

**ARCTIC CHILDREN AND YOUTH FOUNDATION**  
**FINANCIAL STATEMENTS**  
December 31, 2016

# ARCTIC CHILDREN AND YOUTH FOUNDATION

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December 31, 2016

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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, 2016, 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, 2016 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  
April 13, 2017



Chartered Professional Accountants

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

As at December 31, 2016

	<u>2016</u>	<u>2015</u>
<b><u>Assets</u></b>		
<b>Current</b>		
Cash	\$ 46,911	\$ 40,704
Accounts receivable	29,639	29,780
Prepaid expenses	<u>1,451</u>	<u>2,882</u>
	78,001	73,366
<b>Long Term</b>		
Equipment (Note 3)	<u>2,147</u>	<u>2,684</u>
	<u>\$ 80,148</u>	<u>\$ 76,050</u>
<b><u>Liabilities</u></b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 25,404	\$ 11,721
Government remittances	32,418	12,944
Deferred contributions (Note 4)	<u>39,214</u>	<u>51,385</u>
	97,036	76,050
<b><u>Net Debt</u></b>		
<b>Net Debt</b>	<u>(16,888)</u>	<u>-</u>
	<u>\$ 80,148</u>	<u>\$ 76,050</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, 2016

	<u>2016</u>	<u>2015</u>
<b>Revenue</b>		
Corporate grants	\$ 6,365	\$ 13,162
Fundraising activities	11,803	8,225
Government of Canada	72,008	197,673
Government of Nunavut	3,986	-
City of Iqaluit	3,500	-
Deferred contributions, beginning of year	51,385	92,167
Deferred contributions, end of year	(39,214)	(51,385)
Contribution repayable	<u>(2,187)</u>	<u>-</u>
	<u>107,646</u>	<u>259,842</u>
<b>Expenses</b>		
Advertising and promotion	-	154
Consulting fees	9,635	61,514
Depreciation	537	671
General administrative fees	7,720	31,261
Interest and bank charges	607	204
Professional fees	9,020	9,481
Rent	18,051	19,680
Salaries and wages	76,466	128,926
Travel	<u>2,498</u>	<u>7,951</u>
	<u>124,534</u>	<u>259,842</u>
<b>Excess Expenses</b>	(16,888)	-
<b>Net Debt, Opening</b>	<u>-</u>	<u>-</u>
<b>Net Debt, Closing</b>	<u>\$ (16,888)</u>	<u>\$ -</u>

**ARCTIC CHILDREN AND YOUTH FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2016

	<u>2016</u>	<u>2015</u>
<b>Operating Activities</b>		
Excess expenses	\$ (16,888)	\$ -
Item not requiring an outlay of cash:		
Depreciation	<u>537</u>	<u>671</u>
	(16,351)	671
Changes in non-cash working capital:		
Accounts receivable	142	(22,347)
Prepaid expenses	1,430	128
Accounts payable and accrued liabilities	13,683	(4,730)
Government remittances	19,474	9,898
Deferred contributions	<u>(12,171)</u>	<u>(40,782)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	6,207	(57,162)
<b>Cash and Cash Equivalents, Opening</b>	<u>40,704</u>	<u>97,866</u>
<b>Cash and Cash Equivalents, Closing</b>	<u>\$ 46,911</u>	<u>\$ 40,704</u>

**ARCTIC CHILDREN AND YOUTH FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended December 31, 2016

**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, 2016

**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, 2016

**3. Equipment**

	<b>2016</b>			<b>2015</b>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ <u>5,988</u>	\$ <u>3,841</u>	\$ <u>2,147</u>	\$ <u>2,684</u>

**4. Deferred Contributions**

	<b>2016</b>	<b>2015</b>
Department of Justice Canada	\$ 35,714	\$ 18,773
Corporate grants	-	25,112
Government of Nunavut - Department of Justice	-	7,500
City of Iqaluit	<u>3,500</u>	<u>-</u>
	<u>\$ 39,214</u>	<u>\$ 51,385</u>

**5. Comparative Amounts**

Certain 2015 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 December 31, 2016

	<u>General</u>	<u>DOJ 2015- 2016</u>	<u>DOJ 2016- 2017</u>	<u>Community Wellness</u>	<u>Peer Leadership</u>	<u>Total 2016</u>	<u>Total 2015</u>
<b>Revenues</b>							
Corporate grants	\$ 6,365	\$ -	\$ -	\$ -	\$ -	\$ 6,365	\$ 13,162
Fundraising activities	11,803	-	-	-	-	11,803	8,225
Government of Canada	-	9,215	62,793	-	-	72,008	197,673
Government of Nunavut	-	-	-	-	3,986	3,986	-
City of Iqaluit	-	-	-	3,500	-	3,500	-
Deferred contributions, beginning of year	25,113	18,772	-	-	7,500	51,385	92,167
Deferred contributions, end of year	-	-	(35,714)	(3,500)	-	(39,214)	(51,385)
Contribution repayable	-	(2,187)	-	-	-	(2,187)	-
	<u>43,281</u>	<u>25,800</u>	<u>27,079</u>	<u>-</u>	<u>11,486</u>	<u>107,646</u>	<u>259,842</u>
<b>Expenses</b>							
Advertising and promotion	-	-	-	-	-	-	154
Consulting fees	-	-	-	-	9,635	9,635	61,514
Depreciation	537	-	-	-	-	537	671
General administrative fees	3,560	1,920	2,240	-	-	7,720	31,261
Interest and bank charges	230	33	344	-	-	607	204
Professional fees	9,020	-	-	-	-	9,020	9,481
Rent	7,518	4,518	6,015	-	-	18,051	19,680
Salaries and wages	38,657	19,329	18,480	-	-	76,466	128,926
Travel	647	-	-	-	1,851	2,498	7,951
	<u>60,169</u>	<u>25,800</u>	<u>27,079</u>	<u>-</u>	<u>11,486</u>	<u>124,534</u>	<u>259,842</u>
<b>Excess Expenses</b>	<u>\$ (16,888)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (16,888)</u>	<u>\$ -</u>