

**NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.**

**INDEPENDENT AUDITORS' REPORT**

**FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.**  
**MARCH 31, 2023**  
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## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying financial statements of Northern Association of Community Councils Inc. (the "Association"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flow for the year then ended, and the 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 Northern Association of Community Councils Inc. as at March 31, 2023, and the results of its operations and its cash flow 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.

### 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.

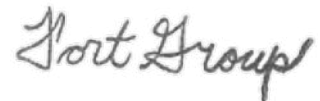
## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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.

**Winnipeg, Manitoba  
June 27, 2023**



**CHARTERED PROFESSIONAL  
ACCOUNTANTS INC.**

**NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 338,723	472,659
Accounts receivable	1,300	18,800
GST receivable	10,782	11,604
Accrued interest receivable	3,455	-
Prepaid expenses (Note 4)	4,594	4,545
Short-term investment (Note 6)	<u>125,000</u>	<u>-</u>
	<u>\$ 483,854</u>	<u>507,608</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 28,381	16,778
Employee deductions payable	3,995	3,903
Deferred revenue (Note 5)	<u>135,265</u>	<u>171,119</u>
	<u>167,641</u>	<u>191,800</u>
<b>NET ASSETS</b>		
Unrestricted	140,213	315,808
Internally restricted (Note 7)	<u>176,000</u>	<u>-</u>
	<u>316,213</u>	<u>315,808</u>
	<u>\$ 483,854</u>	<u>507,608</u>

**APPROVED BY THE BOARD:**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.  
STATEMENT OF OPERATIONS  
YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Manitoba Indigenous Reconciliation and Northern Relations		
Operating grant	\$ 263,700	263,700
Community memberships	36,000	35,200
Conference	17,950	-
Interest	12,966	1,489
IRNR - The Food Donation Project	-	23,100
Other income	16,693	17,653
Province of Manitoba - Northern Healthy Foods Initiative Projects (Schedule 2)	117,500	117,300
NMFCCC - Bee Project	5,808	12,840
NMFCCC - Bees Programming	21,988	13,011
Province of Manitoba - Grow North	6,678	5,754
Garden Infrastructure	-	2,971
Safe at Home	-	4,778
Greenhouse Project	15,916	89,304
Tower Gardens Project	-	112,940
Province of Manitoba - Virtual Equipment Project	-	3,602
Community Information Enhancement Project	944	368
Other Northern Healthy Foods Initiative Projects	14,884	22,878
Food Security Program Strategic Assessment	18,372	-
Food Security Enhancement	34,131	-
Healthy Foods	30,030	-
Makeway - Bee Mentoring	529	-
North to North	3,076	-
Northern Market Trail Project	-	67,688
	<u>617,165</u>	<u>794,576</u>
<b>EXPENSES</b>		
Annual general conference	106,632	1,153
Administrative (Schedule 3)	46,401	53,290
Salaries and benefits	103,442	98,306
Province of Manitoba - Northern Healthy Foods Initiative Projects (Schedule 2)	132,259	126,590
Province of Manitoba - Grow North	6,678	5,754
Garden Infrastructure	-	2,980
Greenhouse Project	15,916	89,304
Tower Gardens Project	-	109,454
NMFCCC - Bee Project	5,808	12,840
NMFCCC - Bees Programming	21,988	13,011
Food Security Program Strategic Assessment	18,065	-
Food Security Enhancement	38,816	-
Makeway - Bee Mentoring	529	-
North to North	3,076	-
Province of Manitoba - Virtual Equipment Project	-	1,018
Community Information Enhancement Project	944	48
Other Northern Healthy Foods Initiative Projects	2,708	-
Northern Market Trail Project	-	66,468
Travel and meetings (Schedule 1)	113,498	73,374
	<u>616,760</u>	<u>653,590</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 405</u>	<u>140,986</u>

**NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.  
STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED MARCH 31, 2023**

	<u>Unrestricted</u>	<u>Internally restricted</u>	<u>2023</u>	<u>2022</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 315,808	-	315,808	174,822
Excess of revenues over expenses	405	-	405	140,986
Transfer (Note 7)	(150,000)	150,000	-	-
Transfer (Note 7)	<u>(26,000)</u>	<u>26,000</u>	<u>-</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 140,213</u>	<u>176,000</u>	<u>316,213</u>	<u>315,808</u>

**NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.  
STATEMENT OF CASH FLOW  
YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 405	140,986
Change in non-cash working capital:		
Accounts receivable	17,500	(5,217)
GST receivable	822	(605)
Interest receivable	(3,455)	-
Prepaid expenses	(49)	1,593
Accounts payable and accrued liabilities	11,602	(440)
Employee deductions payable	92	260
Deferred revenue	<u>(35,853)</u>	<u>(33,633)</u>
	<u>(8,936)</u>	<u>102,944</u>
<b>FINANCING ACTIVITIES</b>		
Purchase of short-term investments	<u>(125,000)</u>	<u>-</u>
<b>CHANGE IN CASH</b>	(133,936)	102,944
<b>CASH, BEGINNING OF YEAR</b>	<u>472,659</u>	<u>369,715</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 338,723</u></u>	<u><u>472,659</u></u>



**NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2023**

**1. ACCOUNTING ENTITY**

The Northern Association of Community Councils Inc. (the "Association") is a registered charity which acts as a advocacy group for northern and remote local governments in the Province of Manitoba under the jurisdiction of the Manitoba Indigenous Reconciliation and Northern Relations (formerly known as Aboriginal and Northern Affairs). The Association is exempt from income taxes under the Income Tax Act of Canada. For GST purposes, the Association is designated as a municipality and is able to recover 100% of the GST paid.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

**(a) Revenue Recognition**

The Association follows the deferral method of accounting for contributions. Restricted contributions 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.

Membership revenue is recognized when billed and when ultimate collection is reasonably assured.

**(b) Tangible Capital Assets**

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value on the date they are contributed. Amortization is recorded on the straight-line basis over the estimated useful life of the assets as follows:

Buildings	40 years
Leasehold improvements	10 years
Equipment and furnishings	5 years
Vehicles	5 years
Computer hardware	3 years

**(c) Financial Instruments**

Financial instruments held by the Association include cash, accrued interest receivable, accounts receivable, short-term investment, and accounts payable and accrued liabilities. The Association initially measures its financial instruments at fair value when the asset or liability is first recognized. The Association subsequently measures its financial instruments at cost or amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

**(d) Use of Estimates**

The preparation of the financial statements in conformity 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 at the date of the financial statements and the reported amounts of revenue and expenses during the year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved. Actual results may differ from estimates.

**NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2023**

**3. ECONOMIC DEPENDENCE**

The Association is economically dependant on the Province of Manitoba for financial support. The Association received funding from the Province of Manitoba during the year ended March 31, 2023 in the form of government grants and reimbursements totaling \$577,110 (2022 - \$719,191).

**4. PREPAID EXPENSES**

	<u>2023</u>	<u>2022</u>
Insurance	\$ 1,666	1,617
Damage deposit	<u>2,928</u>	<u>2,928</u>
	<u>\$ 4,594</u>	<u>4,545</u>

**5. DEFERRED REVENUE**

	<u>Balance, beginning of year</u>	<u>Funding received</u>	<u>Funding recognized as revenue</u>	<u>Balance, end of year</u>
Healthy Foods and Gardens Initiatives	\$ 23,253	64,000	42,206	45,047
Website Development	33,304	-	945	32,359
Grow North	19,424	-	6,678	12,746
Food Security Strategic Assessment	-	18,372	18,372	-
Food Security Enhancement	-	34,131	34,131	-
NMFCCC Beekeeping	24,409	-	21,988	2,421
Bee Mentoring Project	15,300	-	529	14,771
Healthy Foods Virtual Equipment Project	-	-	-	-
North to North	5,110	-	3,076	2,034
NMFCCC - Bee Project	11,069	-	5,808	5,261
NMFCCC - Chicken Project	-	-	-	-
Greenhouse Project	35,850	-	15,916	19,934
HTN Workshops	<u>3,400</u>	<u>-</u>	<u>2,708</u>	<u>692</u>
	<u>\$ 171,119</u>	<u>116,503</u>	<u>152,357</u>	<u>135,265</u>

**6. SHORT-TERM INVESTMENT**

The short-term investment is comprised of the following:

	<u>2023</u>	<u>2022</u>
GIC held at Scotiabank, earning interest at 3.75%, maturing January 6, 2024.	<u>\$ 125,000</u>	<u>\$ -</u>

**NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED MARCH 31, 2023**

**7. INTERNALLY RESTRICTED NET ASSETS**

During the year, the board approved a motion to internally restrict \$50,000 of net assets over the next 3 years (\$150,000 in total) to be used for the future annual general meetings. In addition, the board also approved a motion to internally restrict \$26,000 of net assets for the purpose of CAO training at the next annual general meeting.

The motions above have been recorded as transfers in the statement of changes in net assets.

**8. COMMITMENTS**

During 2021, the Association signed a 4-year lease expiring March 31, 2025. The future annual lease commitments (excluding certain occupancy charges and property taxes) are as follows:

2024	\$	19,202
2025		6,401

The Association also entered into a photocopier lease for a term of 48 months during the 2022 fiscal year. The annual lease payments are as follows:

2024	\$	373
2025		373
2026		186

**9. FINANCIAL RISK MANAGEMENT**

**(a) Liquidity Risk**

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they come due. Financial liabilities consist of accounts payable and accrued liabilities. Accounts payable and accrued liabilities are paid in the normal course of business and except under certain exceptions, no later than three months.

The Association's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. At March 31, 2023, the Association has a cash balance of \$338,723 (2022 - \$472,659).

**(b) Credit Risk**

Credit risk is the risk that a counterparty will default on its financial liabilities. Financial instruments which potentially subject the Association to credit risk and concentrations of credit risk consist principally of cash and accounts receivable. Management manages credit risk associated with accounts receivable by pursuing collections when they are due.

**(c) Interest rate risk**

Interest rate price risk is that the fair value of a financial instrument will change because the financial instrument is locked into a certain rate while market rates change. Interest rate cash flow risk is that the fair value of a financial instrument will change because the financial instrument is tied to a floating rate of interest.

It is management's opinion that the Association has mitigated interest rate risk by investing into short-term, fixed rate investments.

**NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.  
TRAVEL AND MEETINGS  
YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>EXPENSES</b>		
Board meeting expense	\$ 2,023	2,751
Board of Director cell phone allowance	3,518	3,822
Board of Director - per diems	5,457	2,256
Executive Board of Directors - per diems	32,856	20,154
Eastern Region	13,290	7,503
Northern Region	21,668	14,576
President	23,470	15,895
Western Region	<u>11,216</u>	<u>6,417</u>
	<u>\$ 113,498</u>	<u>73,374</u>

**SCHEDULE 2****NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.  
NORTHERN HEALTHY FOODS INITIATIVE - HEALTHY FOODS AND GARDENS  
YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>REVENUES</b>		
Province of Manitoba - Northern Healthy Foods Initiative	\$ <u>117,500</u>	<u>117,300</u>
<b>EXPENSES</b>		
Bank charges and interest	487	297
Materials and supplies	50,849	41,447
Insurance	685	649
Office expenses	1,829	1,774
Professional fees	3,148	3,050
Rent	7,746	9,148
Salaries and benefits	65,464	67,804
Telephone	<u>2,051</u>	<u>2,421</u>
	<u>132,259</u>	<u>126,590</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (14,759)</u>	<u>(9,290)</u>

**SCHEDULE 3****NORTHERN ASSOCIATION OF COMMUNITY COUNCILS INC.  
SCHEDULE OF ADMINISTRATIVE EXPENSES  
YEAR ENDED MARCH 31, 2023**

	<u>2023</u>	<u>2022</u>
<b>EXPENSES</b>		
Bank charges and interest	\$ 803	660
COVID-19 supplies	-	5,738
Equipment and supplies	1,497	2,175
Insurance	1,341	1,211
Office expenses	22,824	14,733
Professional fees	5,988	8,204
Rent	10,941	16,494
Telephone	3,007	4,075
	<u>\$ 46,401</u>	<u>53,290</u>