

TRUE NORTH AID
FINANCIAL STATEMENTS

DECEMBER 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
True North Aid

Opinion

We have audited the financial statements of True North Aid, which comprise the balance sheet as at December 31, 2020, and the statements of revenue and expenses and changes in fund balances and cash flows for the year then ended, and notes to the 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, 2020 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, 2020 and 2019, current assets as at December 31, 2020 and 2019, and fund balances as at December 31, 2020 and 2019.

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.

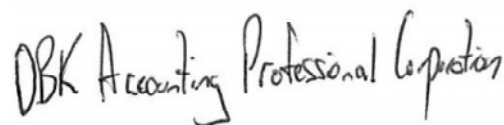
INDEPENDENT AUDITOR'S REPORT, continued

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 18, 2021

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, 2020

	2020	2019
ASSETS		
Current assets		
Cash	\$ 543,156	\$ 117,789
Marketable securities	20,000	-
Accounts receivable	14,086	9,954
	\$ 577,242	\$ 127,743
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 8,721	\$ 5,241
Government remittances payable	2,325	2,253
Deferred revenue	124,735	73,358
	135,781	80,852
FUND BALANCES		
Fund balance	441,461	46,891
	\$ 577,242	\$ 127,743

Approved on behalf of the Board:

_____ Member
 See accompanying notes to the financial statements

_____ Member
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TRUE NORTH AID

STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	%	2019	%
Revenues				
Donations	\$ 804,411	86.9	\$ 176,175	47.2
Grants	117,808	12.7	173,373	46.5
Events	1,840	0.2	23,509	6.3
Government assistance	1,983		-	
	926,042	100.0	373,057	100.0
Humanitarian expenses				
Administration	76,470	8.3	74,560	20.0
Insurance	1,656		1,744	
Salaries	52,952	5.7	39,609	10.6
Supplies	225,075	24.3	41,472	11.1
Transportation	73,860	8.0	32,796	8.8
Travelling expenses	7,279	0.8	84,192	22.6
	437,292	47.2	274,373	73.5
Excess of revenues over humanitarian expenses	488,750	52.8	98,684	26.5
Operating expenses				
Advertising and promotion	2,863		714	
Bank charges and interest	18,475		6,537	
Communications	4,284		6,682	
Hardware supplies	1,668		1,174	
Licences and memberships	2,200		3,402	
Office and administration	9,601		7,961	
Professional services	10,237	1.1	12,453	3.3
Staff training	1,716		3,152	
Travel and automotive	57		4,155	
Wages and benefits	43,079	4.7	40,536	10.9
	94,180	10.2	86,766	23.3
Excess of revenues over operating expenses for the year	394,570	42.6	11,918	3.2
Fund balance, beginning of year	46,891		34,973	
Fund balance, end of year	\$ 441,461		\$ 46,891	

TRUE NORTH AID

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
Operating activities		
Excess of revenues over operating expenses	\$ 394,570	\$ 11,918
Net Change in non-cash working capital items		
Marketable securities	(20,000)	-
Accounts receivable	(4,132)	(4,878)
Accounts payable and accrued liabilities	3,480	(3,590)
Government remittances payable	72	2,253
Deferred revenue	<u>51,377</u>	<u>73,358</u>
Increase in cash	425,367	79,061
Cash, beginning of year	<u>117,789</u>	<u>38,728</u>
Cash, end of year	<u>\$ 543,156</u>	<u>\$ 117,789</u>

TRUE NORTH AID

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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) 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, 2020

2. Significant accounting policies, continued

(e) 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. Short term investments

Guaranteed Investment Certificate matures February 15, 2021 with an interest rate of 0.80%.

4. Financial instruments

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The organization is exposed to market risk through its short term investments. Exposure level is low and unchanged from the prior year.

(b) 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 \$8,721 (2019 - \$5,241), exposure level is low and unchanged from the prior year.

5. Comparative figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year revenues and expenses.