

Ontario Tourism Marketing Partnership Corporation

(operating as Destination Ontario)

Financial Statements

For the Year Ended March 31, 2023

**Ontario Tourism Marketing
Partnership Corporation**

(operating as Destination Ontario)

Financial Statements

For the year ended March 31, 2023

Contents

Management Report	1
Independent Auditor's Report	2 – 3
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 – 13

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 7, 2023

Ronald Ting
Treasurer
June 7, 2023

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, 2023, 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, 2023, 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 opinion.

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.

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.

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Statement of Financial Position

	March 31 2023 (\$ 000)	March 31 2022 (\$ 000)
ASSETS		
Current		
Cash	6,931	8,456
Accounts receivable (Note 3)	894	816
Prepaid expenses	9	9
	7,834	9,281
Capital assets (Note 4)	492	1,075
	8,326	10,356
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	7,131	4,741
Obligation for retirement benefits (Note 2h)	311	259
Deferred revenue (Note 5)	125	-
	7,567	5,000
Obligation for retirement benefits (Note 2h)	696	513
Deferred capital contributions (Note 6)	12	38
	708	551
	8,275	5,551
Net (deficiency) assets		
Unrestricted fund	(429)	3,768
Investment in capital assets	480	1,037
	51	4,805
	8,326	10,356

Commitments (Note 10)

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	2023 (\$ 000)	2022 (\$ 000)
Revenues		
Province of Ontario grant (Note 7)	33,077	33,040
Advertising sales	2,430	260
Interest income	354	29
Travel Information Services - sales and rentals	270	59
Amortization of deferred capital contribution	26	38
	36,157	33,426
Expenses		
Advertising and marketing	22,863	21,187
Administration (Note 8)	7,935	8,087
Travel Information Services (Note 9)	5,576	4,536
Partnerships and sales	2,623	2,111
Technology operations	896	418
Amortization of capital assets	656	826
Research	353	647
Board and committee expenses (Note 12)	9	5
	40,911	37,817
Deficiency of revenues over expenses	(4,754)	(4,391)

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)	2023 Total (\$ 000)	2022 Total (\$ 000)
Net assets , beginning of year	3,768	1,037	4,805	9,196
Deficiency of revenues over expenses for the year	(4,124)	(630)	(4,754)	(4,391)
Capital assets acquisitions	(73)	73	-	-
Net assets , end of year	(429)	480	51	4,805

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	2023 (\$ 000)	2022 (\$ 000)
<hr/>		
OPERATING		
Deficiency of revenues over expenses	(4,754)	(4,391)
Add (less) non-cash items:		
Amortization of deferred capital contributions	(26)	(38)
Amortization of capital assets	656	826
Disposal of capital assets	-	40
Obligation of employee future benefits	235	(176)
	<u>(3,889)</u>	<u>(3,739)</u>
Change in non-cash working capital (Note 11)	2,437	1,730
	<u>(1,452)</u>	<u>(2,009)</u>
 CAPITAL		
Capital asset acquisitions	<u>(73)</u>	<u>(265)</u>
 Decrease in cash during the year	 (1,525)	 (2,274)
 Cash, beginning of year	 <u>8,456</u>	 <u>10,730</u>
 Cash, end of year	 <u>6,931</u>	 <u>8,456</u>

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, 2023

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 Corporation announced a new corporate operating name, Destination Ontario. The Ontario Tourism Marketing Partnership Corporation will continue to be the official legal name of the Corporation. The objects of the Corporation 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 ("PSAS") 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, 2023

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Revenue Recognition (continued)

Interest Income

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

(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, 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. Accounts requiring significant accounting estimates include amortization of capital assets, accrued liabilities, obligation for retirement benefits, deferred capital contributions, and deferred revenue.

(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.

The Corporation's financial instruments, which include cash, accounts receivable, and accounts payable and accrued liabilities, are all valued at cost less any amount for valuation allowance.

(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.

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Notes to Financial Statements**March 31, 2023**

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

(j) Adoption of new accounting standard

Asset Retirement Obligations

Effective April 1, 2022, the Corporation adopted PSAS 3280, Asset Retirement Obligations. The adoption follows the effective implementation date for Asset Retirement Obligations in accordance with PSAS 3280 for fiscal years beginning on or after April 1, 2022. The implementation of the new standard had no material impact on the Corporation and as such, the opening balance as at March 31, 2022 has not been restated. As at March 31, 2023, the Corporation has not recorded any liability relating to asset retirement obligations.

3. CREDIT RISKS RELATED TO FINANCIAL INSTRUMENTS

The Corporation's exposure to credit risk is minimal. The Corporation determines on a continuing basis, the probable credit losses and sets up a provision for losses, if necessary, based on the estimated realizable value.

Below the accounts receivable aging is summarized:

				2023 (\$ 000)
	Current	+60 Days	+90 Days	Total
General accounts receivable	185	-	92	277
Harmonized Sales Tax ("HST") receivable	617	-	-	617
Totals	802	-	92	894

				2022 (\$ 000)
	Current	+60 Days	+90 Days	Total
General accounts receivable	27	10	44	81
HST receivable	735	-	-	735
Totals	762	10	44	816

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Notes to Financial Statements**March 31, 2023**

4. CAPITAL ASSETS

	2023		2022	
	(\$ 000)		(\$ 000)	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Web Strategy	2,263	1,822	2,190	1,220
Leasehold improvements	1,106	1,091	1,106	1,054
Furniture	174	138	174	121
	3,543	3,051	3,470	2,395
Cost less accumulated amortization		492		1,075

5. DEFERRED REVENUE

	2023	2022
	(\$ 000)	(\$ 000)
Advertising programs	125	-
	125	-

6. DEFERRED CAPITAL CONTRIBUTIONS

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

	2023	2022
	(\$ 000)	(\$ 000)
Opening balance	38	76
Amortization	(26)	(38)
Ending balance	12	38

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Notes to Financial Statements**March 31, 2023**

7. REVENUE: PROVINCE OF ONTARIO

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

	2023 (\$ 000)	2022 (\$ 000)
Core funding	32,968	32,968
Summer Experience Program	109	72
	33,077	33,040

8. 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:

	2023 (\$ 000)	2022 (\$ 000)
Salaries and benefits	6,939	6,852
Lease	684	751
Supplies and equipment	219	237
Transportation and communications	79	162
Services	14	85
	7,935	8,087

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 \$498,000 (2022 – \$517,000).

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

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

(operating as Destination Ontario)

Notes to Financial Statements**March 31, 2023**

9. TRAVEL INFORMATION SERVICES

The expenditures for the Travel Information Services are as follows:

	2023	2022
	(\$ 000)	(\$ 000)
Salaries and benefits	2,959	2,829
Lease	1,282	1,343
Services	930	117
Merchandise for sale	196	42
Supplies and equipment	155	158
Transportation and communication	54	47
	<u>5,576</u>	<u>4,536</u>

Included in salaries and benefits are contributions to the PSPF and OPSEU pension funds for the year of \$168,000 (2022 - \$168,000).

10. OPERATING LEASES

The Corporation has various operating leases for its premises expiring up to the 2025/2026 fiscal year. The minimum annual payments are as follows:

	(\$ 000)
2024	1,127
2025	885
2026	121
	<u>2,133</u>

11. CHANGE IN NON-CASH WORKING CAPITAL

	2023	2022
	(\$ 000)	(\$ 000)
Increase in accounts receivable	(78)	(525)
Decrease in prepaid expenses	-	6
Increase in accounts payable and accrued liabilities	2,390	2,249
Increase in deferred revenue	125	-
	<u>2,437</u>	<u>1,730</u>

12. 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.