

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

**Financial Statements
For the year ended March 31, 2012**

Draft

Regional Tourism Organization 12 Parry Sound/Muskoka

Financial Statements

For the year ended March 31, 2012

Contents

Auditors' Report

Financial Statements

Balance Sheet	2
Statement of Operations	3
Summary of Significant Accounting Policies	4
Notes to Financial Statements	6
Schedule 1 - Detailed Statement of Operations	7

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, 2012 and the statements of operations 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 generally accepted accounting principles 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.

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, 2012, and its financial performance for the period then ended in accordance with Canadian generally accepted accounting principles.

Regional Tourism Organization 12 Parry Sound/Muskoka Balance Sheet

March 31 **2012** 2011

Assets

Current

Cash and bank	\$	129,007	\$	412,282
Accounts receivable - Due from Ministry of Tourism		64,000		-
Prepaid expenses		13,143		15,399
HST receivable		105,494		74,492
		311,644		502,173

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$	245,590	\$	419,127
Due to the Ministry of Tourism (Note 5)		59,902		-
Deferred revenue (Note 1)		-		83,046
		305,492		502,173

Fund balances

Fund balance		6,152		-
		311,644		502,173

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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	2012	2011
	(Unaudited)		
Revenue			
Ministry of Tourism	\$ 1,251,000	\$ 1,574,453	\$ 922,292
Interest income	-	1,474	787
Membership fees	-	61	5
Advertising partners	-	10,085	-
	<u>1,251,000</u>	<u>1,586,073</u>	<u>923,084</u>
Expenses			
Administration and overhead			
Administration support	-	37,237	37,503
Staffing and benefits	107,360	92,395	-
Contract work	-	-	1,871
Performance management / reporting	-	-	6,444
Professional fees - legal/accounting	10,000	13,041	3,311
Office and general administration	42,508	49,334	5,590
Travel and general expenses	36,000	42,995	20,290
Industry relations			
Outreach / meetings	13,000	14,125	13,838
Research - OTMPC segmentation	-	51,970	-
Research	157,436	180,452	35,523
Tourism industry awareness	29,020	29,569	-
Stakeholder development	19,000	15,557	-
Website and memberships	20,000	17,825	7,085
Program development			
Destination development plan	-	50,424	85,081
Consumer marketing	300,000	300,000	2,079
Product and packaging	170,000	176,594	-
Google campaign	60,000	60,000	-
Photo / image bank	70,000	70,000	-
Online reservation system	18,000	18,709	22,111
Branding	73,176	71,301	69,301
Social media	125,500	228,491	214,458
Attractions coordination initiative	-	-	387,197
Ads Geo Bay Co/Muskoka Tourism VG	-	-	11,402
	<u>1,251,000</u>	<u>1,520,019</u>	<u>923,084</u>
Excess of revenue over expenditure			
(Expenditure over revenue) for the year	-	66,054	-
Fund balance, beginning of period	-	-	-
Due to the Ministry of Tourism			
- 2010 / 2011 Contract	-	(59,902)	-
Fund balance, end of year	\$ -	\$ 6,152	\$ -

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, 2012

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.

General

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment within reasonable limits of materiality and within the framework of the accounting policies summarized below. Those considered particularly significant are outlined below:

Accounting Standards for Not- for-Profit Organizations (NPO)

In December 2010, the Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) issued new standards for not-for-profit organizations (NPOs) as follows:

For non-government (private sector) NPOs, they have a choice of:

1. International Financial Reporting Standards ("IFRS") or
2. Accounting Standards for NPOs (which is essentially the Accounting Standards for Private Enterprises with the current 4400 series of NPO specific standards added with some minor changes)

The Boards require NPOs to adopt their respective standards for year ends beginning on or after January 1, 2012; early adoption is allowed. Until the date of transition to the new standards, all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting Part V - Pre-Changeover Standards.

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

March 31, 2012

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, 2012

1. Deferred Revenue

The organization deferred \$83,046. to the period ending June 30, 2011 as per the contract for Year 1.

2. Statement of Cash Flow

A statement of cash flow has not been provided as the information that would be provided therein is evident from these financial statements.

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. Financial Instruments

The organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and deferred revenue.

Cash, accounts receivable, accounts payable and accrued liabilities, and deferred revenue are reported at their fair value on the balance sheet. The fair values are the same as the carrying values due to their short-term nature.

5. Due to the Ministry of Tourism

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