

**Regional Tourism Organization 12  
Parry Sound/Muskoka**

**Financial Statements  
For the year ended March 31, 2013**

# Regional Tourism Organization 12 Parry Sound/Muskoka

## Financial Statements

For the year ended March 31, 2013

---

### Contents

<b>Auditors' Report</b>	<b>2</b>
<b>Financial Statements</b>	
Balance Sheet	3
Statement of Operations	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6
Notes to Financial Statements	8

**• PARRY SOUND**

STEPHEN L. GINGRICH, C.P.A., C.A., CFP  
BRANDY L. HARRIS-GREEN, C.P.A., C.A.

7 WILLIAM STREET,  
PARRY SOUND, ONTARIO  
P2A 1V2

TELEPHONE: (705) 746-5828  
FAX: (705) 746-9693  
E-MAIL: gghf@vianet.ca  
WEBSITE: www.cggh.ca

**• BRACEBRIDGE**

F. GLENN GORDON, C.P.A., C.A.  
G. HOWARD FLEMMING, C.P.A., C.A.

---

## Independent Auditors' Report

---

**To the Members of the board****Regional Tourism Organization 12 Parry Sound/Muskoka**

We have audited the accompanying financial statements of Regional Tourism Organization 12 Parry Sound/Muskoka, which comprise the balance sheet as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of operations and members' equity and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 misstatements.

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 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, the financial statements present fairly, in all material respects, the financial position of Regional Tourism Organization 12 Parry Sound/Muskoka as at March 31, 2013, March 31, 2012 and April 1, 2011, and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.



Parry Sound, Ontario  
May 23, 2013

Chartered Accountants, Licensed Public Accountants

## Regional Tourism Organization 12 Parry Sound/Muskoka Balance Sheet

March 31	2013	2012	April 1, 2011
<b>Assets</b>			
<b>Current</b>			
Cash and bank	\$ 19,244	\$ 129,007	\$ 412,282
Accounts receivable (Note 2)	166,935	169,494	74,492
Prepaid expenses	8,104	13,143	15,399
	\$ 194,283	\$ 311,644	\$ 502,173
<b>Liabilities and Fund Balances</b>			
<b>Current</b>			
Accounts payable and accrued liabilities (Note 3)	\$ 193,312	\$ 245,590	\$ 419,127
Due to the Ministry of Tourism (Note 5)	-	59,902	-
Deferred revenue	-	-	83,046
	193,312	305,492	502,173
<b>Fund balances</b>			
Fund balance	971	6,152	-
	\$ 194,283	\$ 311,644	\$ 502,173

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Regional Tourism Organization 12 Parry Sound/Muskoka Statement of Operations

For the year ended March 31	Budget (Unaudited)	2013	2012
<b>Revenue</b>			
Ministry of Tourism	\$ 1,316,000	\$ 1,316,000	\$ 1,574,453
Interest income	-	226	1,474
Membership fees	-	4	61
Advertising partners	-	-	10,085
FedNor funding	-	27,500	-
Other	-	250	-
	<u>1,316,000</u>	<u>1,343,980</u>	<u>1,586,073</u>
<b>Expenses</b>			
Administration and overhead			
Administration support	-	-	37,237
Staffing - salaries and benefits	184,000	192,744	92,395
- contract work	-	17,933	-
Professional fees - legal/accounting	10,000	7,276	13,041
Office and general administration	46,500	50,353	49,334
Travel and general expenses	41,000	38,572	42,995
Industry relations			
Outreach / meetings	15,000	10,093	14,125
Research - OTMPC segmentation	-	-	51,970
Research	40,000	43,223	180,452
Tourism industry awareness	8,000	10,689	29,569
Stakeholder development	-	18,330	15,557
Website and memberships	30,000	34,509	17,825
Program development			
Destination development plan	-	-	50,424
Consumer marketing	658,000	665,042	300,000
Product and packaging	50,000	50,471	176,594
Tourism product development	100,000	96,800	-
Google campaign	55,500	55,465	60,000
Photo / image bank	60,000	57,661	70,000
Online reservation system	18,000	-	18,709
Branding	-	-	71,301
Social media	-	-	228,491
	<u>1,316,000</u>	<u>1,349,161</u>	<u>1,520,019</u>
<b>Excess of revenue over expenditure (Expenditure over revenue) for the year</b>	-	(5,181)	66,054
<b>Fund balance, beginning of period</b>	6,152	6,152	-
Due to the Ministry of Tourism - 2010 / 2011 Contract	-	-	(59,902)
<b>Fund balance, end of year</b>	<u>\$ 6,152</u>	<u>\$ 971</u>	<u>\$ 6,152</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

---

## Regional Tourism Organization 12 Parry Sound/Muskoka Statement of Cash Flows

For the year ended March 31	2013	2012
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net income (loss) for the year	\$ (5,181)	\$ 66,054
Adjustments required to reconcile net income with net cash provided by operating activities		
Accounts receivable	2,559	(95,002)
Prepaid expenses	5,039	2,256
Accounts payable and accrued liabilities	(52,278)	(173,537)
Due to the Ministry of Tourism	(59,902)	-
Deferred revenue	-	(83,046)
	(109,763)	(283,275)
<b>Decrease in cash during the year</b>		
Cash, beginning of year	129,007	412,282
<b>Cash, end of year</b>	\$ 19,244	\$ 129,007

---

## Regional Tourism Organization 12 Parry Sound/Muskoka Summary of Significant Accounting Policies

March 31, 2013

---

### **Nature and Purpose of Organization**

The organization was incorporated without share capital under the laws of Ontario as a not-for-profit organization and is exempt from corporation tax under the Income Tax Act of Canada. It's main purpose is to promote tourism in the Region of Parry Sound and Muskoka.

### **Financial Instruments**

#### *Measurement of financial instruments*

The entity initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The entity subsequently measures all its financial assets and financial liabilities at amortized cost.

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

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

#### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 net income.

#### *Transaction costs*

The entity recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

---

## **Regional Tourism Organization 12 Parry Sound/Muskoka Summary of Significant Accounting Policies**

**March 31, 2013**

---

**Use of estimates**

The preparation of these financial statements in conformity with Canadian standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

**Revenue recognition**

Revenue is recognized as it becomes receivable under the terms of the applicable funding arrangement with the Ministry of Tourism.

**Deferred Revenue**

Deferred revenue results from funding received during the year from agreements which cover more than one fiscal year, and represents the unexpended portion of that funding.



---

# Regional Tourism Organization 12 Parry Sound/Muskoka

## Notes to Financial Statements

**March 31, 2013**

---

### **1. Adoption of Accounting Standards for Not-for-Profit Organizations**

Effective April 1, 2012, the organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian Accounting Standards for Not-for-Profit Organizations. These are the Organization's first financial statements prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and the transitional provisions of Section 1501 of Part III, First-time Adoption by Not-for-Profit Organizations have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policies have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 31, 2012 and the opening balance sheet at April 1, 2011 (the Company's date of transition).

The Organization issued financial statements for the year ended March 31, 2012 using Canadian generally accepted accounting principles prescribed by CICA Handbook - Accounting XFI (Accounting XFI). The adoption of Canadian Accounting Standards for Not-for-Profit Organizations results in adjustments to the previously reported assets, liabilities, equity, net income and cash flows of the Organization.

In addition to the elective exemptions noted below with respect to the balance sheet at the date of transition and the comparative statements of income, retained earning and cash flows, the Organization has elected to use other elective exemptions permissible under Section 1501, First-time Adoption. The Organization elected to:

- \* Not retrospectively apply Section 3856, Financial Instruments for non-derivative financial instruments if the financial asset or financial liability has been derecognized prior to the date of transition. Accordingly, there is no adjustment to the assets or liabilities recognized in a previous transaction involving a non-derivative financial instrument that does not exist at the date of transition. Applying this elective exemption has resulted in no change to assets, liabilities and equity accounts at the date of transition.

First-time adoption of this new basis of accounting had no impact on the organization's excess of revenues over expenses for the year ended March 31, 2012 or on net assets as at April 1, 2011, the date of transition.

---

---

## Regional Tourism Organization 12 Parry Sound/Muskoka Notes to Financial Statements

**March 31, 2013**

---

**2. Accounts Receivable**

	<u>2013</u>	<u>2012</u>
Ministry of Tourism	\$ 65,800	\$ 64,000
FedNor	6,760	-
HST recoverable	<u>94,375</u>	<u>105,494</u>
	<u>\$ 166,935</u>	<u>\$ 169,494</u>

---

**3. Accounts Payable and Accruals**

	<u>2013</u>	<u>2012</u>
Trade accounts payable	\$ 189,493	\$ 211,800
Accrued liabilities	3,500	33,593
Government remittances	<u>319</u>	<u>197</u>
	<u>\$ 193,312</u>	<u>\$ 245,590</u>

---

**4. Economic dependence**

The organization received the majority of its revenue through grants from the Ministry of Tourism. The continuation of the organization is dependent on this funding.

---

**5. Due to the Ministry of Tourism**

The amount recorded is subject to review by the Ministry of Tourism.

---

---

## Regional Tourism Organization 12 Parry Sound/Muskoka Notes to Financial Statements

March 31, 2013

---

### 6. Financial Assets and Financial Liabilities

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides the Company's cash requirements.

#### Credit risk

The Company is exposed to credit risk in the event of non-performance by counterparties in connection with its accounts receivable. Accounts receivable arise primarily from government contracts. The maximum exposure to credit risk is the carrying value of accounts receivable. Accounts receivable are non-interest bearing.

---