

Financial Statements of

**FEDERATION OF NORTHERN
ONTARIO MUNICIPALITIES**

Year ended March 31, 2014



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INDEPENDENT AUDITORS' REPORT

To the Directors of the Federation of Northern Ontario Municipalities

We have audited the accompanying financial statements of the **Federation of Northern Ontario Municipalities**, which comprise the statements of financial position as at March 31, 2014, the statements of operations and changes in net assets for the year ended March 31, 2014, and notes, comprising 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 public sector accounting standards, 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.

Auditors' 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 our 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, we consider 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.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the **Federation of Northern Ontario Municipalities**, as at March 31, 2014 and its results of operations for the year ended March 31, 2014 in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Accountants, Licensed Public Accountants

December 17, 2014
Sudbury, Canada

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

Statements of Financial Position

March 31, 2014 and March 31, 2013

	2014	2013
Assets		
Cash	\$ 60,528	17,470
Accounts receivable (note 2)	108,890	15,117
Prepaid expenses	526	509
	\$ 169,944	33,096

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 53,361	13,395
Net assets	116,583	19,701
	\$ 169,944	33,096

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

Statements of Operations

Years ended March 31, 2014 and 2013

	General	Forestry Strategy	Annual Conference	Transportation Fund	2014 Total	2013 Total
Revenue:						
Conference revenue	\$ —	—	81,650	—	81,650	153,245
Memberships	35,365	—	—	—	35,365	29,910
Ministry of Northern Development and Mines grant	50,000	—	—	—	50,000	50,000
Transportation fund	—	—	—	—	—	13,286
Forestry strategy	—	79,776	—	—	79,776	—
Other revenue	74,582	—	—	—	74,582	13,750
	159,947	79,776	81,650	—	321,373	260,191
Expenses:						
Conference expenses	—	—	15,850	—	15,850	116,087
Staff and directors' compensation	20,697	—	—	—	20,697	—
Consulting fees	3,161	49,777	—	—	52,938	74,485
Travel and meeting costs	36,000	—	—	—	36,000	37,353
Association of Municipalities of Ontario meeting costs	43,620	—	—	—	43,620	15,938
Strategic plan development	—	—	—	—	—	9,643
ONTC and park project	17,258	—	—	—	17,258	—
Other supplies and expenses	7,131	30,997	—	—	38,128	7,363
	127,867	80,774	15,850	—	224,491	260,869
Excess (deficiency) of revenue over expenses	\$ 32,080	(998)	65,800	—	96,882	(678)

See accompanying notes to financial statements.

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

Statement of Changes in Net Assets

Years ended March 31, 2014 and 2013

	2014	2013
Net assets, beginning of year	\$ 19,701	20,379
Deficiency of revenue over expenses	96,882	(678)
Net assets, end of year	\$ 116,583	19,701

See accompanying notes to financial statements.

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

Notes to Financial Statements

Years ended March 31, 2014 and 2013

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

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Revenue recognition:

FONOM accounts for contributions, which include membership fees, conference revenues and government grants, under the deferral method of accounting.

Unrestricted contributions are recognized as revenue when received or receivable if the amounts 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 recognized.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on the straight-line basis, at rates corresponding to those of the related capital assets.

Revenue for conference registrations and other services is recognized when the service is provided.

(b) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(c) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods specified. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

Notes to Financial Statements

Years ended March 31, 2014 and 2013

1. Significant accounting policies (continued):

(d) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value.

All investments, if any, held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

All financial assets are assessed for impairment on an annual basis. Where a decline in fair value is determined to be other than temporary, the amount of the loss is recognized in the statement of operations and any unrealized gain is adjusted through the statement of remeasurement gains and losses. On sale, the statement of remeasurement gains and losses associated with that instrument are reversed and recognized in the statement of operations.

2. Accounts receivable:

	2014	2013
Ministry of Northern Development and Mines	\$ 12,500	12,500
Government of Canada	14,998	1,450
Northern Ontario Heritage Fund Corporation	12,693	—
Forestry strategy donation	30,000	—
Other	38,699	1,167
	<u>\$ 108,890</u>	<u>15,117</u>

FEDERATION OF NORTHERN ONTARIO MUNICIPALITIES

Notes to Financial Statements

Years ended March 31, 2014 and 2013

3. Financial risks and concentration of credit risk:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. FONOM is exposed to credit risk with respect to accounts receivable and other investments. FONOM assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk for FONOM at March 31, 2014 is the carrying value of these assets.

Management considers credit risk to be minimal as most of the accounts receivable balance is collected in a timely fashion.

(b) Liquidity risk:

Liquidity risk is the risk that FONOM will be unable to fulfill its obligations on a timely basis or at a reasonable cost. FONOM manages its liquidity risk by monitoring its operating requirements. FONOM prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

4. Statement of cash flows

A statement of cash flows has not been provided as it is not considered material.