

**FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES**

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

**MARCH 31, 2017**



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## **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, 2017, 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, 2017, 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  
March 19, 2018

**FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES**  
**FINANCIAL STATEMENTS**

**MARCH 31, 2017**

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# FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

## STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2017

	2017 Budget (unaudited)	2017 Actual	2016 Actual
<b>REVENUES</b>			
Conference fees and sponsorships	\$ 75,000	\$ 145,191	\$ 152,791
Memberships	33,000	34,986	35,522
Ministry of Northern Development and Mines grant	50,000	50,000	50,000
AMO reimbursement	-	18,795	7,730
Northern Ontario Heritage Fund Corporation grant	-	-	16,113
Canadian Association of Petroleum Producers	-	-	20,000
Forestry Strategy	-	3,033	6,291
Other Revenue	70,000	3,054	422
	228,000	255,059	288,869
<b>EXPENSES</b>			
Conference expenses	-	79,603	62,742
Insurance	700	961	961
Bad debts	-	22,130	-
Director's honorariums	3,000	5,000	3,000
Wages and benefits	40,948	43,828	40,206
Consulting fees	2,000	1,189	701
Travel and meeting expenses	53,000	51,709	31,806
Association of Municipalities of Ontario meeting expenses	30,000	41,885	31,028
Forestry strategy expenses	80,000	556	6,291
Other supplies and expenses	12,300	6,746	12,181
	221,948	253,607	188,916
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 6,052</b>	<b>\$ 1,452</b>	<b>\$ 99,953</b>

**FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES****STATEMENT OF CHANGES IN NET ASSETS****YEAR ENDED MARCH 31, 2017**

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	<b>2017</b>	<b>2016</b>
BALANCE, BEGINNING OF YEAR	\$ 313,417	\$ 213,464
EXCESS OF REVENUES OVER EXPENSES	<u>1,452</u>	<u>99,953</u>
BALANCE, END OF YEAR	<u>\$ 314,869</u>	<u>\$ 313,417</u>

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# FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

## STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 217,291	\$ 167,036
Short term investment (note 3)	101,600	100,000
Accounts receivable (note 4)	7,873	61,308
	<u>\$ 326,764</u>	<u>\$ 328,344</u>
<b>LIABILITY</b>		
<b>CURRENT LIABILITY</b>		
Deferred revenue (note 5)	\$ 11,895	\$ 14,927
<b>NET ASSETS</b>	<u>314,869</u>	<u>313,417</u>
	<u>\$ 326,764</u>	<u>\$ 328,344</u>

On behalf of the board

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

## STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2017

	2017 Actual	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 1,452	\$ 99,953
Changes in:		
Accounts receivable	53,435	(4,237)
Accounts payable and accrued liabilities	-	(10,526)
Deferred revenue	(3,032)	3,709
<b>CHANGE IN CASH POSITION</b>	51,855	88,899
<b>CASH POSITION, BEGINNING OF YEAR</b>	267,036	178,137
<b>CASH POSITION, END OF YEAR</b>	\$ 318,891	\$ 267,036
<b>CASH POSITION CONSISTS OF:</b>		
Cash	\$ 217,291	\$ 167,036
Short term investment	101,600	100,000
	\$ 318,891	\$ 267,036



# FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

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### 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.

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### 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 of financial instruments*

Financial instruments are financial assets or liabilities of the company where, in general, the company has the right to receive cash or another financial asset from another party or the company has the obligation to pay another party cash or other financial assets.

The company initially measures its financial instruments 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.

The company subsequently measures all its financial instruments at 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 the statement of operations.

Financial instruments measured at amortized cost include cash and accounts receivable.

The company has no financial assets measured at fair value.

# FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

#### FINANCIAL INSTRUMENTS, (CONT'D)

##### *Impairment*

Financial assets measured at cost or amortized cost are tested for impairment at the end of each year to determine whether there are indicators that the asset may be impaired. The amount of the write-down, if any, is 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

	2017	2016
Term deposit earning interest of 1.6%, maturing on January 27, 2018	\$ 101,600	\$ 100,000

### 4. ACCOUNTS RECEIVABLE

	2017	2016
Association of Municipalities of Ontario	\$ 4,450	\$ -
Canadian Association of Petroleum Producers	-	20,000
Government of Canada	-	15,117
Memberships	3,423	10,783
Ministry of Northern Development and Mines	-	12,500
Northern Ontario Heritage Fund Corporation	-	2,908
	<u>\$ 7,873</u>	<u>\$ 61,308</u>

# FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

## NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2017

### 5. DEFERRED REVENUE

	2017	2016
Forestry strategy revenue	\$ 11,895	\$ 14,927

### 6. COMPARATIVE AMOUNTS

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. Conference fees and sponsorships and conference expenses are now presented at their gross amounts. The changes do not affect prior year excess of revenues over expenses or net assets.

### 7. 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.