

**SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS
COMMUNICATIONS SOCIETY INC.**

FINANCIAL STATEMENTS

For the year ended August 31, 2024

**SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS
COMMUNICATIONS SOCIETY INC.**

For the year ended August 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Directors of
Southern Onkwehon:We Nishinabec Indigenous Communications Society Inc.

Qualified Opinion

We have audited the financial statements of Southern Onkwehon:We Nishinabec Indigenous Communications Society Inc. (the 'Organization'), which comprise the statement of financial position as at August 31, 2024, and the statements of operations 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 possible effects discussed in the *Basis for Qualified Opinion* section, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at August 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 Qualified Opinion

In common with many non-profit organizations, the Organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. We were not able to determine whether any adjustments might be necessary to donations received, excess of receipts over expenses, assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of 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 audit opinion.

Other Matter

The financial statements for the year ended August 31, 2023 were audited by another auditor who expressed a qualified opinion on those financial statements on April 8, 2024 for the reasons described in the *Basis for Qualified Opinion* section.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 relating 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.

Auditors' Responsibilities for the Audit of the Financial Statements

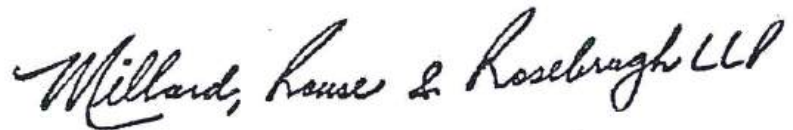
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 auditors' 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 auditors' 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.



February 19, 2025
Hagersville, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

**SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS
COMMUNICATIONS SOCIETY INC.**

STATEMENT OF FINANCIAL POSITION

As at August 31	2024	2023
ASSETS		
Current Assets		
Cash and bank	125,424	99,679
Investments (Note 3)	5,111	30,111
Accounts receivable	54,080	15,115
Inventory	7,117	10,410
Prepaid expenses	2,351	3,120
	194,083	158,435
Capital Assets (Note 4)	221,315	250,590
Equipment Under Capital Lease (Note 5)	10,598	13,248
	425,996	422,273
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	80,227	65,989
HST payable	(1,635)	2,119
Government remittances payable	5,020	5,595
Bingo jackpot payable	19,888	35,545
Deferred income (Note 6)	101,747	76,125
Current portion of long term liabilities (Note 9)	21,250	10,000
Current portion of capital lease obligation (Note 7)	3,678	3,678
	230,175	199,051
Deferred capital grants (Note 8)	96,530	119,450
Long term liabilities (Note 9)	22,500	45,000
Capital lease obligation (Note 7)	6,140	9,818
	355,345	373,319
NET ASSETS	70,651	48,954
	425,996	422,273

See accompanying notes

**SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS
COMMUNICATIONS SOCIETY INC.**

STATEMENT OF OPERATIONS

For the year ended August 31	2024	2023
Revenues		
Bingo income	554,884	649,847
Grants	153,211	106,626
Advertising	199,809	141,622
Amortization of deferred capital grants	22,920	32,059
Government assistance	-	25,000
Store front sales	3,430	6,385
Special events	1,210	4,600
Memberships	3,061	2,491
Donations	12,963	640
Interest income	1,633	81
	953,121	969,351
Expenses		
Advertising and marketing	2,284	1,159
Amortization	51,453	61,613
Bank charges	6,493	8,007
Bingo expenses	305,070	386,232
Broadcast expenses	-	1,725
Insurance	13,176	13,407
Office costs	11,393	11,128
Professional fees	16,391	12,300
Rent	17,616	17,616
Repairs and maintenance	7,114	6,566
Selling costs	21,172	11,258
Service fees	9,553	8,642
Special events	8,244	21,146
Streaming software licenses	11,260	8,626
Supplies	-	823
Telephone and internet	6,653	5,467
Utilities	8,429	8,755
Wages and benefits	435,123	427,468
	931,424	1,011,938
Excess of Revenues over Expenses	21,697	(42,587)
Net assets - beginning of year	48,954	91,541
Net assets - end of year	70,651	48,954

See accompanying notes

**SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS
COMMUNICATIONS SOCIETY INC.**

STATEMENT OF CASH FLOWS

For the year ended August 31	2024	2023
Cash Flows From Operating Activities		
Excess of revenues over expenses	21,697	(42,587)
Charges (credits) to income not involving cash		
Amortization	51,453	61,613
Amortization of deferred capital grants	(22,920)	(32,059)
Net change in non-cash working capital balances related to operations		
Accounts receivable	(38,965)	20,618
Inventory	3,293	(1,817)
Prepaid's	769	1,974
Accounts payable and accrued liabilities	14,238	(30,103)
Bingo jackpot payable	(15,657)	25,545
Deferred income	25,622	10,745
Government remittances payable	(575)	(3,838)
HST recoverable (payable)	(3,754)	6,983
	35,201	17,074
Cash Flows From Financing Activity		
Change in capital lease obligation	(3,678)	(3,678)
Change in long term liabilities	(11,250)	15,000
	(14,928)	11,322
Investing Activities		
Purchase of capital assets	(19,528)	(2,600)
Net increase (decrease) in investments	25,000	(25,000)
	5,472	(27,600)
Net Increase in Cash	25,745	796
Opening Cash and Bank	99,679	98,883
Closing Cash and Bank	125,424	99,679

See accompanying notes

SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS COMMUNICATIONS SOCIETY INC.

NOTES TO THE FINANCIAL STATEMENTS For the year ended August 31, 2024

1. PURPOSE OF THE ORGANIZATION

Southern Onkwehon:Weh Nishinabec Indigenous Communications Society Inc., o/a S.O.N.I.C.S, mission is to carry on an English native language type B native radio programming on the frequency 100.3 FM in Oshweken, Ontario.

S.O.N.I.C.S is a not-for-profit organizations licensed by the Canadian Radio-television and Telecommunications Commission (CRTC). S.O.N.I.C.S was established in 1989 and federally incorporated under the Canada not-for-profit corporations act on October 22, 2012. Under section 149 (1) (f) of the income tax act, S.O.N.I.C.S. is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Investment

The organization initially measures the guaranteed investment certificates at cost with accrued interest being recorded as of the fiscal year end.

(b) Revenue Recognition

The organization follows the deferral method of accounting for contributions. Restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received if the amount can be reasonably estimated and collection is reasonably assured.

Revenue from store sales, special events, memberships and advertising are recognized when goods are delivered or services are provided if revenue can be reasonably estimated and collection is reasonably assured.

Capital grants are deferred and recognized in revenue at the same rate the related capital asset is depreciated.

(c) Accounts Receivable

The organization periodically reviews their accounts receivable listing to determine if collection is reasonably assured. A reserve for bad debts is set up by using specific amounts that are used to calculate allowance for doubtful accounts. Accounts receivable are reported net of allowance for doubtful accounts of \$387.

(d) Inventories

Inventories consisting of finished goods such as bingo cards and retail clothing are measured at the lower of cost and net replacement value. Cost is determined using the first in, first out method.

SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS COMMUNICATIONS SOCIETY INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) **Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standing for not-for-profit organizations requires management to make estimates and assumptions based on currently available information. Such estimations affect the reported amounts 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 become known.

(f) **Contributed Services**

Volunteers contribute significant hours per year to assist the organization in carrying out its activities. Since these services are difficult to determine their fair value, contributed services are not recognized in the financial statements.

(g) **Capital Assets**

Capital assets are stated at cost. Amortization is provided annually for in the accounts as follows:

Computer	20% declining balance
Office equipment	30% declining balance
Radio equipment	20% declining balance
Bingo equipment	20% declining balance
Building - tower	4% declining balance

In the year of acquisition, amortization is provided for at one-half of the above rate. Capital expenditures less than \$3,500 are expensed in the statement of operations.

The tower was constructed on land that is not leased or owned by the organization.

(h) **Leases**

Leases are classified as either financial or operating leases. Finance leases are those that substantially transfer the benefits and risks of ownership of an asset to the lessee. Assets under lease are amortized over their useful life at the same rates as the capital assets.

(i) **Deferred Capital Grants**

The organization periodically receives grants to upgrade assets. In the year of receipt the grant is recorded at one-half of the normal rate. The grants are amortized annually at the following rates:

Leaseholds	20% declining balance
Computer	20% declining balance
Office equipment	30% declining balance
Radio equipment	20% declining balance
Bingo equipment	20% declining balance
Building - tower	4% declining balance

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Net Assets

The organization considers its net assets to be the balance maintained in unrestricted net assets. The objective of the organization is to manage its net assets that will allow the organization to meet their objectives and continue as a going concern. The board of directors monitor net assets to ensure objectives are met. The organizations net assets are kept in bank and investment accounts to ensure cash is available to meet cash flow requirements. There is no externally imposed restrictions on net assets.

3. INVESTMENTS

The organization holds one guaranteed investment certificate with the Royal Bank of Canada, maturing on November 15, 2024 with an interest rate of 3.50%. The investment is being pledged as a security for any advances to the Royal Bank of Canada and to cover any indebtedness. All renewals and interest is being held by the bank.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2024	2023
Bingo equipment	10,000	1,000	9,000	-
Building - tower	32,000	6,629	25,371	26,428
Computer	138,522	115,180	23,342	18,457
Office equipment	152,420	145,690	6,730	9,615
Radio equipment	797,018	640,146	156,872	196,090
	1,129,960	908,645	221,315	250,590

**5. EQUIPMENT UNDER
CAPITAL LEASE**

	Cost	Accumulated Amortization	2024	2023
Computer	18,400	7,802	10,598	13,248

6. DEFERRED INCOME

	2024	2023
Advertising income	12,669	27,747
Grants	89,078	48,378
	101,747	76,125

SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS COMMUNICATIONS SOCIETY INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

7. CAPITAL LEASE OBLIGATION

Future minimum lease payments under capital leases are as follows:

Year ending:	August 31, 2025	4,764
	August 31, 2026	4,764
	August 31, 2027	3,186

Total lease payments	12,714
less: amount representing interest	2,896

Net lease obligations	9,818
current portion	3,678

6,140

The organization signed a capital lease for 60 months at monthly payments of \$397 including interest and excluding HST. The last payment is April 1, 2027 and a \$10 purchase option is available on May 1, 2027. The net book value of the equipment is \$10,598.

8. DEFERRED CAPITAL GRANTS	Cost	Accumulated Amortization	2024	2023
Deferred capital grants	455,790	359,260	96,530	119,450

SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS COMMUNICATIONS SOCIETY INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2024

9. LONG TERM LIABILITIES	2024	2023
Two Rivers Community Development Centre (1)	18,750	30,000
Two Rivers Community Development Centre (2)	25,000	25,000
	43,750	55,000
less: current portion	21,250	10,000
	22,500	45,000

(1) A promissory note with Two Rivers Community Development Centre on behalf of Regional Relief and Recovery Fund, Government of Canada. The original loan was for \$60,000, if \$40,000 was paid by December 31, 2023, the remaining \$20,000 would be forgiven. The \$40,000 was not repaid in full by that date, therefore the balance was converted to a nil interest loan with equal payments of \$1,250 for 24 months until December 31, 2025. The loan is unsecured and bears no interest. The forgivable portion was recognized as income in 2021.

(2) A business recovery loan with Two Rivers Community Development Centre on behalf of Ontario Ministry of Indigenous Affairs, at nil interest rate. Payments are deferred until March 31, 2025, after that date a fixed interest rate of the Royal Bank of Canada's prime lending rate + 1.50% for 60 months until March 31, 2030. In 2023, \$25,000 of the loan was forgiven and recognized as revenue. The balance can be paid at any time and the loan is unsecured.

10. CREDIT FACILITY

The organization has a credit card with the Royal Bank of Canada with a limit of \$5,000. The credit is secured by the guaranteed investment certificate. The amount owing at year end is \$996.

11. RELATED PARTIES

Related parties of this organization are the directors and the executive directors. The executive gets reimbursed for expenses paid personally for the organization and receive a salary that is included in the wages and benefits expense account. Directors were paid commission that was recorded in the wages and benefits expense account. These transactions are in the normal course of business.

12. ECONOMIC DEPENDENCE

Economic dependence exists for the organization when a customer, supplier or other group with which it conducts business is more than 10% of the balance of that related account.

Bingo proceeds contribute 57% (2023-67%) of the organization's revenue. The organization relies on bingo fundraising to operate. The Six Nations Gaming Commissions provides the Bingo licenses.

**SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS
COMMUNICATIONS SOCIETY INC.**

**NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2024**

13. ALLOCATION OF EXPENSES

The organization's accounting records displays its reliance on funding it receives from various sources to cover business expenses. Bingo expenses accounts for a large portion of the organizations expenses and is allocated into different categories including supplies, honorariums, travel, cards.

14. FINANCIAL INSTRUMENTS

The organization initially measures its financial assets and financial liabilities originated or exchanged in arm's length transactions at fair value. The organization subsequently measures all of its financial assets and financial liabilities at cost or amortized cost.

Transaction costs related to financial instruments that will be subsequently measured at amortized costs are included in the original cost of the asset or liability and recognized in income over the life of the instrument using the amortized cost method.

Financial assets subsequently measured at amortized cost include cash, guaranteed investment certificates, HST recoverable and accounts receivable. Financial liabilities subsequently measured at amortized cost include accounts payable, accrued liabilities, government payables, HST payable and due to director.

The Organization has no financial assets measured at fair value and has not elected to carry any financial asset or liability at fair value.

Impairment

Financial assets measured at amortized cost are tested for impairment when events or circumstances indicate possible impairment. Write-downs, if any, are recognized in the excess of revenues over expenses and may be subsequently reversed to the extent that the net effect after the reversal is the same as if there had been no write-down. There are no impairment indicators in the current year.

**SOUTHERN ONKWEHON:WE NISHINABEC INDIGENOUS
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**NOTES TO THE FINANCIAL STATEMENTS
For the year ended August 31, 2024**

15. RISK MANAGEMENT

General Objectives, Policies and Processes

The Board and management are responsible for determination of the organization's risk management objectives and policies and designing operating processes that ensure the effective implementation of the objectives and policies.

The principal risks to which the organization is exposed to are described below.

Credit Risk

The Organization's exposure to credit risk relates to its accounts receivable. The risk of significant credit loss is considered remote.

Liquidity Risk

Liquidity risk is the risk that a organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization's ability to meet obligations depends on the receipt of funds from bingo, grants and advertising income.

Interest Rate Risk

The Organization has cash balances. Management has assessed its exposure to significant interest rate risk arising from fluctuations in interest rates as not material and is unchanged from the prior year.

Market Risk

The Organization is exposed to market risk as the ability of the Organization to fund its programs is related to the market price of certain minerals. Management has assessed its market risk as not material and is unchanged from the prior year.

16. COMPARATIVE FIGURES

Certain of the prior year's figures, provided for purposes of comparison, have been reclassified to conform with the current year's presentation.