

Inuit Tapiriit Kanatami
Financial Statements
March 31, 2022

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Independent Auditor's Report

To the Directors of
Inuit Tapiriit Kanatami

Raymond Chabot
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Opinion

We have audited the financial statements of Inuit Tapiriit Kanatami (hereafter "the Organization"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

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.

Other matter – Supplementary information

The supplementary information included in the schedules is not an integral part of the financial statements. We have not audited or reviewed this supplementary information and, accordingly, we do not express an audit opinion, a review conclusion or any other form of assurance on this supplementary information.

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 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 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.

Raymond Chabot Grant Thornton LLP

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
July 29, 2022

Inuit Tapiriit Kanatami Operations

Year ended March 31, 2022

	2022		2021
	General operations	Funded activities	Total
	\$	\$	\$
Revenue			
Contributions - Inuit Tapiriit Kanatami (Note 4)		11,126,003	11,126,003
Contributions - other Inuit organizations (Note 4)		8,453,559	8,453,559
Interest income	78,003		78,003
Other revenue	192,407		192,407
	270,410	19,579,562	19,849,972
Expenses (recovery)			
Salaries and employee benefits	356,744	5,659,869	6,016,613
Advertising		125,857	125,857
Bank charges	9,145		9,145
Communications	2,734	143,943	146,677
Distribution	596	29,865	30,461
Equipment rental		108,455	108,455
Insurance	17,332		17,332
Legal fees		33,034	33,034
Office expenses	90,368	109,641	200,009
Printing		54,532	54,532
Professional fees	64,652	3,170,468	3,235,120
Rent	341,305	183,819	525,124
Translation	8,959	151,308	160,267
Travel		347,896	347,896
Project expenses			105,363
Project activities - other Inuit organizations		8,453,559	8,453,559
Administrative overhead charges	(1,007,316)	1,007,316	
Amortization of tangible capital assets	171,140		171,140
	55,659	19,579,562	19,635,221
Excess of revenue over expenses	214,751	-	214,751
			83,689

The accompanying notes are an integral part of the financial statements.

Inuit Tapiriit Kanatami

Financial Position


March 31, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
ASSETS		
Current		
Cash (Note 5)	13,941,194	13,761,597
Contributions receivable (Note 6)	6,669,522	2,045,630
Other receivables (Note 7)	372,808	366,696
Prepaid expenses (Note 8)	<u>15,870,229</u>	<u>20,589,514</u>
	36,853,753	36,763,437
Long-term		
Tangible capital assets (Note 9)	<u>808,490</u>	<u>827,645</u>
	<u>37,662,243</u>	<u>37,591,082</u>
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 11)	2,227,656	2,015,950
Long-term		
Deferred contributions (Note 12)	33,677,594	34,000,985
Lease inducement	<u>183,401</u>	<u>215,306</u>
	<u>36,088,651</u>	<u>36,232,241</u>
NET ASSETS		
Invested in tangible capital assets	808,490	827,645
Internally restricted (Note 5)	299,437	299,437
Unrestricted	<u>465,665</u>	<u>231,759</u>
	<u>1,573,592</u>	<u>1,358,841</u>
	<u>37,662,243</u>	<u>37,591,082</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

Director



Director



Inuit Tapiriit Kanatami

Changes in Net Assets

Year ended March 31, 2022

	2022			2021
	Invested in tangible capital assets	Internally restricted	Unrestricted	Total
	\$	\$	\$	\$
Balance, beginning of year	827,645	299,437	231,759	1,275,152
Excess of revenue over expenses	(171,140)		385,891	83,689
Acquisition of tangible capital assets (Note 9)	151,985		(151,985)	
Balance, end of year	808,490	299,437	465,665	1,358,841

The accompanying notes are an integral part of the financial statements.

Inuit Tapiriit Kanatami

Cash Flows

Year ended March 31, 2022

	<u>2022</u>	<u>2021</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	214,751	83,689
Non-cash items		
Amortization of tangible capital assets	171,140	147,738
Amortization of lease inducement	(31,905)	(26,913)
Changes in working capital items and deferred contributions		
Contributions receivable	(4,630,004)	1,680,105
Prepaid expenses	4,719,285	(8,607,946)
Trade payables and other operating liabilities	211,706	(1,545,731)
Deferred contributions	(323,391)	3,597,319
Cash flows from operating activities	<u>331,582</u>	<u>(4,671,739)</u>
INVESTING ACTIVITIES		
Acquisition of tangible capital assets and cash flows from investing activities	<u>(151,985)</u>	<u>(136,780)</u>
Net increase (decrease) in cash	179,597	(4,808,519)
Cash, beginning of year	<u>13,761,597</u>	<u>18,570,116</u>
Cash, end of year	<u><u>13,941,194</u></u>	<u><u>13,761,597</u></u>

The accompanying notes are an integral part of the financial statements.

Inuit Tapiriit Kanatami

Notes to Financial Statements

March 31, 2022

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization is a not-for-profit organization dedicated to the needs and aspirations of Canada's Inuit. Incorporated under Part II of the Canada Corporations Act on January 11, 1972, the Organization represents Inuit in Canada, who primarily live in Inuit Nunangat, the Treaty territory of Inuit in Canada, encompassing 51 communities spanning four Inuit regions: the Inuvialuit Settlement Region, Nunavut, Nunavik, and Nunatsiavut. Effective October 30, 2013, the Organization continued its articles of incorporation from the Canada Corporations Act to the Canada Not-for-profit Corporations Act. It is the national voice of Inuit in Canada and addresses issues of vital importance to the preservation of the Inuit identity, culture and way of life.

The Organization is a not-for-profit corporation and is a registered charitable organization under the Income Tax Act (Canada) and as such is not subject to income taxes.

2 - ACCOUNTING CHANGE

Financial Instruments Originated or Exchanged in a Related Party Transaction

On April 01, 2021, the Organization applied the changes to Section 3856, Financial Instruments, of Part II of the *CPA Canada Handbook – Accounting* and Section 4460, Disclosure of Related Party Transactions by Not-for-Profit Organizations, of Part III of the *CPA Canada Handbook – Accounting*. The purpose of these changes is to provide additional recommendations on the accounting treatment of financial instruments originated or exchanged in a related party transaction.

The changes require that financial assets originated or acquired and financial liabilities issued or assumed in a related party transaction be initially measured at cost, with the exception of certain specific financial instruments that are initially measured at fair value. The cost of a financial asset originated or acquired or of a financial liability issued or assumed in these circumstances depends on whether the instrument has repayment terms. When the financial instrument has repayment terms, its cost is determined using the undiscounted cash flows, excluding interest and dividend payments, and less any impairment losses previously recognized by the transferor. The cost of a financial instrument that does not have repayment terms is determined using the consideration transferred or received in the transaction.

The changes generally require that financial assets and liabilities from related party transactions be subsequently measured using the cost method, except for investments in equity instruments that are quoted in an active market which are measured at fair value.

The changes provide additional guidance on how to measure the impairment loss of a financial asset originated or acquired in a related party transaction subsequently measured using the cost method.

The changes also require that an entity recognizes the effect of the forgiveness of a financial asset originated or created in a related party transaction or the extinguishment of a financial liability issued or assumed in a related party transaction in operations or in accordance with the accounting method used to recognize contributions.

In accordance with the transitional provisions, these changes, that are applicable for fiscal years beginning on or after January 1, 2021, have been applied retrospectively taking certain relief measures into account.

Inuit Tapiriit Kanatami

Notes to Financial Statements

March 31, 2022

2 - ACCOUNTING CHANGE (Continued)

Application of the changes did not have any impact on the financial statements for the year ended March 31, 2021.

3 - SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Interest income is recognized on a time apportionment basis.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities from transactions not concluded with related parties and those from transactions with parties whose sole relationship with the entity is in the capacity of management (and members of the immediate family) are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Company's financial assets and liabilities from related party transactions are measured at cost.

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), whereas those from related party transactions are measured using the cost method (including any impairment in the case of financial assets).

Inuit Tapiriit Kanatami

Notes to Financial Statements

March 31, 2022

3 - SUMMARY OF ACCOUNTING POLICIES (Continued)

With respect to financial assets measured at amortized cost or using the cost method, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in earnings. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in earnings in the year the reversal occurs.

Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Organization receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value if fair value cannot be reasonably determined.

Amortization

Tangible capital assets are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

	<u>Periods</u>
Office equipment	5 years
Leasehold improvements	10 years

Write-down

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Inuit Tapiriit Kanatami

Notes to Financial Statements

March 31, 2022

4 - CONTRIBUTIONS

			<u>2022</u>	<u>2021</u>
	Contributions - ITK	Contributions - other Inuit organizations	Total	Total
	\$	\$	\$	\$
Crown-Indigenous Relations and Northern Affairs Canada	5,488,359	5,353,800	10,842,159	7,045,107
Indigenous Services Canada	3,216,259	2,696,510	5,912,769	4,428,607
Department of Canadian Heritage	414,731		414,731	1,033,166
Employment and Social Development Canada	949,036		949,036	543,622
Polar Knowledge	235,679	145,991	381,670	11,041
Laval University	90,338		90,338	26,492
Canadian Institutes of Health Research	177,373		177,373	20,978
Transport Canada		30,000	30,000	
Environment and Climate Change Canada	385,551		385,551	33,571
Mastercard	128,677	227,258	355,935	772,169
Various other funders	40,000		40,000	110,000
	<u>11,126,003</u>	<u>8,453,559</u>	<u>19,579,562</u>	<u>14,024,753</u>

5 - CASH

Funds used to establish the internally restricted net assets for the Post-Secondary School Revolving Program and the Public Outreach/Education Program have not been deposited in a separate bank account. Accordingly, cash comprises:

	<u>2022</u>	<u>2021</u>
	\$	\$
Internally restricted cash for:		
Post-Secondary School Revolving Program	18,445	18,445
Public Outreach/Education Program	280,992	280,992
	<u>299,437</u>	<u>299,437</u>
Unrestricted cash	<u>13,641,757</u>	<u>13,462,160</u>
	<u>13,941,194</u>	<u>13,761,597</u>

Inuit Tapiriit Kanatami

Notes to Financial Statements

March 31, 2022

6 - CONTRIBUTIONS RECEIVABLE

	<u>2022</u>	<u>2021</u>
	\$	\$
Crown-Indigenous Relations and Northern Affairs Canada	2,041,700	195,650
Department of Canadian Heritage	961,173	164,923
Employment and Social Development Canada	196,000	1,413,500
Laval University		90,000
Indigenous Services Canada	3,275,649	
Memorial University of Newfoundland		32,007
Environment Canada	60,000	100,000
Oceans North		39,550
Transport Canada	135,000	10,000
	<u>6,669,522</u>	<u>2,045,630</u>

As at March 31, 2022, amounts owing from two contributors represent 31% and 49%, respectively, of the total contributions receivable (69% from one contributor as at March 31, 2021).

7 - OTHER RECEIVABLES

	<u>2022</u>	<u>2021</u>
	\$	\$
Other receivables	18,578	49,255
Indirect taxes receivable	354,230	317,441
	<u>372,808</u>	<u>366,696</u>

8 - PREPAID EXPENSES

These amounts are funds advanced to other Inuit organizations for specific project expenses that will be incurred by these organizations. As these advances are spent by the other Inuit organizations, the Organization recognizes the project expenses in Project activities on the statement of operations.

	<u>2022</u>	<u>2021</u>
	\$	\$
Nunavut Tunngavik Incorporated	11,232,357	12,768,274
Nunatsiavut Government	1,487,411	2,592,128
Inuvialuit Regional Corporation	726,246	2,272,489
Makivik Corporation	808,321	1,208,333
Inuit Circumpolar Council (Canada) Inc.	216,440	136,335
Pauktuutit Inuit Women of Canada	12,324	101,894
Southern Quebec Inuit Association	41,504	
Prepaid travel expenses		66,190
Akausivik	1,269,316	1,269,316
KidsHelpLine	76,310	174,555
	<u>15,870,229</u>	<u>20,589,514</u>

Inuit Tapiriit Kanatami

Notes to Financial Statements

March 31, 2022

9 - TANGIBLE CAPITAL ASSETS

	2022		2021
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Office equipment	1,100,970	627,746	445,554
Leasehold improvements	468,253	132,987	382,091
	<u>1,569,223</u>	<u>760,733</u>	<u>827,645</u>

10 - LINE OF CREDIT

The line of credit, for an authorized amount of \$500,000, bears interest at prime plus 1.00% (3.70%; 3.45% as at March 31, 2021) and is subject to renewal annually. A general security agreement covering all of the Organization's assets has been pledged as collateral for the line of credit. As of the year-end, no amounts were borrowed against the line of credit (2021 - \$Nil).

11 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

Government remittances total \$23,119 as at March 31, 2022 (\$31,065 as at March 31, 2021).

12 - DEFERRED CONTRIBUTIONS

Deferred contributions consist of unspent project grants received for expenses in future years. The Organization receives the contributions from government and various funding agencies and are restricted to be spent on specific projects.

	2022	2021
	\$	\$
Balance, beginning of year	34,000,985	30,403,666
Amount received during the year	19,296,170	17,622,072
Amount repaid to contributors during the year	(40,000)	
Amount recognized in statement of operations during the year	<u>(19,579,561)</u>	<u>(14,024,753)</u>
Balance, end of year	<u>33,677,594</u>	<u>34,000,985</u>

Inuit Tapiriit Kanatami

Notes to Financial Statements

March 31, 2022

13 - RELATED PARTY TRANSACTIONS

The Organization and Inuit Circumpolar Council (Canada) Inc. are organizations under common management by virtue of having a common Board of Directors.

During the year, the Organization paid contributions of \$366,895 (2021 - \$308,665) to Inuit Circumpolar Council (Canada) Inc. plus \$45,000 (2021 - \$Nil) in travel reimbursements. The transactions were measured at the exchange amount, excluding the resulting financial instruments.

14 - FINANCIAL RISKS

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Council has determined that the financial assets with more credit risk exposure are contributions receivable and other receivables (except indirect taxes receivable) since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Council.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the statement of financial position.

15 - COMMITMENT

The Organization has entered into a long-term lease agreement expiring on February 28, 2029 which calls for lease payments of \$1,469,860 for the rental of premises. Minimum lease payments for the next five years are \$197,650 in 2023, \$197,650 in 2024, \$214,912 in 2025, \$214,912 in 2026 and \$214,912 in 2027.

Inuit Tapiriit Kanatami

Schedules - Detailed Statement of Operations by Funding Source - Activities Funded by Department of Canadian Heritage

Year ended March 31, 2022

(Unaudited)

				2022	2021
	Youth Magazine	Language Unification	Language Legislation	Total \$	Total \$
Revenue					
Contributions - ITK	49,500	300,000	446,750	796,250	788,974
Deferred contributions					
Beginning of year		101,994		101,994	346,186
End of year	(49,500)	(220,000)	(214,013)	(483,513)	(101,994)
	-	181,994	232,737	414,731	1,033,166
Expenses					
Administration		23,607	25,627	49,234	104,036
Advertising				-	37,178
Communications				-	-
Distribution				-	21,167
Office expenses		180		180	9,047
Printing				-	20,871
Professional fees		27,304	48,721	76,025	312,877
Salaries and employee benefits		127,381	154,391	281,772	403,360
Translation		850	3,998	4,848	112,757
Travel		2,672		2,672	11,873
	-	181,994	232,737	414,731	1,033,166
Excess of revenue over expenses	-	-	-	-	-

Inuit Tapiriit Kanatami

Schedules - Detailed Statement of Operations by Funding Source - Activities funded by Indigenous Services Canada (ISC)

Year ended March 31, 2022

(Unaudited)

	Indigenous Services Canada -Health	Child First Initiative	2022 Total \$	2021 Total \$
Revenue:				
Contributions - ITK	4,494,465		4,494,465	3,286,364
Contributions - other Inuit organizations	452,456		452,456	647,456
Deferred revenue:				
Beginning of year	20,301,408	973,044	21,274,452	21,769,239
End of year	(19,691,174)	(617,430)	(20,308,604)	(21,274,452)
	5,557,155	355,614	5,912,769	4,428,607
Expenses				
Administration	239,294	32,300	271,594	261,000
Advertising	83,159		83,159	32,037
Communications	22,251		22,251	4,826
Distribution	350		350	393
Equipment rental	12,360		12,360	29,522
Office expenses	17,408	30	17,438	36,082
Printing	3,841		3,841	-
Professional fees	913,395	205,101	1,118,496	879,009
Rent	183,819		183,819	127,760
Salaries and employee benefits	1,218,257	110,718	1,328,975	1,702,651
Translation	56,658	7,465	64,123	31,053
Travel	109,852		109,852	18,752
Affiliated organizations' participation:				
Administration	144,588		144,588	37,946
Communications	7,106		7,106	14,869
Office expenses	157,456		157,456	16,474
Professional fees	424,237		424,237	98,472
Project expenses	289,160		289,160	275,689
Salaries and employee benefits	1,149,688		1,149,688	799,591
Travel	524,276		524,276	62,481
	5,557,155	355,614	5,912,769	4,428,607
Excess of revenue over expenses	-	-	-	-

