

**Federation of Northern  
Ontario Municipalities**

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

**March 31, 2019**

## **Federation of Northern Ontario Municipalities**

### **Independent Auditor's Report and Financial Statements March 31, 2019**

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## Independent Auditor's Report

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

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### *Opinion*

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We have audited the financial statements of Federation of Northern Ontario Municipalities, which comprise the statement of financial position as at March 31, 2019, 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, 2019, 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.

ACCOUNTING • TAX • ADVISORY

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## Independent Auditor's Report

### *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.

## **Independent Auditor's Report**

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  
May 13, 2020

Chartered Professional Accountants  
Licensed Public Accountants

**Federation of Northern Ontario Municipalities**  
**Statement of Financial Position**  
**As at March 31, 2019**



	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current assets		
Cash	\$ 299,919	\$ 310,509
Accounts receivable (note 3)	<u>53,443</u>	<u>30,795</u>
	<u>\$ 353,362</u>	<u>\$ 341,304</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 13,908	\$ 18,784
Deferred revenue (note 4)	<u>22,469</u>	<u>25,652</u>
	36,377	44,436
<b>Net assets</b>	<u>316,985</u>	<u>296,868</u>
	<u>\$ 353,362</u>	<u>\$ 341,304</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, 2019**



	<b>2019 Budget (unaudited)</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
Revenue			
Conference fees and sponsorships	\$ 62,000	\$ 129,607	\$ 155,019
Ministry of Northern Development and Mines	50,000	50,000	50,000
Memberships	32,000	33,558	33,705
Northern Ontario Heritage Fund Corporation	15,000	-	15,135
AMO reimbursements	-	8,201	11,095
Interest	-	2,215	1,831
Other	15,000	11,843	11,895
	<u>174,000</u>	<u>235,424</u>	<u>278,680</u>
Expenditures			
Advertising and promotion	1,500	507	718
Association of Municipalities of Ontario meeting expenses	41,000	34,824	47,885
Conference	-	68,548	81,814
Consulting fees	2,000	-	-
Director's honorariums	5,000	5,000	5,000
Insurance	1,000	-	961
Other supplies and expenses	9,500	5,965	6,796
Professional fees	50,000	51,976	68,790
Travel and meetings	50,000	48,487	49,395
	<u>160,000</u>	<u>215,307</u>	<u>261,359</u>
Excess of revenue over expenditures	14,000	20,117	17,321
Net assets, beginning of year	<u>-</u>	<u>296,868</u>	<u>279,547</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 316,985</u>	<u>\$ 296,868</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, 2019**



	<u>2019</u>	<u>2018</u>
<b>Cash provided by (used for)</b>		
<b>Operating activities</b>		
Cash receipts from conference, members and funders	\$ 195,535	\$ 220,467
Cash receipts from interest and other revenue	14,058	13,726
Cash paid to suppliers	<u>(220,183)</u>	<u>(242,575)</u>
<b>Decrease in cash</b>	<b>(10,590)</b>	<b>(8,382)</b>
<b>Cash, beginning of year</b>	<u><b>310,509</b></u>	<u>318,891</u>
<b>Cash, end of year</b>	<u><u><b>\$ 299,919</b></u></u>	<u><u><b>\$ 310,509</b></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>2019</u>	<u>2018</u>
Ministry of Northern Development and Mines	\$ 50,000	\$ 12,500
Accrued interest	2,215	-
Association of Municipalities of Ontario	1,228	3,160
Northern Ontario Heritage Fund Corporation	-	15,135
	<u>\$ 53,443</u>	<u>\$ 30,795</u>

**4. Deferred revenue**

	<u>2019</u>	<u>2018</u>
Memberships	<u>\$ 22,469</u>	<u>\$ 25,652</u>

**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) 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 \$13,908 (2018 - \$18,784). The entity believes that its current sources of liquidity are sufficient to cover its currently known cash obligations.

**6. Budget amounts**

The 2019 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.