Canadian Tourism Commission

Quarterly Financial Report for the quarter ending March 31, 2023

Canadian Tourism Commission
Narrative Discussion
March 31, 2023

Introduction

The Canadian Tourism Commission (the “CTC”) – doing business as Destination Canada – is Canada’s national tourism marketing organization. A Crown corporation wholly owned by the Government of Canada, we lead the Canadian tourism industry in marketing and developing Canada as a premier four-season tourism destination. We provide market intelligence and industry data for decision making by governments, partners and tourism businesses. Reporting to Parliament through the Minister of Tourism and Associate Minister of Finance, our legislation requirements are outlined in the Canadian Tourism Commission Act.

The CTC runs marketing campaigns domestically and in international markets such as the U.K., Germany, France, Mexico, Japan, South Korea, Australia, China and the U.S., targeting leisure travellers and those travelling for business events. The CTC works collaboratively with industry, communities and government partners to elevate the appeal of Canada’s tourism destinations to visitors and to enhance the quality of life of Canadian residents across the nation.

Narrative Discussion

The Narrative Discussion contained herein applies to the quarter.

Canadian Tourism Commission
Narrative Discussion
March 31, 2023

Quarterly and Year to Date Results
(in thousands)

	Three months ended March 31, 2023	Three months ended March 31, 2022	Variance
Partner revenues	**$ 148**	**$ 413**	**$ (265)**

Partnerships with provincial and territorial marketing organizations, national, regional, and local companies have decreased compared to the same quarter of the prior year. Events postponed in 2021 which were resumed in Q1 2022, were not included in Q1 2023 revenue. The markets with decreased revenue include: Japan $112K, Australia $84K, Mexico $63K.

Other revenue	**417**	**201**	**216**

Other revenue includes operational recoveries within the China office, interest revenues and recoveries of commodity taxes. The variance in Q1 relates to a $206K increase in interest earned on bank deposits and GST refunds.

Marketing and sales expenses	**20,406**	**21,579**	**(1,173)**

The marketing and sales budget was reduced in 2023 compared to 2022 resulting in lower levels of spending. Spend has also decreased in 2023 due to the reduction in one-time funding from the 2021 Federal Budget (Helping Visitors Discover Canada) from $60M in 2022 to $25.7M in 2023.

Corporate services and strategy	**2,709**	**2,387**	**322**

The CTC is dedicated to delivering efficient operations to maximize investment in our programs. The Corporate services and strategy spend for Q1 2023 is higher when compared to Q1 of last year mainly due to an increase in travel and meeting related expenses.

Analytics	**2,996**	**1,338**	**1,658**

The CTC prioritizes investment in research. Spend includes consulting fees and travel expenses. The increase is mainly due to travel and program expenses.

Destination stewardship	**286**	**96**	**190**

The increase in expenses relates to salaries for new team members and the expansion in the Destination development program.

Parliamentary appropriations	**23,149**	**34,582**	**(11,433)**

The ($11M) variance in parliamentary appropriation for Q1 2023 compared to Q1 2022 is the result of lower drawdown of the Helping Visitors Discover Canada special funding, and the CTC receiving our March drawdown request in April.

Risks and uncertainties

As part of our strategic management process, we conduct an enterprise risk assessment and use the results of that assessment in the development of our five-year strategic plan, risk mitigation strategy and internal audit plan. Risk mitigation action plans are developed and implemented accordingly.

The risks outlined in the 2022-2026 Corporate Plan which could potentially impact our organizational objectives are highlighted below.

- **Russia/Ukraine Conflict**
  Russia's invasion of Ukraine is a significant geopolitical crisis that has immediate consequences both in the region and beyond. Supply- and demand-side impacts will be felt worldwide as consumer confidence retracts and reduced transport connectivity takes hold. There is a risk that safety fears could weaken demand and be a deterrent for international long-haul travel, with guests favouring locations with greater familiarity and/or in close proximity to their home.

  Mitigation activities: We tracked traveller sentiment closely and adjusted our market forecasts often, and made data-driven marketing investments, plans and content as conditions warranted. This included working with business event partners to prepare for and/or accommodate last-minute event changes. We also kept up to date with air route changes and cancellations, and worked with domestic and major international airlines on joint marketing through our air service recovery program.

- **Pandemic**
  The COVID-19 pandemic negatively affected all aspects of the tourism industry, driving many enterprises and organizations deep into debt or out of business and having lasting impacts during the protracted recovery. Leisure travel is expected to return to 2019 levels by 2024 and business events travel by 2026. There is a risk that Destination Canada's activities do not result in sufficiently increased tourism results due to aggressive competition from other countries, or insufficient consumer demand/interest for Canada as a destination. There is a risk that, post-recovery, Canada's destinations do not have sufficient capacity for continued growth in peak tourism months due to volume constraints in destination assets and insufficient investment as well as a severely limited pool of labour.

  Mitigation activities: DC will be unable to mitigate some elements of this risk as certain key factors such as border restrictions, visa regulations, airport capacity constraints, labour supply, air service, and tourism asset investment are outside of DC's control. The one-time increase in government funding of $100 million over three years (2021-2023) to Help Visitors Discover Canada enabled DC to substantially increase interest and consideration for Canada as a travel destination and those marketing investments may continue to have some influence on Leisure travel choices through 2024. In addition, the Budget 2023 announcement of $50 million over three years (2024-2026) for DC sales and marketing of event-related travel to Canada will bolster DC's ability to address pandemic-related revenue recovery in future.

- **Environmental:**
  As transportation and development of tourism infrastructure consume natural resources and affect the local environment, there is a risk that the tourism activities we promote in turn negatively impact the tourism assets that are being promoted and diminish our social license to operate.

  Mitigation activities: We are stewarding destination development based on values that are place-based, community-led and environment-centered, and that are also balanced with economic viability. This values-based approach contributed to mitigating the unintended and negative impacts on the tourism assets we promote. As a national leader, we raised awareness and reinforced messages to our marketing and industry partners about capacity challenges of destinations and the need for environmental sensitivity when developing their programs. We encouraged them to meet Canada's greenhouse gas goals and to worked alongside communities to instill actions that are regenerative. Further, we promoted these values to our high value guests.

- **Social**

  Focus on social issues impacting indigenous communities and other minority groups has progressively increased in importance in recent years. The tourism sector relies on managing relationships with geographically and ethnically diverse groups all across the world. Destination Canada also relies on having a diverse workforce that enables us to optimize our own performance. There is a risk that our operations and tourism promotion activities are not considerate of all stakeholders, nor are equitable towards all affected peoples and local communities. There is also a risk that we do not optimize our performance by attracting a diverse workforce.

  Mitigation activities: We worked across multiple initiatives to ensure that our activities reflect the diversity of Canada. This included working with our agency partners to showcase all elements of diversity in our global marketing; refining our processes in human resource recruitment, procurement and other operational practices; training our staff to be aware of biases; working to support Indigenous reconciliation through tourism; and following a community economic empowerment strategy. We developed and deployed our internal diversity, equity and inclusion strategy to ensure that we embrace diversity in our operations and reflect the communities we serve.

- **Governance**

  In the current environment, stakeholder, employee, and customer expectations are constantly transforming. Economic, social and environmental conditions have shifted quickly and significantly within two years. Organizations in the tourism industry strive to represent their country and their communities on a regional and global level. There is a risk that our corporate governance activities are not responsive to the rapidly changing global business environment, leading to lower overall organizational effectiveness and efficiency.

  Mitigation activities: We conducted an extensive environmental scan exploring the big shifts in the tourism industry and aligned our governance activities in the changing environment. We engaged with a Board of Directors made up of seasoned industry and business professionals who ensure that our strategic direction is aligned with the rapidly changing conditions. We consulted broadly with the industry to develop a strong business strategy, implemented a full policy suite to ensure compliance and address day-to-day operations, developed a more robust enterprise risk management framework, and continued to work on internal audits having the largest impacts to our operations. We measured our performance against our own targets and our stakeholders' objectives, we benchmarked some areas of market performance against key competitors, and we implemented appropriate information technology controls to protect against the cyber risks of doing business in today's environment.

Canadian Tourism Commission
March 31, 2023

Statement of Management Responsibility by Senior Officials

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

Marsha Walden

President and CEO
Vancouver, Canada
May 16, 2023

Joanna Mukai

Interim VP, Chief Financial Officer
Vancouver, Canada
May 16, 2023

Canadian Tourism Commission

Statement of Financial Position

As at March 31, 2023

(in thousands of Canadian dollars)

	March 31, 2023	December 31, 2022
Financial assets		
Cash and cash equivalents	17,384	27,411
Accounts receivable		
Partner	1	839
Government of Canada	1,273	1,194
Other	22	8
Other - Supplier Credit	125	1,480
Accrued benefit asset	2,525	2,525
Portfolio investments	961	852
	22,291	34,309
Liabilities		
Accounts payable and accrued liabilities		
Trade	4,988	12,307
Employee compensation	2,543	2,537
Government of Canada	1	652
Accrued benefit liability	2,495	2,528
Deferred revenue	1,042	-
Deferred lease inducements	261	286
Asset retirement obligation	112	112
	11,442	18,422
Net financial assets	10,849	15,887
Non-financial assets		
Prepaid expenses	5,779	3,358
Tangible capital assets	677	755
	6,456	4,113
Accumulated surplus	17,305	20,000

The accompanying notes form an integral part of these financial statements.

Canadian Tourism Commission

Statement of Operations

For the three months ended March 31

(in thousands)

	Three months ended March 31	
	2023	**2022**
Revenues		
Partner revenues	148	413
Other	417	201
	565	614
Expenses		
Marketing and sales	20,406	21,579
Analytics	2,996	1,338
Corporate services and strategy	2,709	2,387
Destination stewardship	286	96
Amortization of tangible capital assets	78	81
	26,475	25,481
Net cost of operations before funding from the Government of Canada	(25,910)	(24,867)
Parliamentary appropriations	23,149	34,582
(Deficit) Surplus for the year	(2,761)	9,715
Accumulated operating surplus, beginning of period	20,069	12,242
Accumulated operating surplus, end of period	17,308	21,957

The accompanying notes form an integral part of these financial statements.

Canadian Tourism Commission

Statement of Remeasurement Gains and Losses

For the three months ended March 31

(in thousands)

	Three months ended March 31	
	2023	**2022**
Accumulated remeasurement (loss), beginning of period		
	(69)	(36)
Unrealized loss attributable to foreign exchange	(3)	(71)
Amounts reclassified to the statement of operations	69	36
Net remeasurement gain (loss) for the period	66	(35)
Accumulated remeasurement loss, end of period	(3)	(71)

The accompanying notes form an integral part of these financial statements.

Canadian Tourism Commission

Statement of Change in Net Financial Assets

For the three months ended March 31

(in thousands)

	Three months ended March 31	
	2023	2022
(Deficit) Surplus for the period	(2,761)	9,716
Acquisition of tangible capital assets	(2)	(12)
Amortization of tangible capital assets	79	81
Net disposition of tangible capital assets	0	0
	77	69
Effect of change in other non-financial assets		
Decrease in prepaid expenses	(2,420)	(558)
	(2,420)	(558)
Net remeasurement gain (loss)	66	(35)
(Decrease) Increase in net financial assets	(5,038)	9,192
Net financial assets, beginning of period	15,887	6,674
Net financial assets, end of period	10,849	15,866

The accompanying notes form an integral part of these financial statements.

Canadian Tourism Commission

Statement of Cash Flows

For the three months ended March 31

(in thousands)

	2023	2022
Operating transactions:		
Cash received from:		
Parliamentary appropriations used to fund operating and capital transactions	23,149	48,916
Partners	2,029	671
Other	127	119
Interest	265	59
	25,570	49,765
Cash paid for:		
Cash payments to suppliers	(30,677)	(30,967)
Cash payments to and on behalf of employees	(4,876)	(4,233)
Cash provided by (used in) operating transactions	(9,983)	14,565
Capital transactions:		
Acquisition of tangible capital assets	(2)	(12)
Cash used in capital transactions	(2)	(12)
Investing transactions:		
(Acquisition) redemption of portfolio investments	(108)	(4)
Cash (used in) provided by investment transactions	(108)	(4)
Net remeasurement gain (loss) for the period	66	(35)
Net (decrease) increase in cash during the period	(10,027)	14,514
Cash and cash equivalents, beginning of period	27,411	11,118
Cash and cash equivalents, end of period	17,384	25,632

The accompanying notes form an integral part of these financial statements.

Canadian Tourism Commission
Notes to the Quarterly Financial Statements
March 31, 2023

1. AUTHORITY, OBJECTIVES AND DIRECTIVES

The Canadian Tourism Commission (the "Commission") was established on January 2, 2001, under the Canadian Tourism Commission Act (the "Act") and is a Crown corporation named in Part I of Schedule III to the Financial Administration Act. The Commission is for all purposes an agent of her Majesty in right of Canada. As a result, all obligations of the Commission are obligations of Canada. The Commission is not subject to income taxes.

As stated in section 5 of the Act, the Commission's mandate is to:

- sustain a vibrant and profitable Canadian tourism industry;
- market Canada as a desirable tourist destination;
- support a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism; and
- provide information about Canadian tourism to the private sector and the governments of Canada, the provinces and the territories.

In December 2014, the Commission was issued directive PC 2014-1378 pursuant to section 89 of the *Financial Administration Act* directing the Commission to implement pension plan reforms. These reforms are to ensure that pension plans of Crown corporations provide a 50:50 current service cost-sharing ratio between employee and employer for pension contributions by December 31, 2017. The 50:50 cost- sharing ratio was fully implemented as of December 31, 2017.

In July 2015, the Commission was issued directive PC 2015-1109 pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditures policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Commission's next corporate plan. The Commission implemented its new Travel, Hospitality, Conference, and Event Expenditures Policy on August 21, 2015, which complied with the requirements of the directive. The Treasury Board issued revised directives and guidelines in 2017. On November 29, 2018, the Commission approved an updated policy to align with the new requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS"). Significant accounting policies are as follows:

a) Parliamentary appropriations

The Commission is mainly financed by the Government of Canada through parliamentary appropriations. Parliamentary appropriations used to fund core operations and capital expenditures are considered unrestricted and recognized as revenues when the appropriations are authorized, and any eligibility criteria are met. Parliamentary appropriations used to fund one-time activities are considered restricted. Restricted appropriations have eligibility criteria and stipulations that give rise to an obligation that meets the definition of a liability. Restricted appropriations are recognized as deferred revenue when the stipulation gives rise to a liability. Restricted appropriation revenue is recognized as the stipulation liabilities are settled.

As a result of the Commission's year-end date (December 31) being different than the Government of Canada's year-end date (March 31), the Commission is funded by portions of appropriations from two Government fiscal years.

The Commission will have a deferred parliamentary appropriations balance at year-end when the restricted funding received for the period exceeds the restricted appropriations recognized for the related fiscal period. The Commission will have a parliamentary appropriations receivable balance when restricted appropriations recognized exceed the restricted funding received.

The Commission does not have the authority to exceed approved appropriations.

b) Partner revenues
The Commission conducts marketing activities in partnership with a variety of Canadian and foreign organizations. Where the Commission assumes the financial risks of conducting a marketing activity, contributions received from a partnering organization are recognized in income over the effective life of the contract or when the event has taken place. Partner revenues received for which the related marketing activity has not yet taken place are recognized as deferred revenue.

c) Other revenues
Other revenues consist of cost recoveries from co-location partners, interest revenues, capital asset sales and other miscellaneous revenues. These items are recognized as revenue in the period in which the transaction or event occurred that gives rise to the revenue.

d) Foreign currency translation
Monetary assets and monetary liabilities denominated in foreign currencies are translated into Canadian dollars at the applicable year-end exchange rate. Non-monetary assets and non-monetary liabilities denominated in foreign currencies are translated into Canadian dollars at historical exchange rates. Revenue and expense items are translated during the year at the exchange rate in effect on the date of the transaction. Amortization expenses of tangible capital assets are translated at historical rates to which the assets relate. Realized gains and losses are considered Operating Expenses and are included in the Statement of Operations as Corporate Services. Unrealized gains and losses are reported on the Statement of Remeasurement Gains and Losses and in the Statement of Change in Net Financial Assets. The Commission does not hedge against the risk of foreign currency fluctuations.

e) Cash and cash equivalents
Cash and cash equivalents include cash in bank and mutual funds. These items are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

f) Portfolio investments
Portfolio investments are measured at amortized cost. Interest income related to these investments is calculated based on the effective interest method.

g) Prepaid expenses
Payments made prior to the related services being rendered are recorded as a prepaid expense. Prepaid expenses are recognized as an expense as the related services are rendered. Prepaid expenses consist of program and operating expenses such as subscriptions, marketing activities with Provincial and Territorial Marketing organizations and tradeshow expenditure.

h) Tangible capital assets
Tangible capital assets are recorded at cost less accumulated amortization and the amount of any write-downs or disposals. Tangible capital assets are written down when conditions indicate they no

longer contribute to the ability to provide services and are accounted for as expenses in the Statement of Operations.

Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements	remaining term of lease
Office furniture	5 years
Computer hardware	3 years
Computer software	5 years

Intangible assets are not recognized in these financial statements.

i) Deferred revenue
Deferred revenue consists of revenue from partnering organizations and restricted appropriations received from the Government of Canada. When revenues are received from partnering organizations, they are recognized as deferred revenue until the event has taken place or recognized as partner revenue over the effective life of the contract. When restricted appropriations are received from the Government of Canada, it is recognized as deferred revenue until the criteria and stipulations are met that gave rise to the liability. As at March 31, 2023, and December 31, 2022, the deferred revenue balance is solely made up of deferred revenue from partnering organizations.

j) Deferred lease inducements
Deferred lease inducements consist of various office lease inducements including reimbursement of leasehold improvement costs and free rent periods. These inducements are deferred and recognized as a straight-line reduction to office lease expenses over the term of the lease.

k) Asset retirement obligation
Asset retirement obligation consists of decommissioning costs for various office leases. The Commission recognizes asset retirement obligations as a result of legal obligations to restore leased office spaces back to their original states at the end of the lease term. Asset retirement obligations are measured initially at fair value, based on management's best estimates, with the resulting amount capitalized into the carrying amount of the related asset. The capitalized asset retirement cost is amortized on a straight-line basis over the term of the lease. The amortization expense is included in corporate services in determining the net cost of operations.

l) Employee future benefits
The Commission offers a number of funded, partly funded and unfunded defined benefit pension plans, other unfunded defined benefit plans (which include post-employment benefits, post-retirement benefits and non-vested sick leave), as well as defined contribution pension plans. The pension plans include a statutory plan, a supplemental plan and a plan to cover certain employees working outside of Canada. Other benefit plans include post-employment severance benefits and post-retirement health, dental and life insurance benefits and non-vested sick leave. The defined benefit pension plans provide benefits based on years of service and average pensionable earnings at retirement. The defined benefit component of the statutory plan and the supplemental plan has been closed effective December 30, 2017 and benefits and service of plan participants were frozen as of that date. The Commission funds certain pension plans annually based on actuarially determined amounts needed to satisfy employee future benefit entitlements under current benefit regulations. Cost of living adjustments are automatically provided for retirees in accordance with Consumer Price Index increases.

The costs and obligations of the defined benefit plans are actuarially determined using the projected benefit method prorated on service that incorporates management's best estimates of the rate of employee turnover, the average retirement age, the average cost of claims per person, future salary and benefit levels, expected return on plan assets, future medical costs, and other actuarial factors. For the purposes of calculating the expected return on plan assets, those plan assets are based on the market value of plan assets.

Past service costs arising from plan amendments are recognized in the years of which the plan amendment occurred.

The unamortized actuarial gains and losses incurred prior to the plan settlement that relate to the obligation settled are recognized in the period of settlement. This amount is included as part of the gain or loss arising on settlement. Gains and losses determined upon a plan settlement are accounted for in the Statement of Operations in the period of settlement.

Actuarial gains and losses are amortized over expected average remaining service lifetime (“EARSL”) of active employees. If no active employees are remaining, actuarial gains and losses are amortized fully in the next fiscal year. For 2022, EARSL has been determined to be 0 years (0 years - 2021) for the Supplementary Retirement Plan for certain employees of the Commission (“SRP”), 12 years (13 years - 2021) for the Pension Plan for Employees of the Commission in Japan, South Korea and China (“WWP”), 0 (0 years - 2021) for non-pension post-retirement benefits, 14 years (14 years – 2021) for severance benefits and 14 years (14 years - 2021) for sick leave benefits.

Employees working in the United Kingdom participate in the Global Affairs Canada defined benefit pension plans administered by the Government of Canada. The assets of these plans cannot be allocated among participating employers, and as such, these plans are deemed “multi-employer” plans and accounted for as defined contribution plans. The Commission’s contributions to these plans reflect the full benefit cost of the employer. These amounts vary depending upon the plan and are based on a percentage of the employee’s gross earnings.
Contributions may change over time depending on the experience of the plans since the Commission is required under present legislation to make adjustments for the rate of contributions to cover any actuarial deficiencies of these plans.
Contributions represent the total pension obligations of the Commission for these employees and are charged to operations during the year in which the services are rendered.

Gains and losses determined upon a plan curtailment are accounted for in the period of curtailment.

m) Financial instruments

Financial assets consist of cash and cash equivalents, accounts receivable, and portfolio investments, while financial liabilities consist of accounts payable and accrued liabilities. Financial assets and financial liabilities are measured at amortized cost, which approximates their fair value.

n) Measurement uncertainty

The preparation of financial statements in accordance with Canadian PSAS 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 amounts of income and expense during the reporting periods. Actual results could differ significantly from those estimates. The most significant estimates involve the determination of the employee future benefits liability and related accrued benefit asset, the useful lives for amortization of tangible capital assets, the fair value of the asset retirement obligation, contingencies, partner revenues, prepaid expenses and accrued liabilities.

o) Related party transactions
Through common ownership, the Commission is related to all Government of Canada created departments, agencies and Crown corporations. The Commission's transactions with these entities are in the normal course of operations and are measured at the exchange amount.

Related parties also include key management personnel (KMP) having authority for planning, controlling, and directing the activities of the Commission, as well as their close family members. The Commission has defined its KMP to be members of the Board of Directors and management employees at the Senior Vice-President level and above.

p) Partnership contributions in-kind
In the normal course of business, the Commission receives in-kind contributions from its partners including the transfer of various types of goods and services to assist in the delivery of programs. The audit services and the in-kind contributions from partners are not recognized in the financial statements.

q) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. The Commission records inter-entity transactions at the exchange amount except the following:

- Audit services received without charge between commonly controlled entities.
- In-kind contributions received from commonly controlled entities.

The value of the audit services is considered insignificant in the context of the financial statements as a whole and inter-entity in-kind contributions are not recognized in the financial statements.

3. FINANCIAL STATEMENT PRESENTATION

a) These unaudited interim financial statements should be read in conjunction with the annual financial statements of the Canadian Tourism Commission (the "Commission") as at and for the year ended December 31, 2022, and the narrative discussion included in the quarterly financial report. Amounts in these interim financial statements as at March 31, 2023, are unaudited and are presented in Canadian dollars.

b) The Commission changed the allocation of its Research unit expenses from Marketing and Sales to Strategy, Analytics and Destination Stewardship. The prior year's comparatives have been restated to reflect the current year presentation. Refer to the Statement of Operations.

4. PARLIAMENTARY APPROPRIATIONS

Parliamentary appropriations approved for the Government fiscal period April 1, 2023, to March 31, 2024, are $111.2 which includes $96.2M base funding and $15.0M relating to the 2021 Federal Budget - incremental funding for the purpose of Helping Visitors Discover Canada. The Commission does not have the authority to exceed approved appropriations.

Canadian Tourism Commission
Notes to the Quarterly Financial Statements
March 31, 2023

5. ACCUMULATED SURPLUS (000S)

The accumulated surplus is comprised of:

	March 31, 2023	December 31, 2022
Accumulated operating surplus	$ 17,308	$ 20,069
Accumulated remeasurement gain / (loss)	(3)	(69)
Accumulated surplus	$ 17,305	$ 20,000

6. TANGIBLE CAPITAL ASSETS (000S)

(in thousands)	Computer Hardware	Computer Software	Leasehold Improvements	Office Furniture	March 31, 2023
Cost of tangible capital assets, opening	$ 825	$ -	$ 1,824	$ 337	$ 2,986
Acquisitions	2				2
Disposals	0				0
Cost of tangible capital assets, closing	827	-	1,824	337	2,988
Accumulated amortization, opening	652	-	1,272	307	2,231
Amortization expense	26		47	5	78
Disposals					0
Accumulated amortization, closing	678	-	1,319	312	2,309
Net book value	$ 149	$ -	$ 505	$ 25	$ 679

(in thousands)	Computer Hardware	Computer Software	Leasehold Improvements	Office Furniture	2022 Total
Cost of tangible capital assets, opening	$ 754	$ -	$ 1,948	$ 340	$ 3,042
Acquisitions	113				113
Disposals	(42)		(124)	(3)	(169)
Cost of tangible capital assets, closing	825	-	1,824	337	2,986
Accumulated amortization, opening	587	-	1,205	291	2,083
Amortization expense	107		191	19	317
Disposals	(42)		(124)	(3)	(169)
Accumulated amortization, closing	652	-	1,272	307	2,231
Net book value	$ 173	$ -	$ 552	$ 30	$ 755