

**Federation of Northern
Ontario Municipalities**

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

March 31, 2024

Federation of Northern Ontario Municipalities

Financial Statements March 31, 2024

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Independent Auditor's Report

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

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Opinion

We have audited the financial statements of Federation of Northern Ontario Municipalities, which comprise the statement of financial position as at March 31, 2024, and the statements of changes in net assets, operations 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, 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 (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.

Sudbury, Ontario
October 4, 2024

Baker Tilly SNT LLP

Chartered Professional Accountants
Licensed Public Accountants

Federation of Northern Ontario Municipalities

Statement of Financial Position

As at March 31, 2024

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash	\$ 169,428	\$ 142,973
Accounts receivable (note 3)	22,172	10,861
Prepaid expenditures	1,097	14,441
Term deposits (note 4)	<u>124,837</u>	<u>122,489</u>
	<u>\$ 317,534</u>	<u>\$ 290,764</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 12,993	\$ 6,186
Deferred revenue (note 5)	<u>14,527</u>	<u>20,115</u>
	<u>27,520</u>	<u>26,301</u>
Net assets		
Unrestricted	264,463	264,463
Internally restricted - Conference shortfall	<u>25,551</u>	<u>-</u>
	<u>290,014</u>	<u>264,463</u>
	<u>\$ 317,534</u>	<u>\$ 290,764</u>

Contingency (note 6)

Approved by the board:

Director

Director

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

Federation of Northern Ontario Municipalities

Statement of Changes in Net Assets

For the year ended March 31, 2024

	2024			
	Balance, beginning of year	Excess of revenue over expenditures	Internally restricted transfer	Balance, end of year
Unrestricted	\$ 264,463	\$ 25,551	\$ (25,551)	\$ 264,463
Internally restricted				
- Conference shortfall	-	-	25,551	25,551
	\$ 264,463	\$ 25,551	\$ -	\$ 290,014
	2023			
	Balance, beginning of year	Excess of revenue over expenditures	Internally restricted transfer	Balance, end of year
Unrestricted	\$ 208,274	\$ 56,189	-	\$ 264,463

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

Federation of Northern Ontario Municipalities

Statement of Operations

For the year ended March 31, 2024

	<u>2024</u> <u>Budget</u> <u>(Unaudited)</u>	<u>2024</u> <u>Actual</u>	<u>2023</u> <u>Actual</u>
Revenue			
Northern Ontario Heritage Fund Corporation	\$ 45,000	\$ 56,027	\$ 34,179
Conference fees and sponsorships	37,500	222,809	161,495
Memberships	32,555	33,285	32,214
Donations	5,000	10,000	10,000
AMO reimbursements	4,000	5,483	2,520
FedNor	-	10,000	60,611
Interest	-	8,224	3,646
Other	-	-	7,490
	<u>124,055</u>	<u>345,828</u>	<u>312,155</u>
Expenditures			
AMO meeting expenses	26,000	26,681	26,887
Conference	18,571	119,343	96,350
Director's honorariums	5,000	5,000	5,000
Insurance	700	-	452
Other supplies and expenses	69,525	57,228	35,857
Professional fees	40,000	41,178	37,194
Provincial advocacy meetings	11,000	8,145	12,918
Travel and meetings	43,500	62,702	41,308
	<u>214,296</u>	<u>320,277</u>	<u>255,966</u>
Excess of revenue over expenditures (expenditures over revenue)	<u>\$ (90,241)</u>	<u>\$ 25,551</u>	<u>\$ 56,189</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, 2024

	<u>2024</u>	<u>2023</u>
Cash provided by (used for)		
Operating activities		
Cash receipts from conference, members and funders	\$ 310,704	\$ 316,045
Cash receipts from interest and other revenue	18,224	21,136
Cash paid to suppliers	<u>(300,126)</u>	<u>(271,480)</u>
	<u>28,802</u>	<u>65,701</u>
Investing activity		
Increase in term deposits	<u>(2,347)</u>	<u>(408)</u>
Increase in cash	26,455	65,293
Cash, beginning of year	<u>142,973</u>	<u>77,680</u>
Cash, end of year	<u>\$ 169,428</u>	<u>\$ 142,973</u>
Cash consists of:		
Cash	\$ 103,424	\$ 80,380
Cash invested in One Investment	<u>66,004</u>	<u>62,593</u>
	<u>\$ 169,428</u>	<u>\$ 142,973</u>

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

Federation of Northern Ontario Municipalities

Notes to the Financial Statements

March 31, 2024

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:

Financial instruments

(i) Measurement of 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 cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in excess of revenue over expenditures in the period incurred.

Financial assets measured at amortized cost include cash, term deposits, 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.

(ii) Impairment

For financial assets measured at cost or amortized cost, the entity determines whether there are indications of possible impairment. When there is an indication of impairment, and the entity determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of revenue over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 excess of revenue over expenditures.

Federation of Northern Ontario Municipalities

Notes to the Financial Statements

March 31, 2024

2. Significant accounting policies (continued)

Financial instruments (continued)

(iii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in excess of revenue over expenditures in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in excess of revenue over expenditures over the life of the instrument using the straight-line method.

Revenue recognition

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

Restricted contributions are recognized as revenue in the year in which the related expenses 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.

Donations and other revenue is recognized as revenue when it is received.

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 expenditures 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. Accounts specifically affected by estimates in these financial statements are accrued liabilities. 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>2024</u>	<u>2023</u>
HST rebate	\$ 18,138	\$ 9,292
Accrued interest	<u>4,034</u>	<u>1,569</u>
	<u>\$ 22,172</u>	<u>\$ 10,861</u>

Federation of Northern Ontario Municipalities

Notes to the Financial Statements

March 31, 2024

4. Term deposits

	<u>2024</u>	<u>2023</u>
Term deposit earning interest at a rate of 5.00%, maturing on September 15, 2024	\$ 104,334	\$ 102,289
Term deposit earning interest at a rate of 4.55%, maturing on June 15, 2024	<u>20,503</u>	<u>20,200</u>
	<u>\$ 124,837</u>	<u>\$ 122,489</u>

5. Deferred revenue

	<u>2024</u>	<u>2023</u>
Conference fees and sponsorships	\$ 13,791	\$ 5,175
Memberships	736	761
FedNor	<u>-</u>	<u>14,179</u>
	<u>\$ 14,527</u>	<u>\$ 20,115</u>

6. Contingency

The organization receives subsidies from various funders. Pursuant to the related agreements, if the organization does not meet established objectives, the funder is entitled to seek reimbursement. Should any amount become refundable, the refunds would be charged to operations in the period in which the refund is determined to be payable.

7. Financial instruments

It is management's opinion that the organization is not exposed to significant interest, currency, or credit risks arising from these 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 \$12,993 (2023 - \$6,186). The entity believes that its current sources of liquidity are sufficient to cover its currently known cash obligations.

Federation of Northern Ontario Municipalities

Notes to the Financial Statements

March 31, 2024

8. Budget amounts

The 2024 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited.

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.