

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

DECEMBER 31, 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
True North Aid

### *Qualified Opinion*

We have audited the financial statements of True North Aid, which comprise the balance sheet as at December 31, 2023, and the statements of changes in fund balances, revenue and expenses and 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 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, 2023, 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 Qualified 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, 2023 and 2022, current assets as at December 31, 2023 and 2022, and net assets as at January 1 and December 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 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.

### *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

## INDEPENDENT AUDITOR'S REPORT, continued

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.



Hamilton, Ontario  
March 21, 2024

**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, 2023**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 1,174,067	\$ 1,043,332
HST recoverable	49,660	70,910
Prepaid expenses	7,450	4,325
Advances receivable	<u>115,297</u>	<u>159,423</u>
	<u>\$ 1,346,474</u>	<u>\$ 1,277,990</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,668	\$ 9,499
Government remittances payable	9,031	5,082
Deferred revenue (Note 3)	<u>314,484</u>	<u>325,236</u>
	<u>337,183</u>	<u>339,817</u>
<b>FUND BALANCES</b>		
General Fund	609,291	938,173
Internally Restricted (Note 4)	<u>400,000</u>	<u>-</u>
	<u>1,009,291</u>	<u>938,173</u>
	<u>\$ 1,346,474</u>	<u>\$ 1,277,990</u>

Approved on behalf of the Board:

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

\_\_\_\_\_ Member  
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**TRUE NORTH AID**

**STATEMENT OF CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>General Fund</u>	<u>Internally Restricted</u>	<u>Total 2023</u>	<u>Total 2022</u>
Fund balance, beginning of year				
As previously reported	\$ 938,173	\$ -	\$ 938,173	\$ 1,757,595
Prior period adjustment (Note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,689</u>
As restated	938,173	-	938,173	1,805,284
Excess (deficiency) of revenues over expenses	71,118	-	71,118	(867,111)
Transfer (Note 4)	<u>(400,000)</u>	<u>400,000</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u>\$ 609,291</u>	<u>\$ 400,000</u>	<u>\$ 1,009,291</u>	<u>\$ 938,173</u>

## TRUE NORTH AID

### STATEMENT OF REVENUE AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

	2023	%	2022	%
Revenues				
Donations	\$ 2,088,158	97.8	\$ 1,549,518	98.7
Flagship project revenue	29,677		16,026	
Interest income	16,795		5,209	
Loss on sale of investments	-		(1,009)	
	2,134,630	100.0	1,569,744	100.0
Humanitarian expenses				
Administration	439,043	20.6	535,158	34.1
Insurance	1,699		1,696	
Supplies	1,068,515	50.1	1,270,901	81.0
Transportation	178,361	8.4	216,022	13.8
Travelling expenses	84,166	3.9	153,919	9.8
	1,771,784	83.0	2,177,696	138.7
Excess (deficiency) of revenues over humanitarian expenses	362,846	17.0	(607,952)	(38.7)
Operating expenses				
Advertising and promotion	4,835		2,606	
Bank charges and interest	22,832		20,644	
Communications	8,825		9,656	
Hardware supplies	2,384		3,485	
Licences and memberships	-		6,637	
Office and administration	44,506		34,298	
Professional services	10,164		9,830	
Staff training	1,487		2,488	
Travel and automotive	9,651		1,827	
Wages and benefits	187,044	8.8	167,688	10.7
	291,728	13.7	259,159	16.5
Excess (deficiency) of revenues over expenses for the year	\$ 71,118	3.3	\$ (867,111)	(55.2)

# TRUE NORTH AID

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
Operating activities		
Excess (deficiency) of revenues over expenses	\$ 71,118	\$ (867,111)
Net Change in non-cash working capital items		
HST recoverable	21,250	(26,956)
Prepaid expenses	(3,125)	(4,325)
Advances receivable	44,126	(159,423)
Accounts payable and accrued liabilities	4,169	(473)
Government remittances payable	3,949	1,595
Deferred revenue	<u>(10,752)</u>	<u>244,420</u>
Increase (decrease) in cash	130,735	(812,273)
Cash, beginning of year	<u>1,043,332</u>	<u>1,855,605</u>
Cash, end of year	<u>\$ 1,174,067</u>	<u>\$ 1,043,332</u>

# TRUE NORTH AID

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 1. Nature of operations

True North Aid is incorporated as a non-profit organization under Canada non-profit Corporations Act on April 3, 2012. The corporation is a registered charity and is therefore exempt from payment of income taxes as provided under the Income Tax Act.

The organization is dedicated to serving and supporting northern indigenous communities in Canada through practical humanitarian support.

### 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 restricted fund method of accounting for contributions. Unrestricted 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.

Interest income is recognized in the year it is earned.

#### (b) Fund accounting

The General Fund reports assets, liabilities, revenue, and expenses for operating activities and all other activities for which no fund has been established.

The Internally Restricted Fund reports assets that have been restricted internally for a specific purpose, as determined by the Board.

#### (c) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.



# TRUE NORTH AID

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 2. Significant accounting policies, continued

#### (d) Financial instruments

The organization initially measures its financial assets and liabilities at fair value. It 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 (deficiency) of revenues over expenses in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents, HST recoverable and advances receivable.

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

#### (e) Allocated expenses

The organization 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.

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

#### (f) 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

#### (g) 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.

#### (h) Community grants

Grants that are paid out for approved projects are shown as advances receivable until the organization approves reports received from the recipient organizations. Once these reports are approved, the advances receivable are moved to the relevant expenses.

# TRUE NORTH AID

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

### 3. Deferred revenue

Deferred revenues consist of flagship projects with the following balances:

	<u>2023</u>	<u>2022</u>
Hockey Cares	\$ 103,419	\$ 1,818
Work 2 Give	90,454	62,498
Moon Time Connections - True North Aid	80,138	167,766
Moon Time Connections - Education	21,052	-
Water Fund	19,421	10,000
Health Fund	-	42,252
Culture Fund	-	40,798
Housing Fund	-	104
	<u>\$ 314,484</u>	<u>\$ 325,236</u>

### 4. Internally restricted funds

In the current year, the Board of Directors of True North Aid authorized an amount of \$400,000 to be spent on the mattress campaign known as A Good Night's Sleep. These funds are internally restricted and being tracked by the finance team. They are expected to be spent in the 2024 fiscal year.

### 5. Prior period adjustment

During the previous year, it was determined that an investment owned by the organization was incorrectly recorded against revenue as opposed to being included in cash and cash equivalents in 2021. This was the result of an error. Accordingly, cash and cash equivalents, total assets, fund balance, revenues and excess of revenues over expenses were understated by \$47,689.

## TRUE NORTH AID

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

#### 6. 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 \$13,668 (2022 - \$9,499), exposure level is low and unchanged from the prior year.

##### (b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its cash and cash equivalents and advances receivable.

Credit risk associated with cash and cash equivalents is minimized by ensuring these financial assets are placed with financial institutions with high credit ratings.

With respect to advances receivable, the organization grants advances to community organizations that have gone through a screening process to mitigate credit risk.