

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

**Financial Statements
For the year ended March 31, 2017**

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

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For the year ended March 31, 2017

	Contents
Independent Auditors' Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Summary of Significant Accounting Policies	6
Notes to Financial Statements	8

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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, 2017, 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, 2017, 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
August 16, 2017

Chartered Professional Accountants
Licensed Public Accountants

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

March 31 **2017** 2016

Assets

Current

Cash	\$ 19,549	\$ 92,511
Accounts receivable (Note 1)	101,703	99,017
Prepaid expenses	3,741	2,497
	<u>124,993</u>	<u>194,025</u>

Capital assets (Note 2)

4,701 5,877

\$ 129,694 \$ 199,902

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 3)	\$ 130,894	\$ 198,811
Current portion of obligation under capital lease (Note 4)	2,322	2,083
	<u>133,216</u>	<u>200,894</u>

Obligation under capital lease (Note 4)

215 2,537

133,431 203,431

Net Assets

Fund balance (3,737) (3,529)

\$ 129,694 \$ 199,902

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 (Unaudited)	2017	2016
Revenue			
Ministry of Tourism	\$ 1,423,849	\$ 1,423,849	\$ 1,498,000
Ontario Tourism Marketing Partnership	28,000	28,000	15,521
FedNor funding	30,000	49,000	-
Partnership income	115,000	126,242	108,644
Advertising partners	-	1,522	-
Interest income	-	201	-
Membership fees	-	142	126
	<u>1,596,849</u>	<u>1,628,956</u>	<u>1,622,291</u>
Expenses			
Administration and overhead			
Amortization	-	1,175	1,469
Interest on obligation under capital lease	-	500	714
Salaries and benefits	303,000	300,930	286,398
Professional fees	10,000	7,464	8,255
Office and general administration	51,000	49,972	54,482
Travel and general expenses	43,000	47,362	45,883
Governance and industry relations			
Committee meetings	4,100	1,652	2,858
Governance, policy, communications etc.	17,000	18,005	10,682
Website and memberships	13,500	16,049	19,442
Marketing and promotion			
Marketing and social media	630,000	639,393	618,758
Transacting	125,000	126,159	161,961
Media / PR	14,000	14,414	12,958
Photo / image bank	10,000	10,211	35,631
Product development and innovation			
Product development	40,000	59,632	56,728
Research	19,000	20,192	28,033
Other			
Investment attraction	24,000	23,027	2,770
Workforce training	1,249	1,122	-
Partnership program	292,000	291,905	276,309
	<u>1,596,849</u>	<u>1,629,164</u>	<u>1,623,331</u>
Excess of revenue over expenditure (Expenditure over revenue) for the year	-	(208)	(1,040)
Fund balance, beginning of year	(3,529)	(3,529)	(2,489)
Fund balance, end of year	\$ (3,529)	\$ (3,737)	\$ (3,529)

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	2017	2016
Cash provided by (used in)		
Operating activities		
Net Loss for the year	\$ (208)	\$ (1,040)
Adjustments required to reconcile net income with net cash provided by operating activities		
Amortization of capital assets	1,175	1,469
Accounts receivable	(2,686)	98,412
Prepaid expenses	(1,244)	2,441
Accounts payable and accrued liabilities	(67,917)	(80,017)
	<u>(70,880)</u>	<u>21,265</u>
Financing activities		
Repayment of obligation under capital lease	<u>(2,082)</u>	<u>(1,869)</u>
Increase (decrease) in cash during the year	(72,962)	19,396
Cash, beginning of year	<u>92,511</u>	<u>73,115</u>
Cash, end of year	\$ 19,549	\$ 92,511

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

March 31, 2017

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. Its 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 (ASNFPPO).

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, 2017

Assets Under Capital Lease

Assets under capital lease are recorded at cost. Amortization based on the estimated useful life of the asset is as follows:

Furniture and fixtures - 20% diminishing balance basis

Leases

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.

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

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

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can reasonably be estimated and collection is reasonably assured.

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, 2017

1. Accounts Receivable

	2017	2016
Trade receivables	\$ 58,461	\$ 49,051
HST recoverable	43,242	49,966
	<u>\$ 101,703</u>	<u>\$ 99,017</u>

2. Capital Assets

	2017			2016
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Assets under capital lease				
Furniture and fixtures	\$ 8,162	\$ 3,461	\$ 4,701	\$ 5,877

3. Accounts Payable and Accruals

	2017	2016
Trade accounts payable	\$ 126,394	\$ 194,311
Accrued liabilities	4,500	4,500
	<u>\$ 130,894</u>	<u>\$ 198,811</u>

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

March 31, 2017

4. Obligation Under Capital Lease

	<u>2017</u>	<u>2016</u>
National Leasing - 8.344%, due April 2, 2018, repayable \$207 principal and interest monthly, secured by office equipment	\$ 2,537	\$ 4,620
Less amount due within one year included in current liabilities	<u>2,322</u>	<u>2,083</u>
	<u>\$ 215</u>	<u>\$ 2,537</u>

The future minimum lease payments are as follows:

2018	\$ 2,485
2019	<u>215</u>
	2,700
Less imputed interest	<u>163</u>
	<u>\$ 2,537</u>

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, 2017

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.
