

Ontario Tourism Marketing Partnership Corporation
(operating as Destination Ontario)
Financial Statements
For the Year Ended March 31, 2021

**Ontario Tourism Marketing
Partnership Corporation**

(operating as Destination Ontario)

Financial Statements

For the year ended March 31, 2021

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Ontario Tourism Marketing Partnership Corporation

(operating as Destination Ontario)

Management Report

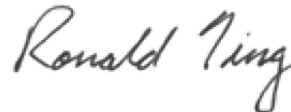
The accompanying financial statements are the responsibility of the management of the Ontario Tourism Marketing Partnership Corporation. The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards. The statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects.

Management maintains a system of internal accounting and administrative control that is designed to provide reasonable assurance the financial information is relevant, reliable and accurate and that the Corporation's assets are properly accounted for and adequately safeguarded.

The financial statements have been audited by Deloitte LLP, a firm of independent external auditors appointed by the Board of Directors, whose report follows.



Lisa LaVecchia
President and CEO
June 9, 2021



Ronald Ting
Treasurer
June 9, 2021

Independent Auditor's Report

To the Board of Directors of
Ontario Tourism Marketing Partnership Corporation

Opinion

We have audited the financial statements of Ontario Tourism Marketing Partnership Corporation (operating as Destination Ontario) (the "Corporation"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other Matter

The financial statements of the Corporation for the year ended March 31, 2020 were audited by another auditor who expressed an unmodified opinion on June 24, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report (Continued)

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
June 9, 2021

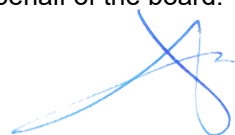
ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Statement of Financial Position

	March 31 2021 (\$ 000)	March 31 2020 (\$ 000)
ASSETS		
Current		
Cash	10,730	6,581
Accounts receivable	291	1,314
Prepaid expenses	15	7
	<u>11,036</u>	<u>7,902</u>
Capital assets (Note 3)	<u>1,676</u>	<u>1,121</u>
	<u>12,712</u>	<u>9,023</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	2,492	2,722
Obligation for retirement benefits (Note 2h)	118	177
	<u>2,610</u>	<u>2,899</u>
Obligation for retirement benefits (Note 2h)	<u>830</u>	<u>1,330</u>
Deferred capital contributions (Note 4)	<u>76</u>	<u>121</u>
	<u>906</u>	<u>1,451</u>
	<u>3,516</u>	<u>4,350</u>
Net assets		
Unrestricted fund	7,596	3,673
Investment in capital assets	1,600	1,000
	<u>9,196</u>	<u>4,673</u>
	<u>12,712</u>	<u>9,023</u>

Approved on behalf of the board:



Board Chair



Member, Audit Committee

The accompanying notes are an integral part of these financial statements

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Statement of Operations

For the year ended March 31	2021	2020
	(\$ 000)	(\$ 000)
Revenues		
Province of Ontario Grant (Note 5)	33,338	33,415
Advertising sales	6,258	222
Amortization of deferred capital contribution	45	119
Interest income	42	273
Travel Information Services - sales and rentals	2	968
Trade promotions	-	101
	39,685	35,098
Expenses		
Advertising and marketing	9,172	17,287
Administration (Note 6)	7,679	7,525
Partnerships and sales	7,477	966
Technology operations (Note 8(b))	5,232	4,888
Travel Information Services (Note 7)	4,411	6,067
Amortization of capital assets	992	1,611
Research	199	620
Board and committee expenses (Note 9)	0	8
	35,162	38,972
Excess (deficiency) of revenues over expenses	4,523	(3,874)

The accompanying notes are an integral part of these financial statements

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Statement of Changes in Net Assets

For the year ended March 31

	Unrestricted Fund (\$ 000)	Investment in Capital Assets (\$ 000)	2021 Total (\$ 000)	2020 Total (\$ 000)
Net assets , beginning of year	3,673	1,000	4,673	8,547
Excess (deficiency) of revenues over expenditures for the year	5,470	(947)	4,523	(3,874)
Capital assets acquisitions	(1,547)	1,547	-	-
Net assets , end of year	7,596	1,600	9,196	4,673

The accompanying notes are an integral part of these financial statements

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Statement of Cash Flows

For the year ended March 31	2021	2020
	(\$ 000)	(\$ 000)
OPERATING		
Excess (deficiency) of revenues over expenses	4,523	(3,874)
Add (less) non-cash items:		
Amortization of deferred capital contributions	(45)	(119)
Amortization of capital assets	992	1,611
Obligation for retirement benefits	(559)	(330)
	4,911	(2,712)
Change in non-cash working capital	785	(2,188)
	5,696	(4,900)
CAPITAL		
Capital asset acquisitions	(1,547)	(45)
FINANCING		
Deferred capital contributions	-	9
Increase (decrease) in cash during the year	4,149	(4,936)
Cash, beginning of year	6,581	11,517
Cash, end of year	10,730	6,581

The accompanying notes are an integral part of these financial statements

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Notes to Financial Statements

March 31, 2021

1. NATURE OF CORPORATION

The Ontario Tourism Marketing Partnership Corporation (the "Corporation") was established as a corporation without share capital on November 30, 1998 pursuant to Ontario Regulation 618/98 made under the *Development Corporations Act*. The Regulation was amended by Ontario Regulation 271/04 in September, 2004 to extend the mandate of the Corporation indefinitely. The Corporation commenced active operations on April 1, 1999. In the fall of 2017, the organization announced a new corporate operating name, Destination Ontario (DO). The Ontario Tourism Marketing Partnership Corporation (OTMPC) will continue to be the official legal name of the organization. The objects of the Ontario Tourism Marketing Partnership Corporation (operating as Destination Ontario) are:

- (a) to market Ontario as a travel destination;
- (b) to undertake joint marketing initiatives with the tourism industry;
- (c) to support and assist the marketing efforts of the tourism industry; and
- (d) in co-operation with the tourism industry, the Government of Ontario, other governments and other agencies of governments, to promote Ontario as a travel destination.

The Corporation enters into agreements with private and public sector partners in order to add value to tourism marketing programs. The Corporation tracks the dollar value (leverage, in-kind) of such agreements to demonstrate the impact of the Corporation's investment on the partnered marketing programs. However, related partner revenues and expenses are not included in the Corporation's financial statements.

The Corporation is a not-for-profit organization, and thus not subject to income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are the representations of management and are prepared in accordance with Canadian Public Sector Accounting Standards including the 4200 series of standards contained in the Chartered Professional Accountants (CPA) Canada handbook.

(b) Revenue Recognition

The Corporation follows the deferral method of accounting for revenues.

Province of Ontario Grant

The Corporation is funded primarily by the Province of Ontario. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in a subsequent period.

Advertising Sales and Travel Information Services – sales and rentals

Revenue from Advertising sales and Travel Information Services – sales and rentals are recognized in the period in which the service is provided or the program is run, the amount can be reasonably estimated and collection is reasonably assured.

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Notes to Financial Statements

March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Income

Interest income is recognized in the period in which it is earned.

Trade Promotions & Other

Trade Promotions and Other revenue items are recognized in the period in which they relate, when the amount can be reasonably estimated and collection is reasonably assured.

(c) Partner Support

The Corporation benefits from donated services provided by the tourism industry, such as transportation costs (airline and bus tickets), and accommodation and meal costs (discounted or free hotel rooms and restaurant charges). Because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

(d) Capital Assets

All capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful life of the asset, with half a year amortization taken in the year of acquisition and disposition. All capital assets are amortized over three to five years.

(e) Deferred Capital Contributions

Deferred capital contributions represent amounts received from the Ministry of Tourism and Culture and Sport to finance the acquisition of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization of the related assets.

(f) Use of Estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates as additional information becomes available in the future.

(g) Financial Instruments

Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, liquidity or credit risks arising from its financial instruments.

Financial instruments are recorded at cost when acquired or issued. In subsequent periods, investments traded in an active market are reported at fair value. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Notes to Financial Statements**March 31, 2021**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Retirement Benefits**

Retirement benefits represent legislated severance accruals under the Public Service Act of Ontario and is recognized as it is earned by eligible employees. The liability is calculated using management's best estimate of underlying assumptions.

(i) Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows;

At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in the excess (deficiency) of revenue over expenses for the year.

3. CAPITAL ASSETS

	2021		2020	
	(\$ 000)		(\$ 000)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture	471	412	441	401
Destination Ontario website	1,516	252	-	-
Leasehold improvements	2,708	2,608	2,708	2,553
Tourism Consumer Information System	15,657	15,404	15,657	14,731
	20,352	18,676	18,806	17,685
Cost less accumulated amortization		1,676		1,121

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Notes to Financial Statements**March 31, 2021**

4. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent contributions received relating to acquisition of capital assets:

	2021	2020
	(\$ 000)	(\$ 000)
Opening balance	121	231
Contributions received	-	9
Amortization	(45)	(119)
Ending balance	76	121

5. REVENUE: PROVINCE OF ONTARIO

The Corporation received funding that is recognized as revenue from the Province as follows:

	2021	2020
	(\$ 000)	(\$ 000)
Core funding	32,968	32,968
Transition Exit Initiative (TEI)/Voluntary Exit Program (VEP) funding	347	120
Summer Experience Program	23	138
Ministry for Seniors and Accessibility Website Accessibility	-	189
	33,338	33,415

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Notes to Financial Statements

March 31, 2021

6. ADMINISTRATIVE EXPENSES

Certain costs of administration such as legal and human resources support services were provided by the Ministry of Tourism, Culture and Sport without charge. All other administrative expenses are borne by the Corporation and are as follows:

	2021 (\$ 000)	2020 (\$ 000)
Salaries and benefits	6,480	6,176
Lease	866	824
Supplies and equipment	223	184
Transportation and communications	95	101
Services	15	240
	<u>7,679</u>	<u>7,525</u>

The Corporation provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) which are both multi-employer defined benefit pension plans established by the Province. These plans are accounted for as defined contribution plans, as the Corporation has insufficient information to apply defined benefit plan accounting to these pension plans. Included in salaries and benefits are contributions to the PSPF and OPSEU pension funds for the year of \$485,000 (2020 – \$489,000).

Costs of post-retirement non-pension employee benefits are paid by the Management Board Secretariat and are not included in administrative expenses.

7. TRAVEL INFORMATION SERVICES

The expenditures for the Travel Information Services are as follows:

	2021 (\$ 000)	2020 (\$ 000)
Salaries and benefits	2,406	3,039
Lease	1,411	1,342
Supplies and equipment	315	470
Services	232	469
Transportation and communications	46	59
Merchandise for sale	1	688
	<u>4,411</u>	<u>6,067</u>

Included in salaries and benefits are contributions to the PSPF and OPSEU pension funds for the year of \$148,000 (2020 - \$171,000).

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Notes to Financial Statements

March 31, 2021

8. TOURISM CONSUMER INFORMATION SYSTEM REDEVELOPMENT AND COMMITMENTS

- a) After a competitive procurement process in 2017, ESIT Canada Enterprise Services Co. (ESIT) has been awarded a five year contract as the service provider for hosting, operations, maintenance and redevelopment of the Tourism Consumer Information System. During the year, \$4,238,000 was paid out against the total committed amount to ESIT of \$12,387,000.
- b) During the year, total costs incurred for the Tourism Consumer Information System amounted to \$5,232,000 (2020 - \$4,888,000) which was charged to operating expenses.
- c) The Corporation has various operating leases for its premises expiring up to 2025. The minimum annual payments are as follows:

	<u>(\$ 000)</u>
2022	1,246
2023	1,140
2024	554
2025	155
	<u>3,095</u>

9. BOARD AND COMMITTEE EXPENSES

Board and committee members do not receive per diems. Board and committee members are reimbursed for meal and travel expenses incurred to attend board of directors and related committee meetings, consistent with the Ontario Public Sector Travel, Meals and Hospitality directive.

10. SIGNIFICANT EVENT

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout Canada and around the world.

Since March 2020, the government of Ontario has navigated control of the pandemic within Ontario, including various restrictions and orders affecting businesses and workplaces. The Corporation continues to operate focused on delivering marketing activities to support the tourism industry, which has been severely impacted by COVID-19.

As the impacts of COVID-19 continue, there could be further impact on the Corporation that could affect the Corporation's future funding. At this time, the full potential impact of COVID-19 on the Corporation is not known.