	<u>64,131</u>	<u>42,921</u>	<u>69,984</u>	<u>7,000</u>	<u>10,459</u>
Expenses					
Administration fees	-	9,551	11,025	-	318
Bad debts	3,141	-	-	-	-
Consulting fees	-	9,975	24,515	7,000	3,379
Depreciation	429	-	-	-	-
General administration	5,438	82	-	-	1,161
Interest and bank charges	3,202	-	-	-	-
Professional fees	2,539	-	5,500	-	-
Rent	13,453	4,511	-	-	-
Salaries and wages	-	19,306	28,944	-	-
Travel	-	-	-	-	5,601
	<u>28,202</u>	<u>43,425</u>	<u>69,984</u>	<u>7,000</u>	<u>10,459</u>
Excess Revenue (Expenses)	<u>\$ 35,929</u>	<u>\$ (504)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

ARCTIC CHILDREN AND YOUTH FOUNDATION
SCHEDULE OF PROJECTS
For the Year Ended December 31, 2017

	<u>NTI - Peer Leader</u>	<u>Qaujigiartiit - Makimautiksat</u>	<u>Total 2017</u>	<u>Total 2016</u>
Revenues				
Corporate grants	\$ -	\$ -	\$ 23,107	\$ 6,365
Fundraising activities	-	-	9,481	11,803
Government of Canada	-	-	103,492	72,008
Government of Nunavut	-	-	10,459	3,986
Other funding revenue	116,714	12,746	129,460	-
City of Iqaluit	-	-	3,500	3,500
Administration fees	-	-	31,543	-
Deferred contributions, beginning of year	-	-	39,214	51,385
Deferred contributions, end of year	(70,547)	-	(96,848)	(39,214)
Contribution repayable	-	-	-	(2,187)
	<u>46,167</u>	<u>12,746</u>	<u>253,408</u>	<u>107,646</u>
Expenses				
Administration fees	5,752	4,897	31,543	-
Bad debts	-	-	3,141	-
Consulting fees	10,475	7,849	63,193	9,635
Depreciation	-	-	429	537
General administration	4,866	-	11,547	7,720
Interest and bank charges	-	-	3,202	607
Professional fees	-	-	8,039	9,020
Rent	-	-	17,964	18,051
Salaries and wages	25,074	-	73,324	76,466
Travel	-	-	5,601	2,498
	<u>46,167</u>	<u>12,746</u>	<u>217,983</u>	<u>124,534</u>
Excess Revenue (Expenses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,425</u>	<u>\$ (16,888)</u>