

**NORTHERN ASSOCIATION OF
COMMUNITY COUNCILS INC.**

FINANCIAL STATEMENTS

MARCH 31, 2024

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Northern Association of Community Councils Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northern Association of Community Councils Inc. (the "Association"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the 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 Association as at March 31, 2024, 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 Association 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

The financial statements of Northern Association of Community Councils Inc. for the year ended March 31, 2023, were audited by another firm of Chartered Professional Accountants who expressed an unmodified opinion on those financial statements in their report dated June 27, 2023.

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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 Association'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 Association'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 Association 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.

July 5, 2024
Winnipeg, Canada



Chartered Professional Accountants

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Statement of Financial Position

March 31, 2024

	2024	2023
Assets		
Current assets:		
Cash	\$ 193,532	\$ 338,723
Accounts receivable (Note 4)	192,670	1,300
Goods and services tax recoverable	8,978	10,782
Interest receivable	-	3,455
Prepaid expenses and deposits	9,594	4,594
Short-term investments (Note 5)	-	125,000
	\$ 404,774	\$ 483,854
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 28,631	\$ 28,381
Source deductions payable	2,191	3,995
Deferred grants and contributions (Note 6)	80,364	135,265
	111,186	167,641
Net assets:		
Unrestricted	180,588	140,213
Internally restricted (Note 7)	113,000	176,000
	293,588	316,213
Commitment (Note 8)		
	\$ 404,774	\$ 483,854

See accompanying notes to financial statements.

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Statement of Operations

Year ended March 31, 2024

	2024	2023
Revenue - Grants:		
Province of Manitoba:		
Manitoba Indigenous Reconciliation and Northern Relations:		
Operating grant	\$ 267,700	\$ 263,700
Community memberships	36,000	36,000
Northern Healthy Foods Initiative projects (Schedule 1)	141,498	117,500
Greenhouse project	1,324	15,916
Grow North project	8,439	6,678
Healthy Foods and Gardens Initiative	37,979	30,030
Other Northern Healthy Foods Initiative projects	-	18,438
Food Security program	-	52,503
Northern Manitoba Food, Culture, and Community Collaborative (NMFCCC) - Beekeeping projects	6,541	28,324
North to North project	-	3,076
	499,481	572,165
Other revenue:		
Conferences	21,574	17,950
Interest income	14,439	12,966
Other	3,920	14,084
	39,933	45,000
	539,414	617,165
Expenses:		
Administrative (Schedule 2)	40,020	46,401
Annual general conference	123,778	106,632
Community Information Enhancement project	618	944
Food Security Enhancement	-	38,816
Food Security Program Strategic Assessment	-	18,065
NMFCCC - Bee Mentoring project	1,280	529
NMFCCC - Bees project	5,261	5,808
NMFCCC - Bees Programming	-	21,988
North to North project	-	3,076
Other Northern Healthy Foods Initiative projects	-	2,708
Province of Manitoba - Northern Healthy Foods Initiative projects (Schedule 1)	150,160	132,259
Province of Manitoba - Greenhouse project	1,324	15,916
Province of Manitoba - Grow North project	8,439	6,678
Salaries and benefits	98,744	103,442
Travel and meetings (Schedule 3)	132,415	113,498
	562,039	616,760
(Deficiency) excess of revenue over expenses for the year	\$ (22,625)	\$ 405

See accompanying notes to financial statements.

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Statement of Changes in Net Assets

Year ended March 31, 2024

	Unrestricted	Internally Restricted (Note 7)	Total 2024	Total 2023
Net assets, beginning of year	\$ 140,213	\$ 176,000	\$ 316,213	\$ 315,808
(Deficiency) excess of revenue over expenses for the year	(22,625)	-	(22,625)	405
Transfer (Note 7)	50,000	(50,000)	-	-
Transfer (Note 7)	13,000	(13,000)	-	-
Net assets, end of year	\$ 180,588	\$ 113,000	\$ 293,588	\$ 316,213

See accompanying notes to financial statements.

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Statement of Cash Flows

Year ended March 31, 2024

	2024	2023
<i>Cash flows from (used in)</i>		
Operating activities:		
(Deficiency) excess of revenue over expenses for the year	\$ (22,625)	\$ 405
Changes in the following:		
Accounts receivable	(191,370)	17,500
Goods and services tax recoverable	1,804	822
Interest receivable	3,455	(3,455)
Prepaid expenses and deposits	(5,000)	(49)
Accounts payable and accrued liabilities	250	11,602
Source deductions payable	(1,804)	92
Deferred grants and contributions	(54,901)	(35,853)
	(270,191)	(8,936)
Investing activities:		
Change in short-term investments	125,000	(125,000)
Change in cash	(145,191)	(133,936)
Cash, beginning of year	338,723	472,659
Cash, end of year	\$ 193,532	\$ 338,723

See accompanying notes to financial statements.

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Notes to Financial Statements

Year ended March 31, 2024

1. Nature of organization

The Northern Association of Community Councils Inc. (the "Association") is a non-profit organization, incorporated without share capital, which acts as an advocacy group for Northern and remote local governments in the Province of Manitoba under the jurisdiction of Manitoba Indigenous Reconciliation and Northern Relations (formerly known as Aboriginal and Northern Affairs).

The Association is a registered charity and is exempt from income taxes pursuant to the provisions of *The Income Tax Act* (Canada). For goods and services tax (GST) purposes, the Association is designated as a municipality and is able to recover 100% of any GST paid.

2. Economic dependence

The Association's primary source of revenue is funding from the Province of Manitoba. The Association's ability to continue its current programming is dependent on this funding.

3. Basis of accounting and summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the following significant accounting policies:

(a) Financial instruments

Measurement

The Association initially measures its financial assets and liabilities at fair value, except for certain financial instruments arising from transactions with related parties (non-arm's length transactions).

For financial instruments arising from arm's length transactions, the Association subsequently measures its financial assets and liabilities at amortized cost, except for any investments in equity instruments that are quoted in an active market and certain derivative instruments, which are subsequently measured at fair value. For any arm's length financial instruments subsequently measured at fair value, changes in fair value are recognized in the excess (deficiency) of revenue over expenses for the year.

Financial instruments originated, acquired or assumed in a related party transaction are initially measured based on the nature of the financial instrument and may be either at fair value, cost or the cost of the consideration exchanged for the related party financial instrument, with subsequent measurement based on how the related party financial instrument was initially measured. Related party financial instruments initially measured at fair value include investments in equity instruments quoted in an active market, debt instruments quoted in an active market or when inputs significant to the determination of fair value are observable either directly or indirectly, or derivative contracts. All other related party financial instruments are initially measured at cost.

Transaction costs

For arm's length transactions, transaction costs for financial instruments subsequently measured at cost or amortized cost are added to the cost of the financial instrument; transaction costs for any financial instruments subsequently measured at fair value are expensed when incurred. For non-arm's length transactions, all transaction costs incurred on initial measurement of a related party financial instrument are recognized in the excess (deficiency) of revenue over expenses for the year.

Impairment

For financial assets from both arm's length and non-arm's length transactions, financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment with any impairment losses recognized in the excess (deficiency) of revenue over expenses for the year.

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Notes to Financial Statements

Year ended March 31, 2024

3. Basis of accounting and summary of significant accounting policies (continued)

(b) Revenue recognition

The Association follows the deferral method of accounting for grants and contributions. Externally restricted grants and contributions are deferred and recognized as revenue in the period the related expenses are incurred. Unrestricted grants and contributions are recognized on the accrual basis when the amounts involved are readily determinable and when collection is reasonably assured.

Conferences and other revenue are recognized on the accrual basis when the amounts involved are readily determinable and when collection is reasonably assured.

Interest income is recognized on the accrual basis.

(c) Contributed services and materials

The Association receives volunteer services and assistance in carrying out its service delivery activities. Contributed services are not recognized in the financial statements due to difficulties associated with the determination of fair value. The Association does not typically receive contributions of goods or materials therefore the Association's policy is to not recognize contributed materials in its financial statements.

(d) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are recognized in the excess (deficiency) of revenue over expenses in the period they become known. Actual results may differ from these estimates.

4. Accounts receivable

As at March 31, 2024, accounts receivable includes \$151,850 (2023 - \$nil) of grants receivable from the Province of Manitoba - Indigenous Reconciliation and Northern Relations for core funding, \$35,250 (2023 - \$nil) grants receivable from the Province of Manitoba - Indigenous Reconciliation and Northern Relations for Northern Healthy Foods Initiative funding and \$5,570 (2023 - \$1,300) related to other receivables.

There were no impairment losses on accounts receivable balances during the current or prior year and the carrying value of impaired accounts receivable at year end is \$nil (2023 - \$nil).

5. Short-term investments

As at year end, the Association has short-term investments of \$nil (2023 - \$125,000). Short-term investments at March 31, 2023 were comprised of a guaranteed investment certificate earning interest at 3.75% maturing January 6, 2024.

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Notes to Financial Statements

Year ended March 31, 2024

6. Deferred grants and contributions

Deferred grants and contributions represent externally restricted funding for which the related expenses have not been incurred as at year end. Changes in deferred grants and contributions during the year are as follows:

	Opening balance	Grants received/ receivable	Grants recognized	Closing balance
<i>Province of Manitoba:</i>				
Greenhouse project	\$ 19,934	\$ -	\$ (1,324)	\$ 18,610
Grow North project	12,746	-	(8,439)	4,307
Healthy Foods and Gardens Initiative	45,047	-	(37,979)	7,068
Seeds of Change	-	23,998	(23,998)	-
<i>Other:</i>				
HTN Workshops	692	-	-	692
North to North	2,034	-	-	2,034
NMFCCC - Bee Mentoring project	14,771	-	(1,280)	13,491
NMFCCC - Bees Programming	2,421	-	-	2,421
NMFCCC - Bees project	5,261	-	(5,261)	-
Website development	32,359	-	(618)	31,741
	\$ 135,265	\$ 23,998	\$ (78,899)	\$ 80,364

7. Internally restricted net assets

As at March 31, 2024, the Association has total internally restricted net assets of \$113,000 (2023 - \$176,000). Of this amount, \$100,000 (2023 - \$150,000) has been internally restricted by the Board of Directors for future annual general meeting expenses and \$13,000 (2023 - \$26,000) for CAO training at a future annual general meeting.

During the year ended March 31, 2023, the Board approved a motion to internally restrict \$50,000 of net assets over the next three years (\$150,000 in total) to be used for future annual general meeting expenses and \$26,000 for the purpose of CAO training at future annual general meetings.

During the year ended March 31, 2024, the Association transferred \$50,000 (2023 - \$nil) and \$13,000 (2023 - \$nil) of internally restricted net assets to unrestricted net assets to cover annual general meeting expenses and CAO training at the annual general meeting, respectively.

8. Commitment

The Association has entered into a premise lease agreement expiring on March 31, 2025 with minimum payments of \$1,464 for base rent due monthly. Total annual rent for the year ending March 31, 2025, excluding certain occupancy charges and property taxes, amounts to \$17,568 plus applicable taxes (2024 actual - \$18,686).

9. Financial risks and concentrations of risk

Management is of the opinion that the Association is not exposed to any significant unusual or non-routine liquidity, credit, market, currency, interest rate or other price risks or concentrations of risk resulting from its financial instruments that are not readily determinable from information provided in these financial statements. The carrying value of any secured financial liabilities as at March 31, 2024 is \$nil (2023 - \$nil).

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Notes to Financial Statements

Year ended March 31, 2024

10. Comparative information

Certain of the amounts for the year ended March 31, 2023 have been reclassified to conform to the financial statement presentation adopted in the current year.

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Northern Healthy Foods Initiative - Healthy Foods and Gardens

Year ended March 31, 2024

Schedule 1

	2024	2023
Revenue:		
Province of Manitoba:		
Core funding	\$ 117,500	\$ 117,500
Other grant - Seeds of Change	23,998	-
	<u>141,498</u>	<u>117,500</u>
Expenses:		
Bank charges and interest	239	487
Insurance	721	685
Materials and supplies	77,999	50,849
Office expenses	1,951	1,829
Professional fees	4,500	3,148
Rent	7,560	7,746
Salaries and benefits	55,627	65,464
Telephone	1,563	2,051
	<u>150,160</u>	<u>132,259</u>
(Deficiency) of revenue over expenses	\$ (8,662)	\$ (14,759)

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Schedule of Administrative Expenses

Year ended March 31, 2024

Schedule 2

	2024	2023
Expenses:		
Accounting fees	\$ 7,778	\$ 40
Bank charges and interest	622	803
Minor equipment and supplies	1,652	1,497
Insurance	1,384	1,341
Office expenses	8,663	22,824
Professional fees	7,084	5,948
Rent	11,126	10,941
Telephone	1,711	3,007
	<u>\$ 40,020</u>	<u>\$ 46,401</u>

NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.

Schedule of Travel and Meeting Expenses

Year ended March 31, 2024

Schedule 3

	2024	2023
Expenses:		
Board of Directors - cell phone allowance	\$ 3,932	\$ 3,518
Board of Directors - meeting and training	11,404	7,480
Eastern Region	16,867	13,290
Executive Board of Directors per-diems	32,565	32,856
Northern Region	25,917	21,668
President	23,109	23,470
Western Region	18,621	11,216
	\$ 132,415	\$ 113,498