

**Regional Tourism Organization 12
Parry Sound/Muskoka
O/A Explorers' Edge**

**Financial Statements
For the year ended March 31, 2016**

**Regional Tourism Organization 12 Parry Sound/Muskoka
O/A Explorers' Edge**

Financial Statements
For the year ended March 31, 2016

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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 statement of financial position as at March 31, 2016, and the statements of operations and 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 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.

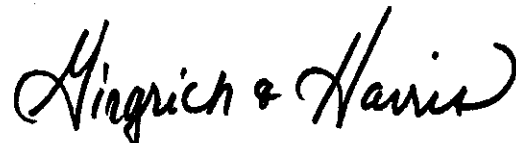
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 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.

Other Matter

The financial statements for the year ended March 31, 2015, were audited by another auditor who expressed an unqualified opinion on those statements on May 15, 2015.

A handwritten signature in black ink that reads "Mingrich & Harris". The signature is written in a cursive, flowing style.

Parry Sound, Ontario
June 20, 2016

Chartered Professional Accountants
Licensed Public Accountants

**Regional Tourism Organization 12 Parry Sound/Muskoka
Statement of Financial Position**

March 31 **2016** **2015**

Assets

Current

Cash	\$	92,511	\$	73,115
Accounts receivable (Note 1)		99,017		197,429
Prepaid expenses		2,497		4,938
		194,025		275,482

Capital assets (Note 2)

		5,877		7,346
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	\$	199,902	\$	282,828
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Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 3)	\$	198,811	\$	278,828
Current portion of obligation under capital lease (Note 4)		2,083		1,928
		200,894		280,756

Obligation under capital lease (Note 4)

		2,537		4,561
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		203,431		285,317
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Net Assets

Fund balance		(3,529)		(2,489)
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	\$	199,902	\$	282,828
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On behalf of the Board:

		Director
		Director

Regional Tourism Organization 12 Parry Sound/Muskoka Statement of Operations and Changes in Net Assets

For the year ended March 31	Budget	2016	2015
	(Unaudited)		
Revenue			
Ministry of Tourism	\$ 1,498,000	\$ 1,498,000	\$ 1,498,000
Ontario Tourism Marketing Partnership	13,200	15,521	-
Partnership income	110,000	108,644	154,845
Advertising partners	-	-	1,996
Interest income	2,950	-	-
Membership fees	100	126	123
	<u>1,624,250</u>	<u>1,622,291</u>	<u>1,654,964</u>
Expenses			
Administration and overhead			
Amortization	-	1,469	816
Interest on obligation under capital lease	-	714	669
Salaries and benefits	278,740	286,398	310,935
Professional fees	10,000	8,255	7,745
Office and general administration	51,500	54,482	51,411
Travel and general expenses	48,000	45,883	43,177
Governance and industry relations			
Committee meetings	5,000	2,858	2,791
Governance, policy, communications etc.	12,000	10,682	14,036
Website and memberships	16,000	19,442	25,539
Marketing and promotion			
Marketing and social media	625,000	618,758	624,721
Transacting	172,000	161,961	139,384
Media / PR	15,000	12,958	23,518
Photo / image bank	25,000	35,631	11,945
Product development and innovation			
Product development	50,000	56,728	36,051
Research	30,000	28,033	32,052
Other			
Outreach / meetings	2,500	2,770	2,717
Workforce training	-	-	9,456
Partnership program	276,000	276,309	321,476
	<u>1,613,002</u>	<u>1,623,331</u>	<u>1,658,439</u>
Excess of revenue over expenditure			
(Expenditure over revenue) for the year	11,248	(1,040)	(3,475)
Fund balance, beginning of year	(2,489)	(2,489)	986
Fund balance, end of year	<u>\$ 8,759</u>	<u>\$ (3,529)</u>	<u>\$ (2,489)</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	2016	2015
Cash provided by (used in)		
Operating activities		
Net Loss for the year	\$ (1,040)	\$ (3,475)
Adjustments required to reconcile net income with net cash provided by operating activities		
Amortization of capital assets	1,469	816
Accounts receivable	98,412	(47,566)
Prepaid expenses	2,441	4,709
Accounts payable and accrued liabilities	(80,017)	107,762
	<u>21,265</u>	<u>62,246</u>
Financing activities		
Repayment of obligation under capital lease	<u>(1,869)</u>	<u>(1,674)</u>
Increase in cash during the year	19,396	60,572
Cash, beginning of year	<u>73,115</u>	<u>12,543</u>
Cash, end of year	<u>\$ 92,511</u>	<u>\$ 73,115</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 Summary of Significant Accounting Policies

March 31, 2016

**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. The organization operates as Explorers' Edge.

Basis of Presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

Cash

Cash includes balances with financial institutions.

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.

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

March 31, 2016

Assets Under Capital Lease	<p>Assets under capital lease are recorded at cost. Amortization based on the estimated useful life of the asset is as follows:</p> <p style="padding-left: 40px;">Furniture and fixtures - 20% diminishing balance basis</p>
Leases	<p>Leases are classified as either capital or operating leases. At the time the Organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.</p>
Use of estimates	<p>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.</p>
Revenue recognition	<p>Restricted revenue is recognized as it becomes receivable under the terms of the applicable funding arrangement with the Ministry of Tourism.</p> <p>Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can reasonably estimated and collection is reasonably assured.</p>
Deferred Revenue	<p>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.</p>

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

March 31, 2016

1. Accounts Receivable

	2016	2015
Trade receivables	\$ 49,051	\$ 55,866
HST recoverable	49,966	141,563
	\$ 99,017	\$ 197,429

2. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Assets under capital lease				
Furniture and fixtures	\$ 8,162	\$ 2,285	\$ 5,877	\$ 7,346
	\$ 8,162		\$ 7,346	

3. Accounts Payable and Accruals

	2016	2015
Trade accounts payable	\$ 194,311	\$ 274,328
Accrued liabilities	4,500	4,500
	\$ 198,811	\$ 278,828

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

March 31, 2016

4. Obligation Under Capital Lease

	2016	2015
National Leasing - 8.344%, due April 2, 2018, repayable \$207 principal and interest monthly, secured by office equipment	\$ 4,620	\$ 6,489
Less amount due within one year included in current liabilities	2,083	1,928
	\$ 2,537	\$ 4,561

The future minimum lease payments are as follows:

2017	\$	2,485
2018		2,485
2019		217
		5,187
Less imputed interest		567
	\$	4,620

5. 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.

6. Due to/from the Ministry of Tourism

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

7. Comparative Figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

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

March 31, 2016

8. 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.

Signature Certificate

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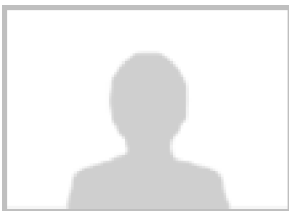


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Electronic Signature:

Multi-Factor
Digital Fingerprint Checksum

278c9ade0ae4e4b345eb3b45d2349affe7a83924



Andrew Vitch
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Multi-Factor
Digital Fingerprint Checksum

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Timestamp

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2016-06-21 07:50:36 -0700

Audit

All parties have signed document. Signed copies sent to: Jackie Leung, Andrew Vitch, and James Murphy.
Document signed by Jackie Leung (jackie@ferngleninn.on.ca) with drawn signature. - 104.160.205.33
Document viewed by Jackie Leung (jackie@ferngleninn.on.ca). - 104.160.205.33
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