

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

MARCH 31, 2016

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Federation of Northern Ontario Municipalities

We have audited the accompanying financial statements of Federation of Northern Ontario Municipalities, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, 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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

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 organization'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 organization'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.

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, 2016, 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.

Collins Barrow Gagné Gagnon Bisson Hébert

Chartered Professional Accountants
Licenced Public Accountants
January 12, 2017

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES
FINANCIAL STATEMENTS

MARCH 31, 2016

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FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2016

	2016 Budget (unaudited)	2016 Actual	2015 Actual
REVENUES			
Conference fees and sponsorships	\$ 75,000	\$ 90,049	\$ 85,570
Memberships	33,000	35,522	33,887
Ministry of Northern Development and Mines grant	50,000	50,000	50,000
Northern Ontario Heritage Fund Corporation grant	14,300	16,113	32,010
Canadian Association of Petroleum Producers	-	20,000	-
Forestry Strategy	-	6,291	40,972
Other Revenue	30,000	8,152	11,667
	<u>202,300</u>	<u>226,127</u>	<u>254,106</u>
EXPENSES			
Conferences expenses	700	961	17,773
Director's honorariums	3,000	3,000	3,000
Wages and benefits	39,250	40,206	36,500
Consulting fees	10,000	701	-
Travel and meeting expenses	45,000	31,806	14,076
Association of Municipalities of Ontario meeting expenses	42,000	31,028	32,371
Forestry strategy expenses	30,000	6,291	40,972
ONTC and park project expenses	-	-	241
Other supplies and expenses	14,300	12,181	12,292
	<u>184,250</u>	<u>126,174</u>	<u>157,225</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 18,050	\$ 99,953	\$ 96,881

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2016

	2016	2015
	Actual	Actual
BALANCE, BEGINNING OF YEAR	\$ 213,464	\$ 116,583
EXCESS OF REVENUES OVER EXPENSES	<u>99,953</u>	<u>96,881</u>
BALANCE, END OF YEAR	<u>\$ 313,417</u>	<u>\$ 213,464</u>

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2016

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 167,036	\$ 178,137
Short term investment (note 3)	100,000	-
Accounts receivable (note 4)	61,308	57,071
	<u>\$ 328,344</u>	<u>\$ 235,208</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ -	\$ 10,526
Deferred revenue (note 5)	14,927	11,218
	14,927	21,744
NET ASSETS	<u>313,417</u>	<u>213,464</u>
	<u>\$ 328,344</u>	<u>\$ 235,208</u>

On behalf of the board

_____ Director

_____ Director

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2016

	2016	2015
	Actual	Actual
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 99,953	\$ 96,881
Changes in:		
Accounts receivable	(4,237)	51,819
Prepaid expenses	-	525
Accounts payable and accrued liabilities	(10,526)	(42,834)
Deferred revenue	3,709	11,218
	<hr/>	<hr/>
CHANGE IN CASH POSITION	88,899	117,609
CASH POSITION, BEGINNING OF YEAR	178,137	60,528
	<hr/>	<hr/>
CASH POSITION, END OF YEAR	\$ 267,036	\$ 178,137
	<hr/>	<hr/>
CASH POSITION CONSISTS OF:		
Cash	\$ 167,036	\$ 178,137
Short term investment	100,000	-
	<hr/>	<hr/>
	\$ 267,036	\$ 178,137
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FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

1. STATUS AND NATURE OF OPERATIONS

The Federation of Northern Ontario Municipalities ("FONOM") is an incorporated entity comprised of Northeastern Ontario Municipalities. The organization is principally involved in advocating municipal interests to senior levels of government.

2. SIGNIFICANT ACCOUNTING POLICIES

The organization applies the Canadian accounting standards for not-for-profit enterprises.

REVENUE RECOGNITION

The organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the period in which the related expenses are incurred.

FINANCIAL INSTRUMENTS

Measurement

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for derivatives and equity securities quoted in an active market, which are subsequently measured at fair value. Forward exchange contracts and interest rate swaps that are not hedging items are measured at fair value. Changes in fair value are recognized in the statement of operations.

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

There are no financial instruments measured at fair value.

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

FINANCIAL INSTRUMENTS, (CONT'D)

Impairment

Financial assets measured at amortized cost are assessed for impairment at the end of each year. The amount of identified impairment, if any, is recorded as a write-down and recognized in the statement of operations. Any previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the reversal is recognized in the statement of operations.

MEASUREMENT UNCERTAINTY

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 disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include accrued liabilities. Actual results could differ from those estimates.

3. SHORT TERM INVESTMENT

	2016
Term deposit earning interest of 1.6%, maturing on January 27, 2017	\$ 100,000

4. ACCOUNTS RECEIVABLE

	2016	2015
Ministry of Northern Development and Mines	\$ 22,501	\$ 12,500
Government of Canada	13,022	14,523
Northern Ontario Heritage Fund Corporation	2,908	17,203
Memberships	2,877	6,846
Canadian Association of Petroleum Producers	20,000	-
Other	-	5,999
	<u>\$ 61,308</u>	<u>\$ 57,071</u>

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

5. DEFERRED REVENUE

	2016	2015
Forestry strategy revenue	\$ 14,927	\$ 11,218

6. FINANCIAL INSTRUMENT RISKS

The organization is exposed to various financial risks through transactions in financial instruments.

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. The majority of its accounts receivable are from government agencies and management does not consider this risk to be significant.

LIQUIDITY RISK

Liquidity risk is the risk that the organization will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The organization believes that its current sources of liquidity are sufficient to cover its currently known short and long-term cash obligations.