

True North Aid
Financial Statements
December 31, 2018

TRUE NORTH AID

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INDEPENDENT AUDITOR'S REPORT

To the Members of
True North Aid

Qualified Opinion

We were engaged to audit the financial statements of **True North Aid** (the Organization), which comprise the balance sheet as at December 31, 2018, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter 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 Organization as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for non-profit organizations.

Basis for Qualified Opinion

As is the case in many charitable organizations, the Organization generates revenues from donations and certain fundraising activities that cannot be satisfactorily verified. As a result, our audit of these revenues was limited to the amounts reported in the Organization's accounts and we were unable to determine whether any adjustments may be required for contribution revenues, the excess of revenues over expenses and cash flows from operating activities for the years ended December 31, 2018 and December 31, 2017, of current assets and net assets as at December 31, 2018 and December 31, 2017.

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 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 non-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.

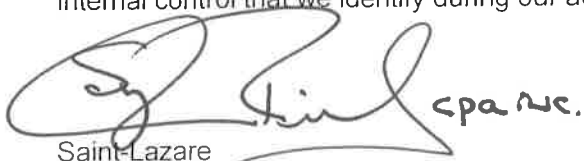
Auditor's Responsibilities for the Audit of the Financial Statements

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.

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.



Saint-Lazare
March 15, 2019

CPA auditor, CA, public accountancy permit No. A111083

TRUE NORTH AID**OPERATIONS**

year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
Revenues		
Contributions	205,594	96,976
Humanitarian expenses		
Humanitarian aid	-	17,210
Humanitarian administration	8,339	-
Humanitarian travelling expenses	30,131	-
Humanitarian supplies	31,207	-
Humanitarian transportation	17,788	-
Shipping and freight	-	12,087
Salaries and social benefits	26,901	26,931
Travelling expenses	124	22,160
Consultation and training	-	1,100
Membership and registration fees	-	3,200
Insurance	1,517	1,688
Fundraising administration fees	-	872
Advisory council	60	-
	<u>116,067</u>	<u>85,248</u>
Excess of revenues over humanitarian expenses	89,527	11,728
Operating expenses		
Salaries and social benefits	24,832	15,817
Fundraising administration fees	5,253	2,603
Travelling expenses	4,894	1,774
Consultation and training	116	3,102
Office expenses	1,687	1,675
Advertising and website	8,768	574
Food and entertainment	489	-
Telecommunications	755	577
Communication expenses	323	-
Professional fees	1,500	500
Gifts/Honorarium	1,763	-
Advisory council	2,832	-
Interest and bank charges	3,732	2,205
Non-refundable taxes	2,208	1,558
	<u>59,152</u>	<u>30,385</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>30,375</u>	<u>(18,657)</u>

TRUE NORTH AID
CHANGES IN NET ASSETS
 year ended December 31, 2018

	<u>Unrestricted</u>	<u>2018</u>	<u>Total</u> <u>2017</u>
	\$	\$	\$
BALANCE, BEGINNING OF YEAR	4,597	4,597	23,254
Excess (deficiency) of revenues over expenses	<u>30,375</u>	<u>30,375</u>	<u>(18,657)</u>
BALANCE, END OF YEAR	<u>34,972</u>	<u>34,972</u>	<u>4,597</u>

TRUE NORTH AID
BALANCE SHEET
as at December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
CURRENT ASSETS		
Cash	38,728	2,343
Government assistance	<u>5,076</u>	<u>3,582</u>
	<u>43,804</u>	<u>5,925</u>
CURRENT LIABILITIES		
Accounts payable	8,832	-
Government remittances	<u>-</u>	<u>1,328</u>
	8,832	1,328
NET ASSETS		
Unrestricted net assets	<u>34,972</u>	<u>4,597</u>
	<u>43,804</u>	<u>5,925</u>

Approved by the board

_____, director

_____, director

TRUE NORTH AID**CASH FLOWS**

year ended December 31, 2018

	<u>2018</u>	<u>2017</u>
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributors	190,594	96,976
Cash paid to suppliers and employees	<u>(154,209)</u>	<u>(116,912)</u>
NET INCREASE (NET DECREASE) IN CASH AND CASH EQUIVALENTS	36,385	(19,936)
CASH AND CASH EQUIVALENTS AT END OF YEAR (note 4)	<u>2,343</u>	<u>22,279</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR (note 4)	<u>38,728</u>	<u>2,343</u>

TRUE NORTH AID
NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2018

1- IDENTIFICATION AND DESCRIPTION OF BUSINESS

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 non-profit organization, it is not subject to income tax.

2- SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for non-profit organizations. Canadian accounting standards for non-profit organizations are part of Canadian GAAP and include the following significant accounting policies:

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for non-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they became known. Actual results could differ from those estimates.

Revenue recognition

The deferral method is used to record contributions. Restricted contributions, which are those tied by an obligation of required use, are recognized as revenue in the year during which the related charges are incurred. Unrestricted contributions are recognized as revenue in the year they are received and if their reception is reasonably assured.

Contributed services

Volunteers contribute many hours per year to assist the organization in its operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Cash and cash equivalents

The organization's policy is to disclose bank balances under cash and cash equivalents.

2- SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capital assets

Acquisitions of capital assets are charged to operating expenses in the year of purchase.

Financial instruments

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

Financial assets measured at amortized cost include cash and government assistance.

Financial liabilities measured at amortized cost include accounts payable.

3- CAPITAL ASSETS CHARGED TO OPERATING EXPENSES

The organization did not acquire any capital assets in 2017 and 2018.

4- CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	<u>2018</u>	<u>2017</u>
	\$	\$
Cash	<u>38,728</u>	<u>2,343</u>

5- FINANCIAL INSTRUMENTS

Risks and concentrations

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the organization's risk exposure at the balance sheet date, i.e. December 31, 2018,

TRUE NORTH AID
NOTES TO THE FINANCIAL STATEMENTS
as at December 31, 2018

5- FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

6 - NON-MONETARY TRANSACTIONS

In October 2018, the Organization has received five heated rail containers as a gift-in-kind. This operation has been evaluated at \$15,000, which represents the market value of those goods and was accounted for in contribution revenues and humanitarian supplies.

7- FIGURES

Figures for 2017 have not been audited.