

**Federation of Northern
Ontario Municipalities**

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

March 31, 2018

Federation of Northern Ontario Municipalities

Independent Auditor's Report and Financial Statements March 31, 2018

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Independent Auditor's Report

**To the Board of Directors of
Federation of Northern Ontario Municipalities**

Baker Tilly SNT LLP / s.r.l.
1174 St. Jerome
Sudbury, ON, Canada P3A 2V9
T: +1 705.560.5592
F: +1 705.560.8832

www.bakertilly.ca

We have audited the accompanying financial statements of Federation of Northern Ontario Municipalities, which comprise the statement of financial position as at March 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

ACCOUNTING • TAX • ADVISORY

Baker Tilly SNT LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

COMPTABILITÉ • FISCALITÉ • SERVICES-CONSEILS

Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (Continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Federation of Northern Ontario Municipalities as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Federation of Northern Ontario Municipalities for the year ended March 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on March 19, 2018.

Baker Tilly SNT LLP

Sudbury, Ontario
May 13, 2020

Chartered Professional Accountants
Licensed Public Accountants

Federation of Northern Ontario Municipalities
Statement of Financial Position
As at March 31, 2018



	<u>2018</u>	<u>2017</u> (restated - note 7)
Assets		
Current assets		
Cash	\$ 310,509	\$ 217,291
Short-term investment (note 3)	-	101,600
Accounts receivable (note 4)	<u>30,795</u>	<u>4,450</u>
	<u>\$ 341,304</u>	<u>\$ 323,341</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 18,784	\$ -
Deferred revenue (note 5)	<u>25,652</u>	<u>43,794</u>
	44,436	43,794
Net assets	<u>296,868</u>	<u>279,547</u>
	<u>\$ 341,304</u>	<u>\$ 323,341</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, 2018



	2018 Budget	2018 Actual	2017 Actual (restated - note 7)
	<u>(unaudited)</u>	<u> </u>	<u> </u>
Revenue			
Conference fees and sponsorships	\$ 72,000	\$ 155,019	\$ 145,191
Ministry of Northern Development and Mines	50,000	50,000	50,000
Memberships	33,000	33,705	34,986
Northern Ontario Heritage Fund Corporation	-	15,135	-
AMO reimbursements	-	11,095	18,795
Interest	-	1,831	-
Other	25,000	11,895	6,087
	<u>180,000</u>	<u>278,680</u>	<u>255,059</u>
Expenditures			
Advertising and promotion	1,500	718	-
Association of Municipalities of Ontario meeting expenses	41,000	47,885	41,885
Bad debts	-	-	22,130
Conference	-	81,814	79,603
Consulting fees	2,000	-	1,189
Director's honorariums	5,000	5,000	5,000
Insurance	1,000	961	961
Other supplies and expenses	9,500	6,796	6,746
Professional fees	45,000	68,790	43,828
Travel and meetings	50,000	49,395	52,265
	<u>155,000</u>	<u>261,359</u>	<u>253,607</u>
Excess of revenue over expenditures	<u>25,000</u>	<u>17,321</u>	<u>1,452</u>
Net assets, beginning of year			
As previously reported	-	279,547	313,417
Restatement for deferral of membership revenue (note 7)	-	-	(35,322)
As restated	<u>-</u>	<u>279,547</u>	<u>278,095</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 296,868</u>	<u>\$ 279,547</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, 2018



	2018	2017 (restated - note 7)
	<u> </u>	<u> </u>
Cash provided by (used for)		
Operating activities		
Cash receipts from conference, members and funders	\$ 220,467	\$ 299,375
Cash receipts from interest and other revenue	13,726	6,087
Cash paid to suppliers	<u>(242,575)</u>	<u>(253,607)</u>
Increase (decrease) in cash	(8,382)	51,855
Cash, beginning of year	<u>318,891</u>	<u>267,036</u>
Cash, end of year	<u>\$ 310,509</u>	<u>\$ 318,891</u>
Cash consists of:		
Cash	\$ 310,509	\$ 217,291
Short-term investment	<u>-</u>	<u>101,600</u>
	<u>\$ 310,509</u>	<u>\$ 318,891</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.

Federation of Northern Ontario Municipalities
Notes to the Financial Statements
March 31, 2018



3. Short-term investment

	2018	2017 (restated - note 7)
	<u> </u>	<u> </u>
Term deposit earning interest of 1.6%, matured on January 27, 2018	<u>\$ -</u>	<u>\$ 101,600</u>

4. Accounts receivable

	2018	2017 (restated - note 7)
	<u> </u>	<u> </u>
Northern Ontario Heritage Fund Corporation	\$ 15,135	\$ -
Ministry of Northern Development and Mines	12,500	-
Association of Municipalities of Ontario	<u>3,160</u>	<u>4,450</u>
	<u>\$ 30,795</u>	<u>\$ 4,450</u>

5. Deferred revenue

	2018	2017 (restated - note 7)
	<u> </u>	<u> </u>
Memberships	\$ 25,652	\$ 31,899
Forestry Strategy revenue	<u>-</u>	<u>11,895</u>
	<u>\$ 25,652</u>	<u>\$ 43,794</u>

6. 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) 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 \$18,784 (2017 - \$ -). The entity believes that its current sources of liquidity are sufficient to cover its currently known cash obligations.

7. Prior period adjustment

The comparative figures have been retroactively restated to reflect the deferral of membership revenue which was not previously recorded. As a result, net assets as at March 31, 2016 and March 31, 2017 have each been decreased by \$35,322.

In addition, the entity has increased previously reported deferred revenue by \$31,899 and decreased accounts receivable by \$3,423 as at March 31, 2017.

8. Budget amounts

The 2018 budget amounts on the statement of operations and changes in net assets and the schedules to the financial statements, are presented for information purposes only, are unaudited and not covered by the audit report of Baker Tilly SNT LLP, Chartered Professional Accountants, dated May 13, 2020.

9. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.