

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

**Financial Statements
For the year ended March 31, 2014**

Draft

Regional Tourism Organization 12 Parry Sound/Muskoka

Financial Statements

For the year ended March 31, 2014

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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, 2014, and the statements of operations and fund balances 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 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, 2014, 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.

Parry Sound, Ontario
May 28, 2014

Chartered Accountants, Licensed Public Accountants

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

March 31 **2014** **2013**

Assets

Current

Cash and bank	\$	12,543	\$	19,244
Accounts receivable (Note 1)		149,864		166,935
Prepaid expenses		9,647		8,104
		<u>172,054</u>		<u>194,283</u>

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities (Note 2)	\$	171,068	\$	193,312
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Fund balances

Fund balance		986		971
		<u>172,054</u>		<u>194,283</u>

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On behalf of the Board:

_____ Director

_____ Director

Regional Tourism Organization 12 Parry Sound/Muskoka Statement of Operations

For the year ended March 31	Budget	2014	2013
	(Unaudited)		
Revenue			
Ministry of Tourism	\$ 1,498,000	\$ 1,494,250	\$ 1,316,000
Ontario Tourism Marketing Partnership	-	68,957	-
FedNor funding	-	-	27,500
Partnership income	166,000	189,544	-
Product development	-	46,000	-
Advertising partners	-	3,300	-
Interest income	-	-	226
Membership fees	-	56	4
Other	-	-	250
	<u>1,664,000</u>	<u>1,802,107</u>	<u>1,343,980</u>
Expenses			
Administration and overhead			
Staffing - salaries and benefits	255,000	261,396	192,744
- contract work	-	-	17,933
Professional fees - legal/accounting	10,000	10,931	7,276
Office and general administration	49,500	48,026	50,353
Travel and general expenses	43,000	41,197	38,572
Governance and industry relations			
Committee meetings	5,000	4,858	10,093
Governance, policy, communications etc.	38,000	36,506	10,689
Website and memberships	26,000	27,883	34,509
Stakeholder development	-	-	18,330
Marketing and promotion			
Marketing and social media	598,500	670,775	665,042
Transacting	150,000	150,339	50,471
Photo / image bank	12,000	12,329	57,661
Google campaign	-	-	55,465
Product development and innovation			
Product development	50,000	96,217	96,800
Research	70,000	67,365	43,223
Other			
Outreach / meetings	5,000	3,006	-
Workforce training	20,000	19,407	-
Partnership program	332,000	351,857	-
	<u>1,664,000</u>	<u>1,802,092</u>	<u>1,349,161</u>
Excess of revenue over expenditure (Expenditure over revenue) for the year	-	15	(5,181)
Fund balance, beginning of year	971	971	6,152
Fund balance, end of year	<u>\$ 971</u>	<u>\$ 986</u>	<u>\$ 971</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	2014	2013
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	\$ 15	\$ (5,181)
Adjustments required to reconcile net income with net cash provided by operating activities		
Accounts receivable	17,071	2,559
Prepaid expenses	(1,543)	5,039
Accounts payable and accrued liabilities	(22,244)	(52,278)
Due to the Ministry of Tourism	-	(59,902)
	(6,701)	(109,763)
Decrease in cash during the year	(6,701)	(109,763)
Cash, beginning of year	19,244	129,007
Cash, end of year	\$ 12,543	\$ 19,244

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

March 31, 2014

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, 2014

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.

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

March 31, 2014

1. Accounts Receivable

	<u>2014</u>	<u>2013</u>
Trade receivables	\$ 101,520	\$ -
Ministry of Tourism	-	65,800
FedNor	7,315	6,760
HST recoverable	<u>41,029</u>	<u>94,375</u>
	<u>\$ 149,864</u>	<u>\$ 166,935</u>

2. Accounts Payable and Accruals

	<u>2014</u>	<u>2013</u>
Trade accounts payable	\$ 166,568	\$ 189,493
Accrued liabilities	4,500	3,500
Government remittances	-	319
	<u>\$ 171,068</u>	<u>\$ 193,312</u>

3. 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.

4. Due to/from the Ministry of Tourism

Any amount due to / from the Ministry is subject to review by the Ministry of Tourism.

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

March 31, 2014

5. 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.

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