Fire Marshal's Public Fire Safety Council

Financial Statements

March 31, 2024

Contents

To the Board of Directors of Fire Marshal's Public Fire Safety Council:

Opinion

We have audited the financial statements of Fire Marshal's Public Fire Safety Council (the "Organization"), 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 Organization 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 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.

Emphasis of Matter - Restated Comparative Information

We draw attention to Note 10 to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2023 has been restated. Our opinion is not modified in respect of this matter.

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

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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.

MNP LLP

Brockville, Ontario — Chartered Professional Accountants

June 24, 2024 — Licensed Public Accountants

Fire Marshal's Public Fire Safety Council
Statement of Financial Position
As at March 31, 2024

	2024	2023 (Restated Note 10)
Assets		
Current		
Cash	**117,286**	125,824
Short-term investments *(Note 3)*	**1,030,041**	436,796
Accounts receivable *(Note 4)*	**913,188**	738,813
Inventory	**681,418**	592,435
Prepaid expenses and deposits	**56,642**	73,589
	2,798,575	1,967,457
Long-term investments *(Note 3)*	**-**	979,722
Tangible capital assets *(Note 5)*	**17,068**	26,703
	2,815,643	2,973,882
Liabilities		
Current		
Accounts payable and accrued liabilities	**204,455**	184,386
Government remittances payable	**17,298**	34,599
Customer deposits	**10,196**	12,154
Deferred sponsorships *(Note 6)*	**10,266**	-
	242,215	231,139
Net Assets		
Investment in tangible capital assets *(Note 7)*	**17,068**	26,703
Internally restricted *(Note 8)*	**203,841**	375,908
Unrestricted	**2,352,519**	2,340,132
	2,573,428	2,742,743
	2,815,643	2,973,882

Approved on behalf of the Board of Directors

Director **Chair**

The accompanying notes are an integral part of these financial statements

Fire Marshal's Public Fire Safety Council
Statement of Operations
For the year ended March 31, 2024

	2024	2023 (Restated Note 10)
Revenue		
Sales	**1,981,258**	1,656,469
Sponsorships *(Note 6)*	**583,734**	600,000
Shipping and handling charges	**86,888**	65,506
Interest and other revenue	**58,004**	43,836
Membership fees	**26,400**	28,600
Donations	**13,166**	-
	2,749,450	2,394,411
Expenses		
Cost of inventory sold or distributed at no charge	**1,898,144**	1,924,770
Salaries, wages and benefits	**562,155**	532,977
Community support programs	**115,623**	23,488
Rent	**82,854**	63,000
Shipping and handling	**69,965**	63,261
Professional fees	**37,363**	30,782
Office and administration	**31,641**	23,786
Information technology support services	**29,987**	27,025
Freight and brokerage	**26,009**	43,788
Travel and meetings	**21,204**	18,083
Bank and credit card charges	**17,909**	13,316
Amortization of tangible capital assets	**10,787**	7,427
Inventory writedown	**5,844**	11,781
Insurance	**3,673**	3,434
Warehouse supplies	**3,469**	5,077
Partnership distributions	**2,138**	3,393
	2,918,765	2,795,388
Deficiency of revenue over expenses	**(169,315)**	(400,977)

The accompanying notes are an integral part of these financial statements

Fire Marshal's Public Fire Safety Council
Statement of Changes in Net Assets
For the year ended March 31, 2024

	Investment in tangible capital assets	*Internally restricted*	*Unrestricted*	*2024*	*2023*
Net assets, beginning of year, as previously stated	**26,703**	**375,908**	**1,753,900**	**2,156,511**	2,627,578
Correction of an error *(Note 10)*	**-**	**-**	**586,232**	**586,232**	516,142
Net assets, beginning of year, restated	**26,703**	**375,908**	**2,340,132**	**2,742,743**	3,143,720
Deficiency of revenue over expenses *(Note 7)*	**(10,787)**	**-**	**(158,528)**	**(169,315)**	(400,977)
Transfers *(Note 7), (Note 8)*	**1,152**	**(172,067)**	**170,915**	**-**	-
Net assets, end of year	**17,068**	**203,841**	**2,352,519**	**2,573,428**	2,742,743

The accompanying notes are an integral part of these financial statements

Fire Marshal's Public Fire Safety Council
Statement of Cash Flows
For the year ended March 31, 2024

	2024	2023 *(Restated Note 10)*
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	**(169,315)**	(400,977)
Inventory writedown	**5,844**	11,781
Amortization of tangible capital assets	**10,787**	7,427
	(152,684)	(381,769)
Changes in non-cash operating working capital:		
Accounts receivable	**(174,375)**	(93,751)
Inventory	**(94,827)**	(183,531)
Prepaid expenses and deposits	**16,947**	(31,703)
Accounts payable and accrued liabilities	**20,069**	70,639
Government remittances payable	**(17,301)**	20,892
Customer deposits	**(1,958)**	370
Deferred sponsorships	**10,266**	(100,000)
Net cash used in operating activities	**(393,863)**	(698,853)
Investing		
Purchase of guaranteed investment certificates	**(49,024)**	(1,415,359)
Proceeds received for guaranteed investment certificates	**435,501**	1,979,701
Purchase of tangible capital assets	**(1,152)**	(7,151)
Net cash provided by investing activities	**385,325**	557,191
Decrease in cash	**(8,538)**	(141,662)
Cash, beginning of year	**125,824**	267,486
Cash, end of year	**117,286**	125,824

The accompanying notes are an integral part of these financial statements

1. Incorporation and nature of the organization

Fire Marshal's Public Fire Safety Council (the "Organization") was established on an ad hoc basis in 1993 with the primary purpose of bringing together various parties, including government agencies, with a keen interest in enhancing fire prevention and education in Ontario. The Ontario *Fire Protection and Prevention Act, 1997* formally established the Organization as a corporation without share capital. The Organization is designated as a board governed provincial agency of the Ministry of the Solicitor General under the Agencies and Appointments Directive but is not organizationally part of the Ministry.

The objects of the Organization are as follows:

(a) promote fire safety throughout the province of Ontario;

(b) produce and distribute materials for public education with respect to fire safety throughout the province of Ontario;

(c) facilitate and coordinate the public exchange of information and ideas on matters of fire safety; and

(d) provide or endorse training, education and fire prevention activities.

The Organization is registered as a charitable organization under the Income Tax Act (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions, which include sponsorships, are recognized as revenue when all performance obligations specified in a sponsorship agreement are completed and the related expenses are recognized. Sponsorships received but not yet earned are deferred. 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.

Sales and shipping and handling charges are derived from the distribution of fire safety publications and other products and are recognized at the date the publications and products are shipped.

Membership fees are recognized as revenue in the membership year that the fees are earned. Membership fees received in advance of the membership year are deferred and recognized as revenue in the membership year to which they relate.

Interest revenue is recognized when earned.

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Inventory

Inventory consists of finished goods available for resale or for distribution at no charge or nominal charge. Inventory available for resale are valued at the lower of cost and net realizable value while inventory held for distribution at no or nominal charge is valued at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of business, less estimated selling costs. The cost of inventory includes all costs of purchases and other costs incurred in bringing the inventory to its present location and condition and is determined by the weighted average method.

2. Significant accounting policies *(Continued from previous page)*

Tangible capital assets

Purchased tangible capital assets are recorded at acquisition cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

Amortization is provided using the straight-line method at rates intended to amortize assets over their estimated useful lives using the following annual rates:

Computer equipment	33.33 %
Computer software	20 %
Office equipment	10% and 20 %

Long-lived assets

Long-lived assets consists of tangible capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policy. The Organization writes down long-lived assets held for use when conditions indicate that the asset no longer has any long-term service potential to the Organization. The assets are also written-down when the value of future economic benefits or service potential associated with the asset is less than its net carrying amount. When the Organization determines that a long-lived asset is impaired, its carrying amount is written down to the asset's fair value.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased. There were no contributed materials recognized in the financial statements for the 2024 or 2023 fiscal years.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm’s length transaction (“arm’s length financial instruments”) are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm’s length financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures all arm's length financial assets and liabilities at amortized cost.

Transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

Any impairment, which is not considered temporary, is included in current year deficiency of revenue over expenses.

2. Significant accounting policies *(Continued from previous page)*

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in deficiency of revenue over expenses in the year the reversal occurs.

Foreign currency translation

Monetary assets and liabilities denominated in a foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet date and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in deficiency of revenue over expenses.

Measurement uncertainty (use of estimates)

The preparation of 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 and 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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be significant. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

3. Investments

	2024	*2023*
Redeemable guaranteed investment certificates at 5.00%, maturing December 2024	**1,030,041**	-
Redeemable guaranteed investment certificate at 4.15%, redeemed in advance of maturity in December 2023	**-**	208,767
Non-redeemable guaranteed investment certificate at 4.10%, matured August 2023	**-**	228,029
Total short-term investments	**1,030,041**	436,796
Redeemable guaranteed investment certificates at 5.00%, maturing December 2024	**-**	979,722
	1,030,041	1,416,518

4. Accounts receivable

	2024	*2023 (Restated) Note 10*
Harmonized sales tax recoverable	**675,678**	588,657
Trade receivables	**223,447**	128,743
Accrued interest receivable	**16,487**	23,837
Allowance for doubtful trade receivables	**(2,424)**	(2,424)
	913,188	738,813

5. Tangible capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Office equipment	**53,043**	**41,303**	**11,740**	13,993
Computer software	**81,458**	**78,307**	**3,151**	8,092
Computer equipment	**49,998**	**47,821**	**2,177**	4,618
	184,499	**167,431**	**17,068**	26,703

6. Deferred contributions

Deferred contributions consist of unspent sponsorship contributions externally restricted for expenses of future periods. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made. Changes in the deferred contribution balance are as follows:

	2024	2023
Balance, beginning of year	**-**	100,000
Amount received during the year	**594,000**	500,000
Less: Amount recognized as revenue during the year	**(583,734)**	(600,000)
Balance, end of year	**10,266**	-

7. Change in investment in tangible capital assets

The change in investment in capital assets is calculated as follows:

	2024	2023
Deficiency of revenue over expenses:		
Amortization of tangible capital assets	**(10,787)**	(7,427)
Net change in investment in capital assets:		
Purchase of tangible capital assets	**1,152**	7,151

8. Internally restricted net assets

During the prior year, the Organization’s Board of Directors internally restricted $750,000 of unrestricted net assets to be used over three years to provide support for fire departments in the province to be in compliance with *Ontario Regulation 343/22: Firefighter Certification* which came into effect July 1, 2022. During the year, $172,067 (2023 - $374,092) was utilized for this purpose, of which $91,198 (2023 - $374,092) has been included in cost of inventory sold or distributed at no charge in the statement of operations, and $80,869 (2023 - $Nil) has been included in community support programs. These internally restricted amounts are not available for other purposes without approval of the Board of Directors.

9. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate cash flow risk with respect to its cash which is subject to floating interest rates. The Organization is exposed to interest rate price risk on its guaranteed investment certificates as they are at fixed rates of 5.00% (2023 - 4.10% to 5.00%). The primary objective of the Organization with respect to its investments is to ensure the security of principal amounts invested, provide for a high degree of liquidity and achieve a satisfactory investment return. There has been no change in risk exposure from the prior period.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk associated with cash is minimized substantially since the Organization ensures that cash is held in accounts with a major financial institution that has been accorded investment grade ratings by a primary rating agency. Credit risk associated with guaranteed investment certificates is minimized substantially since the Organization ensures that the certificates are insured by the Canada Deposit Insurance Corporation.

The Organization is exposed to credit risk as management provides credit to its customers in the normal course of operations. As at March 31, 2024, three customers (2023 - one) accounted for 54% (2023 - 22%) of the trade receivables. The Organization believes that there is no unusual exposure associated with the collection of these receivables. This risk is managed primarily by the on-going monitoring of individual receivable balances. Management determines probable losses on the collection of accounts receivable and sets up a provision for these losses. The Organization maintains an allowance for doubtful trade receivables, and any such losses to date have been within management's expectations. It is management's opinion that the Organization does not have significant risk exposure to any individual receivable.

Foreign currency risk

Foreign 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. The Organization enters into transactions to purchase inventory denominated in United States currency for which the related accounts payable balances are subject to exchange rate fluctuations. As at March 31, 2024 the following items are denominated in United States currency:

	2024	*2023*
	CAD$	*CAD$*
Cash	**6,834**	7,232
Accounts payable and accrued liabilities	**(42,902)**	(93,619)

10. Correction of an error

During the year it was determined that as a board governed provincial agency, the Organization qualified to file its harmonized sales tax rebates using the form for Federal, Provincial and Territorial Governments and receive a higher rebate rate than the Public Service Bodies' Rebates previously filed. For 2023 the impact of this correction has resulted in an increase in accounts receivable of $586,232, an increase in opening unrestricted net assets of $516,142, a decrease in cost of inventory sold or distributed at no charge of $60,478, and a decrease in office and administration of $9,612.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.