

**TRUE NORTH AID**  
**FINANCIAL STATEMENTS**

DECEMBER 31, 2021

**INDEX**

	Page
Independent Auditor's Report	
Balance Sheet	1
Statement of Changes in Fund Balances	2
Statement of Revenue and Expenses	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 6

## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
True North Aid

### *Opinion*

We have audited the True North Aid financial statements of True North Aid, which comprise the balance sheet as at December 31, 2021, and the statements of changes in fund balances, revenue and expenses and cash flows for the year then ended, and notes to the True North Aid financial statements, including a summary of significant accounting policies.

Except as noted in the following paragraph, in our opinion, the financial statements present fairly, in all material respects, the financial position of True North Aid as at December 31, 2021 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations.

### *Basis for Opinion*

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2021 and 2020, current assets as at December 31, 2021 and 2020, and fund balances as at December 31, 2021 and 2020.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization 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 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

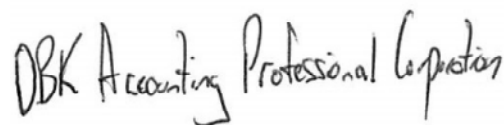
## INDEPENDENT AUDITOR'S REPORT, continued

### *Auditor's 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 auditor's 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the organization 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.
- ◆ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Hamilton, Ontario  
March 8, 2022

**DBK Accounting Professional Corporation**  
Authorized to practice public accounting by the  
Chartered Professional Accountants of Ontario

**TRUE NORTH AID**  
**BALANCE SHEET**  
**AS AT DECEMBER 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,807,917	\$ 543,156
Marketable securities	-	20,000
Accounts receivable	<u>43,954</u>	<u>14,086</u>
	<u>\$ 1,851,871</u>	<u>\$ 577,242</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,973	\$ 8,721
Government remittances payable	3,487	2,325
Deferred revenue	<u>80,816</u>	<u>124,735</u>
	<u>94,276</u>	<u>135,781</u>
<b>FUND BALANCES</b>		
General Fund	1,266,895	441,461
Internally Restricted (Note 3)	<u>490,700</u>	<u>-</u>
	<u>1,757,595</u>	<u>441,461</u>
	<u>\$ 1,851,871</u>	<u>\$ 577,242</u>

Approved on behalf of the Board:

\_\_\_\_\_ Member  
*See accompanying notes to the financial statements*

\_\_\_\_\_ Member  
*Page 1*

## TRUE NORTH AID

### STATEMENT OF CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>General Fund</u>	<u>Internally Restricted</u>	<u>Total 2021</u>	<u>Total 2020</u>
Fund balance, beginning of year	\$ 441,461	\$ -	\$ 441,461	\$ 46,891
Excess of revenues over operating expenses	1,316,134	-	1,316,134	394,570
Transfer (Note 3)	<u>(490,700)</u>	<u>490,700</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,266,895</u>	<u>\$ 490,700</u>	<u>\$ 1,757,595</u>	<u>\$ 441,461</u>

## TRUE NORTH AID

### STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2021

	2021	%	2020	%
Revenues				
Donations	\$ 2,906,878	98.2	\$ 804,411	86.9
Grants	48,809	1.6	117,808	12.7
Government assistance	2,942		1,983	
Interest income	192		-	
Events	-		1,840	
	2,958,821	100.0	926,042	100.0
Humanitarian expenses				
Administration	243,016	8.2	76,470	8.3
Insurance	1,677		1,656	
Salaries	76,415	2.6	52,952	5.7
Supplies	954,514	32.3	225,075	24.3
Transportation	187,563	6.3	73,860	8.0
Travelling expenses	15,242		7,279	
	1,478,427	50.0	437,292	47.2
Excess of revenues over humanitarian expenses	1,480,394	50.0	488,750	52.8
Operating expenses				
Advertising and promotion	3		2,863	
Bank charges and interest	28,951		18,475	
Communications	5,217		4,284	
Hardware supplies	4,492		1,668	
Licences and memberships	4,056		2,200	
Office and administration	20,716		9,601	
Professional services	28,285		10,237	
Staff training	1,878		1,716	
Travel and automotive	442		57	
Wages and benefits	70,220	2.4	43,079	4.7
	164,260	5.6	94,180	10.2
Excess of revenues over operating expenses for the year	\$ 1,316,134	44.5	\$ 394,570	42.6

## TRUE NORTH AID

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>2021</u>	<u>2020</u>
Operating activities		
Excess of revenues over operating expenses	\$ 1,316,134	\$ 394,570
Net Change in non-cash working capital items		
Marketable securities	20,000	(20,000)
Accounts receivable	(29,868)	(4,132)
Accounts payable and accrued liabilities	1,252	3,480
Government remittances payable	1,162	72
Deferred revenue	<u>(43,919)</u>	<u>51,377</u>
Increase in cash	1,264,761	425,367
Cash, beginning of year	<u>543,156</u>	<u>117,789</u>
Cash, end of year	<u><u>\$ 1,807,917</u></u>	<u><u>\$ 543,156</u></u>

# TRUE NORTH AID

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 1. Nature of operations

True North Aid is incorporated as a non-profit organization under Canada non-profit Corporations Act. The organization is dedicated to serving and supporting northern indigenous communities in Canada through practical humanitarian support.

As a not-for-profit organization, it is not subject to income tax.

### 2. Significant accounting policies

These financial statements are prepared in accordance with accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

#### (a) Revenue recognition

The organization follows the deferral method of accounting for contributions. Donations are recognized as revenue when received. Grants are recognized as revenue in the year in which the related expenses are incurred and when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Events are recognized as revenue when the service has been completed. Fundraising income is recognized as revenue when the event has occurred.

Government assistance is recognized when the amount can be determined and there is a reasonable expectation of collection.

#### (b) Short-term investments

Short-term investments are recorded at fair market value.

#### (c) Financial instruments

The organization initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost.

The organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenues over operating expenses in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

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

#### (d) Allocated expenses

Expenses incurred that are common to the administration of the organization's various funds are consistently allocated equally each year.

#### (e) Volunteer Services

Because the hours of service by volunteers are not normally purchased by the organization and the difficulty in determining their fair market value, contributed services are not recognized in the financial statements



## TRUE NORTH AID

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

#### 2. Significant accounting policies, continued

##### (f) Use of estimates

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements are accounts receivable and accruals.

#### 3. Internally restricted funds

During the year, the Board of Directors of True North Aid authorized a maximum of \$750,000 to be spent on the mattress campaign known as A Good Night's Sleep. At year end, there was still an unspent balance of \$490,700 due to delays and other circumstances surrounding the pandemic. These funds are internally restricted and being tracked by the finance team going forward to ensure they are spent on this campaign.

#### 4. Expense allocations

True North Aid allocates expenses during the year between operational and humanitarian. If the expense incurred is connected to a project, it will be classified as humanitarian. If the expense is not connected to a specific project, it will be allocated as an operational expense. Salaries, wages and benefits are also allocated based on time spent on projects to humanitarian expenses.

#### 5. Financial instruments

##### (a) Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization's approach is to ensure it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed circumstances. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities of \$9,973 (2020 - \$8,721), exposure level is low and unchanged from the prior year.