OPENMEDIA ENGAGEMENT NETWORK

FINANCIAL STATEMENTS

MARCH 31, 2024

OPENMEDIA ENGAGEMENT NETWORK

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MARCH 31, 2024

LOGANKATZ

CHARTERED PROFESSIONAL ACCOUNTANTS
COMPTABLES PROFESSIONNELS AGRÉÉS

INDEPENDENT AUDITORS' REPORT

To the Members of OpenMedia Engagement Network:

Qualified Opinion
We have audited the financial statements of OpenMedia Engagement Network (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of revenue and expenditures, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Basis for Qualified Opinion
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 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.

In common with many not-for-profit organizations, the Organization derives support from the general public in the form of donation revenue, 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, and we were not able to determine whether any adjustments might be necessary to donations, excess of revenue over expenditures, assets and net assets.

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 ASNFPO 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.

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CHARTERED PROFESSIONAL ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)
In preparing these financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to a 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 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.

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CHARTERED PROFESSIONAL ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 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 the audit.

Logan Katz LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Canada
November 4, 2024

OPENMEDIA ENGAGEMENT NETWORK

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2024

		2024		2023
ASSETS				
CURRENT ASSETS				
Cash	$	179,487	$	307,667
Accounts receivable		6,764		5,655
Prepaid expenditures		23,440		19,347
		209,691		332,669
CAPITAL ASSETS (Note 2)		8,611		12,109
INVESTMENTS (Note 3)		8		8
	$	218,310	$	344,786
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$	24,770	$	40,328
Government remittances payable		18,058		25,339
Deferred organizational contributions (Note 4)		46,511		-
		89,339		65,667
NET ASSETS				
Invested in capital assets		8,611		12,109
Unrestricted		120,360		267,010
		128,971		279,119
	$	218,310	$	344,786

Financial instruments (Note 5)
Contingent gain (Note 6)

ON BEHALF OF THE BOARD:

___________________________, Director ___________________________, Director

OPENMEDIA ENGAGEMENT NETWORK

STATEMENT OF REVENUE AND EXPENDITURES

YEAR ENDED MARCH 31, 2024

	2024	2023
REVENUE		
Business contributions	$ 73,911	$ 150,684
(Loss) Gain on foreign exchange	(9,355)	4,524
Individual donations	399,511	470,195
Services	8,400	-
Organizational contributions (Note 4)	17,327	30,892
Other income	6,273	7,364
Reimbursements from regulatory proceedings	6,764	-
	502,831	663,659
EXPENDITURES		
Amortization	3,498	631
Communications	52,203	67,295
Human resources	1,567	11,203
Insurance	3,685	2,559
Office	67,747	69,788
Salaries and benefits	481,730	816,263
Subcontractors	33,935	7,702
Travel	8,614	593
	652,979	976,034
EXCESS OF EXPENDITURES OVER REVENUES	$ (150,148)	$ (312,375)

OPENMEDIA ENGAGEMENT NETWORK

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2024

	2024			2023
	Invested in Capital Assets	Unrestricted	Total	Total
BALANCES AT BEGINNING OF YEAR	$ 12,109	$ 267,010	$ 279,119	$ 591,494
Excess of expenditures over revenue	(3,498)	(146,650)	(150,148)	(312,375)
BALANCES AT END OF YEAR	$ 8,611	$ 120,360	$ 128,971	$ 279,119

OPENMEDIA ENGAGEMENT NETWORK

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2024

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of expenditures over revenues	$ (150,148)	$ (312,375)
Items not including cash:		
Amortization	3,498	631
	(146,650)	(311,744)
Changes in non-cash operating working capital:		
Accounts receivable	(1,109)	1,532
Prepaid expenditures	(4,093)	440
Accounts payable and accrued liabilities	(15,558)	(17,580)
Government remittances payable	(7,281)	(5,854)
Deferred organizational contributions	46,511	-
	(128,180)	(333,206)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	-	(1,531)
DECREASE IN CASH	(128,180)	(334,737)
Cash at beginning of year	307,667	642,404
CASH AT END OF YEAR	$ 179,487	$ 307,667

GENERAL

OpenMedia Engagement Network (the "Organization") is a not-for-profit organization incorporated in September 2004 under Part II of the Canada Corporations Act and subsequently continued under the Canada Not-for-profit Corporations Act. The primary purpose of the Organization is to promote open and affordable Internet access. As a not-for-profit organization, the Organization is exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and include the following significant accounting policies:

<u>Revenue Recognition</u>

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenditures 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.

Investment Income
Investment income includes interest income earned on investments held. Unrestricted investment income is recorded directly in the statement of revenue and expenditures when earned.

<u>Deferred Contributions</u>

Business and Organizational Contributions
Deferred contributions relate to restricted operating funding received in the current year pertaining to activities, and therefore expenditures, to be incurred in the subsequent period.

Individual Donations
Deferred individual donations relate to specific campaign funding received in the current year pertaining to the subsequent period.

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents include cash on hand with a cooperative bank and in PayPal accounts.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets are recorded at cost. Amortization is provided using the declining balance basis at the following annual rates:

Computer equipment	30%
Furniture and equipment	20%

Financial Instruments

Measurement of Financial Instruments
The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and investments.

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

Impairment
Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of revenue and expenditures. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenue and expen4itures. The accounts receivable is netted by an allowance for doubtful accounts of $Nil (2023 - $Nil).

Transaction Costs
Transaction costs are comprised primarily of legal, accounting, underwriters' fees and other costs directly attributable to the acquisition, issuance or disposal of financial assets or financial liabilities. Transaction costs related to financial assets or financial liabilities that are measured at amortized cost are netted against the carrying value of the financial asset or liability.

Foreign Currency Translation

The Organization uses the temporal method to translate its foreign currency transaction.

Monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Items appearing in the current year's statements of revenue and expenditures are translated at the exchange rate in effect at the transaction date. Exchange gains and losses are included in the statement of revenue and expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

These financial statements have been prepared by management in accordance with ASNFPO and accordingly, require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenditures during the reporting period. Actual results could differ from these estimates. The significant estimates in the financial statements include the estimated useful lives of capital assets, the allowance for doubtful accounts and the amount of certain accrued liabilities.

2. CAPITAL ASSETS

	2024			2023
	Cost	Accumulated Amortization	Net	Net
Computer equipment	$ 20,024	$ 12,487	$ 7,537	$ 10,766
Furniture and equipment	7,469	6,395	1,074	1,343
	$ 27,493	$ 18,882	$ 8,611	$ 12,109

3. INVESTMENTS

Investments consist of:

	2024	2023
VanCity membership shares	$ 8	$ 8

4. DEFERRED ORGANIZATIONAL CONTRIBUTIONS

The changes in the deferred organizational contributions balance for the year are as follows:

	2024	2023
Balance at beginning of year	$ -	$ -
Contributions received during the year	63,838	30,892
Less: contributions recognized as revenue	(17,327)	(30,892)
Balance at end of year	$ 46,511	$ -

5. FINANCIAL INSTRUMENTS

Risks

The Organization is exposed to various risks through its financial instruments, without being exposed to concentrations of credit risks. The following analysis provides a measure of the Organization's risk exposure at the statement of financial position date:

Currency Risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. A portion of the Organization's funding is in foreign currency. Consequently, some assets and revenues are exposed to foreign exchange fluctuations. As at March 31, 2024, cash and accounts receivable of $96,321 and $Nil respectively (2023 - $98,403 and $Nil) are denominated in US dollars and converted to Canadian dollars. As at March 31, 2024, cash and accounts receivable of $2,200 and $Nil respectively (2023 - $2,203 and $Nil) are denominated in Great Britian Pounds and converted to Canadian dollars.

Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization manages its liquidity risk through use of cash forecasts.

Credit Facility

The Organization has an authorized $100,000 line of credit bearing interest at a credit union prime rate plus 1.5% per annum, which remained unused as at March 31, 2024 (2023 - $Nil). The line of credit is secured by a general security agreement.

5. FINANCIAL INSTRUMENTS (continued)

Credit Facility (continued)

The Organization has available $45,000 of credit on various credit cards, bearing interest at 19.50% per annum, of which $42,717 remained unused as at March 31, 2024 (2023 - $38,088 unused). The balance used is included in accounts payable and accrued liabilities.

6. CONTINGENT GAIN

During the year, the Organization filed a cost recovery application for their participation in regulatory proceedings at the Canadian Radio-Television Commission (CRTC) in the amount of $9,965. The amount would be paid upon the success of the application. Given the uncertainty surrounding the status of the application to date, no provision has been recorded in these financial statements.