

EXPLORERS' EDGE
Financial Statements
Year Ended March 31, 2015

EXPLORERS' EDGE
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Year Ended March 31, 2015

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**CLARK WESTCOTT PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANT**

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INDEPENDENT AUDITOR'S REPORT

To the Members of Explorers' Edge

I have audited the accompanying financial statements of Explorers' Edge, which comprise the statement of financial position as at March 31, 2015 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

(continues)

Independent Auditor's Report to the Members of Explorers' Edge *(continued)*

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Explorers' Edge as at March 31, 2015 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.


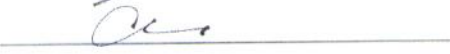
Other Matter

The financial statements of Explorers' Edge for the year ended March 31, 2014, were audited by another auditor who expressed an unqualified opinion on those statements on May 28, 2014.

Bracebridge, Ontario
May 15, 2015

Clark Westcott
Professional Corporation
Chartered Professional Accountant, CA
Authorized to practise public accounting by
The Chartered Professional Accountants of
Ontario

EXPLORERS' EDGE
Statement of Financial Position
March 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 73,115	\$ 12,543
Accounts receivable	55,866	108,835
Harmonized sales tax recoverable	141,563	41,028
Prepaid expenses	4,938	9,647
	<u>275,482</u>	<u>172,053</u>
PROPERTY, PLANT AND EQUIPMENT <i>(Note 3)</i>	<u>7,346</u>	<u>-</u>
	<u>\$ 282,828</u>	<u>\$ 172,053</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 278,828	\$ 171,067
Current portion of obligations under capital lease <i>(Note 4)</i>	1,928	-
	<u>280,756</u>	<u>171,067</u>
OBLIGATIONS UNDER CAPITAL LEASE <i>(Note 4)</i>	<u>4,561</u>	<u>-</u>
	<u>285,317</u>	<u>171,067</u>
NET ASSETS	<u>(2,489)</u>	<u>986</u>
	<u>\$ 282,828</u>	<u>\$ 172,053</u>
LEASE COMMITMENTS		
ON BEHALF OF THE BOARD		
 Director		
 Director		

EXPLORERS' EDGE
Statement of Operations and Changes in Net Assets
For the Year Ended March 31, 2015

	Budget 2015	Total 2015	Total 2014
REVENUE			
Ministry of Tourism	\$ 1,498,000	\$ 1,498,000	\$ 1,494,250
Partnership income	166,000	154,845	189,544
Membership fees	-	123	56
Ontario Tourism Marketing Partnership	-	-	68,957
Advertising partners	-	1,996	3,300
Product development	-	-	46,000
	<u>1,664,000</u>	<u>1,654,964</u>	<u>1,802,107</u>
EXPENSES			
Administration and overhead			
Amortization	-	816	-
Interest on obligations under capital lease	-	669	-
Professional fees	10,000	7,745	10,931
Salaries and wages	300,000	310,935	261,396
Office and general administration	49,500	51,411	48,028
Travel and general expense	43,000	43,177	41,197
Governance and industry relations			
Committee meetings	5,000	2,791	4,858
Governance, policy, communications, etc.	12,000	14,036	36,506
Website and memberships	26,000	25,539	27,883
Marketing and promotion			
Marketing and social media	626,000	624,721	670,775
Transacting	150,000	139,384	150,339
Media / PR	21,000	23,518	-
Photo / image bank	12,000	11,945	12,329
Product development and innovation			
Product development	35,000	36,051	96,217
Research	30,000	32,052	67,365
Other			
Outreach / meetings	2,500	2,717	3,006
Workforce training	10,000	9,456	19,407
Partnership program	332,000	321,476	351,857
	<u>1,664,000</u>	<u>1,658,439</u>	<u>1,802,094</u>
NET EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	-	(3,475)	13
NET ASSETS - BEGINNING OF YEAR	-	986	973
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ (2,489)</u>	<u>\$ 986</u>

EXPLORERS' EDGE
Statement of Cash Flows
Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (3,475)	\$ 13
Amortization of property, plant and equipment	816	-
	<u>(2,659)</u>	<u>13</u>
Changes in non-cash working capital:		
Accounts receivable	52,969	58,101
Accounts payable	107,762	(22,244)
Prepaid expenses	4,709	(1,543)
Harmonized sales tax recoverable	(100,535)	(41,028)
	<u>64,905</u>	<u>(6,714)</u>
Cash flow from operating activities	<u>62,246</u>	<u>(6,701)</u>
INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>(8,162)</u>	<u>-</u>
FINANCING ACTIVITIES		
Additions to capital leases	8,162	-
Repayment of obligations under capital lease	(1,674)	-
	<u>6,488</u>	<u>-</u>
Cash flow from financing activities	<u>6,488</u>	<u>-</u>
INCREASE (DECREASE) IN CASH FLOW	<u>60,572</u>	<u>(6,701)</u>
Cash - beginning of year	<u>12,543</u>	<u>19,244</u>
CASH - END OF YEAR	<u><u>\$ 73,115</u></u>	<u><u>\$ 12,543</u></u>

EXPLORERS' EDGE
Notes to Financial Statements
Year Ended March 31, 2015

1. **PURPOSE OF THE ORGANIZATION**

Explorers' Edge (the "Organization") is a not-for-profit organization incorporated without share under the Not-for-profit Corporations Act of Ontario and is exempt from corporation tax under the Income Tax Act of Canada.

The Organization operates to promote tourism in the Region of Parry Sound-Muskoka.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

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

Cash and short term investments

Cash includes balances with financial institutions.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Impairment of Long Lived Assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the writedown to actual cash flows received. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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EXPLORERS' EDGE
Notes to Financial Statements
Year Ended March 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Property, plant and equipment is amortized over its estimated useful life on a declining balance basis at the following rates and methods:

Furniture and fixtures	20%
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The Organization regularly reviews its property, plant and equipment to eliminate obsolete items. Government grants are treated as a reduction of property, plant and equipment cost.

Property, plant and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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.

Revenue recognition

Explorers' Edge follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Seminar fees are recognized as revenue when the seminars are held.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Furniture and fixtures	\$ 8,162	\$ 816	\$ 7,346	\$ -

EXPLORERS' EDGE
Notes to Financial Statements
Year Ended March 31, 2015

4. OBLIGATIONS UNDER CAPITAL LEASE

	2015	2014
National Leasing lease bearing interest at 8.344% per annum, repayable in monthly blended payments of \$199. The lease matures on April 2, 2018 and is secured by Office Furniture.	\$ 6,489	\$ -
Amounts payable within one year	(1,928)	-
	\$ 4,561	\$ -

Future minimum capital lease payments are approximately:

2016	\$ 1,928
2017	2,092
2018	2,270
2019	199
Total minimum lease payments	<u>\$ 6,489</u>

5. ECONOMIC DEPENDENCE

The Organization received 91% of its revenue through grants from the Ministry of Tourism (2014 - 83%). Should the Ministry substantially change its dealings with the Organization, management is of the opinion that continued viable operations would be doubtful.

6. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2015.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from contributors. In order to reduce its credit risk, the Organization reviews a new contributor's credit history before extending credit and conducts regular reviews of its existing contributors' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. As at March 31, 2015, two contributors accounted for 63% (2014 - three contributors accounted for 70%) of accounts receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its contributors and other related sources, however, cash flow from operations provides the Organization's cash requirements.

7. COMPARATIVE FIGURES

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