

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

**Financial Statements  
For the year ended March 31, 2018**

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O/A Explorers' Edge**

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For the year ended March 31, 2018**

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## Independent Auditors' Report

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### 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, 2018, 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

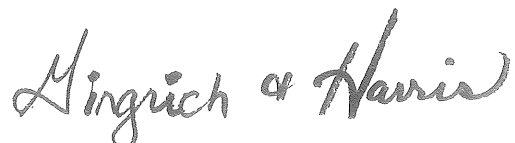
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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, 2018, 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  
September 5, 2018

Chartered Professional Accountants  
Licensed Public Accountants

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

<b>March 31</b>	<b>2018</b>	<b>2017</b>
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### Assets

#### Current

Cash	\$ 41,745	\$ 19,549
Accounts receivable (Note 1)	210,482	101,703
Prepaid expenses	12,538	3,741
	264,765	124,993

#### Capital assets (Note 2)

	3,761	4,701
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	\$ 268,526	\$ 129,694
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### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities (Note 3)	\$ 272,722	\$ 130,894
Current portion of obligation under capital lease (Note 4)	215	2,322
	272,937	133,216

#### Obligation under capital lease (Note 4)

	-	215
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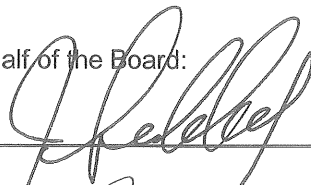

	272,937	133,431
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#### Net Assets

Fund balance	(4,411)	(3,737)
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	\$ 268,526	\$ 129,694
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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 (Unaudited)	2018	2017
<b>Revenue</b>			
Ministry of Tourism	\$ 1,423,850	\$ 1,423,850	\$ 1,423,849
Ontario Tourism Marketing Partnership	10,000	10,000	28,000
FedNor funding	101,347	101,347	49,000
Partnership income	80,000	83,067	126,242
Advertising partners	4,653	5,000	1,522
Interest income	200	151	201
Membership fees	160	205	142
	<u>1,620,210</u>	<u>1,623,620</u>	<u>1,628,956</u>
<b>Expenses</b>			
Administration and overhead			
Amortization	-	940	1,175
Interest on obligation under capital lease	-	261	500
Salaries and benefits	333,000	328,899	300,930
Professional fees	10,000	9,975	7,464
Office and general administration	66,500	61,757	49,972
Travel and general expenses	60,000	54,961	47,362
Governance and industry relations			
Committee meetings	4,000	3,318	1,652
Governance, policy, communications etc.	25,000	20,425	18,005
Website and memberships	17,000	19,625	16,049
Marketing and promotion			
Marketing and social media	555,850	566,468	639,393
Transacting	105,000	106,617	126,159
Media / PR	5,000	4,953	14,414
Photo / image bank	15,000	17,633	10,211
Product development and innovation			
Product development	75,000	75,482	59,632
Research	25,000	24,363	20,192
Other			
Investment attraction	22,000	21,597	23,027
Workforce training	10,499	11,347	1,122
Partnership program	291,000	295,673	291,905
	<u>1,619,849</u>	<u>1,624,294</u>	<u>1,629,164</u>
<b>Excess of revenue over expenditure (Expenditure over revenue) for the year</b>	<b>361</b>	<b>(674)</b>	<b>(208)</b>
<b>Fund balance, beginning of year</b>	<b>(3,737)</b>	<b>(3,737)</b>	<b>(3,529)</b>
<b>Fund balance, end of year</b>	<b>\$ (3,376)</b>	<b>\$ (4,411)</b>	<b>\$ (3,737)</b>

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	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net Loss for the year	\$ (674)	\$ (208)
Adjustments required to reconcile net income with net cash provided by operating activities		
Amortization of capital assets	940	1,175
Accounts receivable	(108,779)	(2,686)
Prepaid expenses	(8,797)	(1,244)
Accounts payable and accrued liabilities	141,828	(67,917)
	<u>24,518</u>	<u>(70,880)</u>
<b>Financing activities</b>		
Repayment of obligation under capital lease	<u>(2,322)</u>	<u>(2,082)</u>
<b>Increase (decrease) in cash during the year</b>	<b>22,196</b>	<b>(72,962)</b>
<b>Cash, beginning of year</b>	<u><b>19,549</b></u>	<u><b>92,511</b></u>
<b>Cash, end of year</b>	<u><b>\$ 41,745</b></u>	<u><b>\$ 19,549</b></u>

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

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

March 31, 2018

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### **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 (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.

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

**March 31, 2018**

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<b>Assets Under Capital Lease</b>	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
<b>Leases</b>	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.
<b>Use of estimates</b>	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.
<b>Revenue recognition</b>	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 estimated and collection is reasonably assured.
<b>Deferred Revenue</b>	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, 2018**

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### 1. Accounts Receivable

	2018	2017
Trade receivables	\$ 123,520	\$ 58,461
HST recoverable	86,962	43,242
	<u>\$ 210,482</u>	<u>\$ 101,703</u>

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### 2. Capital Assets

	2018			2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Assets under capital lease				
Furniture and fixtures	\$ 8,162	\$ 4,401	\$ 3,761	\$ 4,701

### 3. Accounts Payable and Accruals

	2018	2017
Trade accounts payable	\$ 268,222	\$ 126,394
Accrued liabilities	4,500	4,500
	<u>\$ 272,722</u>	<u>\$ 130,894</u>

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

**March 31, 2018**

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### 4. Obligation Under Capital Lease

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

The future minimum lease payments are as follows:

2019	\$ 217
Less imputed interest	<u>2</u>
	<u>\$ 215</u>

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### 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.

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### 6. Due to/from the Ministry of Tourism

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

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

March 31, 2018

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### 7. 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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