

**Federation of Northern
Ontario Municipalities**

**Independent Auditor's Report and
Financial Statements**

March 31, 2020

Federation of Northern Ontario Municipalities

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Statement of Financial Position	1
Statement of Operations and Changes in Net Assets	2
Statement of Cash Flows	3
Notes to the Financial Statements	4 - 6

Independent Auditor's Report

To the Board of Directors of Federation of Northern Ontario Municipalities

Opinion

We have audited the financial statements of Federation of Northern Ontario Municipalities, which comprise the statement of financial position as at March 31, 2020, and the statements of operations and 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 entity as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations (ASNPO).

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

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Independent Auditor's Report (continued)

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 entity'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 entity'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 entity 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.

Baker Tilly SNT LLP

Sudbury, Ontario
July 10, 2020

Chartered Professional Accountants
Licensed Public Accountants

Federation of Northern Ontario Municipalities
Statement of Financial Position
As at March 31, 2020



	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash	\$ 257,392	\$ 299,919
Accounts receivable (note 3)	6,911	53,443
Prepaid expenditures	<u>3,206</u>	<u>-</u>
	<u>\$ 267,509</u>	<u>\$ 353,362</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,774	\$ 13,908
Deferred revenue (note 4)	<u>-</u>	<u>22,469</u>
	9,774	36,377
Net assets	<u>257,735</u>	<u>316,985</u>
	<u>\$ 267,509</u>	<u>\$ 353,362</u>

Approved by the board:

Director

Director

The accompanying notes are an integral part of these financial statements.

Federation of Northern Ontario Municipalities
Statement of Operations and Changes in Net Assets
For the year ended March 31, 2020



	<u>2020 Budget</u>	<u>2020 Actual</u>	<u>2019 Actual</u>
Revenue			
Conference fees and sponsorships	\$ 40,000	\$ 114,340	\$ 129,607
Ministry of Northern Development and Mines	50,000	-	50,000
Memberships	35,039	31,530	33,558
AMO reimbursements	-	8,449	8,201
Interest	-	2,288	2,215
Other	15,000	10,040	11,843
	<u>140,039</u>	<u>166,647</u>	<u>235,424</u>
Expenditures			
Advertising and promotion	-	-	507
AMO meeting expenses	75,000	45,768	34,824
Conference	-	69,626	68,548
Director's honorariums	5,000	5,000	5,000
Insurance	-	1,921	-
Other supplies and expenses	10,000	7,819	5,965
Professional fees	50,000	54,598	51,976
Travel and meetings	50,192	41,165	48,487
	<u>190,192</u>	<u>225,897</u>	<u>215,307</u>
Excess of revenue over expenditures (expenditures over revenue)	(50,153)	(59,250)	20,117
Net assets, beginning of year	<u>-</u>	<u>316,985</u>	<u>296,868</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 257,735</u>	<u>\$ 316,985</u>

The accompanying notes are an integral part of these financial statements.

Federation of Northern Ontario Municipalities
Statement of Cash Flows
For the year ended March 31, 2020



	<u>2020</u>	<u>2019</u>
Cash provided by (used for)		
Operating activities		
Cash receipts from conference, members and funders	\$ 178,382	\$ 195,535
Cash receipts from interest and other revenue	12,328	14,058
Cash paid to suppliers	<u>(233,237)</u>	<u>(220,183)</u>
Decrease in cash	(42,527)	(10,590)
Cash, beginning of year	<u>299,919</u>	<u>310,509</u>
Cash, end of year	<u><u>\$ 257,392</u></u>	<u><u>\$ 299,919</u></u>

The accompanying notes are an integral part of these financial statements.

1. Nature of operations

Federation of Northern Ontario Municipalities is an incorporated entity comprised of Northeastern Ontario Municipalities. The entity is principally involved in advocating municipal interests to senior levels of government. The entity is incorporated under the laws of the Province of Ontario as a non-profit entity without share capital and is exempt from income tax under section 149 of the Income Tax Act of Canada.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are detailed as follows:

Revenue recognition

The entity follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

Conference fees, sponsorships and memberships are recognized as revenue when services are rendered or revenue is earned.

Other revenue is recognized as revenue when it is received.

Financial instruments

The entity initially measures its financial assets and liabilities at fair value. The entity subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations and net assets.

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

The entity has not designated any financial asset or financial liability to be measured at fair value.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

3. Accounts receivable

	<u>2020</u>	<u>2019</u>
Memberships	\$ 3,539	\$ -
AMO	3,372	1,228
Ministry of Northern Development and Mines	-	50,000
Accrued interest	-	2,215
	<u>\$ 6,911</u>	<u>\$ 53,443</u>

4. Deferred revenue

	<u>2020</u>	<u>2019</u>
Memberships	\$ -	\$ 22,469

5. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates.

(b) Liquidity risk

Liquidity risk is the risk that the entity cannot repay its obligations when they become due to its creditors. The entity does have a liquidity risk in the accounts payable and accrued liabilities of \$9,774 (2019 - \$13,908). The entity believes that its current sources of liquidity are sufficient to cover its currently known cash obligations.

6. Budget amounts

The 2020 budget amounts on the statement of Operations and Changes in Net Assets are presented for information purposes only, are unaudited and not covered by the audit report of Baker Tilly SNT LLP, Chartered Professional Accountants, dated July 10, 2020.

7. Subsequent event

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak and measures introduced at various levels of government to curtail the spread of the virus, such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing has adversely affected workforces, customers, economies and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many entities. This outbreak could adversely impact the results of the entity's financial performance. The extent of the impact of this outbreak and related containment measures on the entity's operations cannot be reliably estimated at this time.