

# **Canadian Tourism Commission**

**Quarterly Financial Report for the quarter ending  
September 30, 2025**

## **Introduction**

The Canadian Tourism Commission (the “CTC”), doing business as Destination Canada, is a Crown corporation wholly owned by the Government of Canada. With a mandate to sustain a vibrant and profitable tourism industry, the organization enhances Canada’s competitiveness as a premier, international destination for leisure travel and business events. Working in partnership with public and private sectors, Destination Canada attracts visitors and drives tourism spending through marketing and development activities, and by sharing timely intelligence and encouraging collaboration that stimulates economic growth, supports entrepreneurial prosperity, and generates wealth and wellbeing for Canadians and their communities.

## **Narrative Discussion**

The Narrative Discussion contained herein applies to the quarter.

## Quarterly Results

(in thousands)

	Three months ended September 30, 2025	Three months ended September 30, 2024	Variance
<b>Partner revenues</b>	\$ 3,891	\$ 4,991	\$ (1,100)
Partner revenues are lower compared to the prior year primarily due to the Top Chef program which only ran in Q3 2024.			
<b>Interest revenue</b>	136	239	(103)
Interest revenue decreased primarily due to lower interest rate on bank balances.			
<b>Other revenue</b>	193	150	43
Other revenue includes routine operational recoveries for office space and recoveries of commodity taxes. The increase in revenue was primarily driven by the timing of the commodity tax return.			
<b>Marketing and sales expenses</b>	32,046	28,577	3,469
The net increase is primarily driven by \$5.2 million in expenditures under the International Convention Attraction Program. These increases were partially offset by deferred spend in the international markets to Q4, as programs have focused on driving winter visitations in 2025.			
<b>Analytics</b>	3,013	3,109	(96)
The decrease is mostly due to reduced spending on strategy and measurement as a result of changing strategic priorities			
<b>Corporate services</b>	1,844	2,466	(622)
The decrease is driven by \$0.5M of spend being transferred to Sector Advancement, with the remaining balance relating to salaries.			
<b>Destination development</b>	590	315	275
The overall increase in expenses is primarily driven by the Tourism Corridor Strategy program, which launched in late 2024 and will continue into fall 2025.			
<b>Sector advancement</b>	925	-	925
Sector advancement as a function was transferred from Marketing and sales and Corporate services to its own function in 2025 to align with the organizational strategy to support Canada's commitment to tourism, advance sector competitiveness and expand sector knowledge. Key activities this quarter included NorthStar Advisory Taskforces and the Value of Tourism.			
<b>Parliamentary appropriations</b>	35,616	27,000	8,616
Variances are largely due to timing and/or variability of cash flow needs. Of the \$8.6 million, \$6.9 million for ICAF bid funds.			

## Year to Date Results

(in thousands)

	For the nine months ended September 30, 2025	For the nine months ended September 30, 2024	Variance
<b>Partner revenues</b>	\$ 7,027	\$ 8,042	\$ (1,015)

Partner revenues are lower compared to the prior year primarily due to the Top Chef program which only ran in 2024.

<b>Interest revenue</b>	467	694	(227)
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Interest revenue decreased primarily due to lower interest rate on bank balances.

<b>Other revenue</b>	507	466	41
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Other revenue includes routine operational recoveries for office space and recoveries of commodity taxes. The increase in revenue was primarily driven by the timing of the commodity tax return.

<b>Marketing and sales expenses</b>	72,815	59,294	13,521
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Marketing and sales expenses increased by \$15 million, primarily due to the acceleration of the International Convention Attraction Program. These increases were partially offset by deferred spend in international markets to Q4, as programs are focused on driving winter visitations in 2025.

<b>Analytics</b>	8,858	8,196	662
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The overall increase is primarily attributable to \$120K in spending for the Tariff Impact on Tourism Sectors study, \$280K for the Brand Measurement Pilot, and an additional \$163K in ongoing investments in artificial intelligence.

<b>Corporate services</b>	5,768	8,330	(2,562)
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The decrease is driven by \$1.6M of spend being transferred to Sector Advancement, with the remaining balance relating to the capitalization of the Canadian Tourism Data Collective and salaries.

<b>Destination development</b>	1,447	1,063	384
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The overall increase in expenses is primarily driven by the Tourism Corridor Strategy program, which launched in late 2024 and will continue into fall 2025

<b>Sector advancement</b>	3,142	-	3,142
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Sector advancement as a function was transferred from Marketing and sales and Corporate services to its own function in 2025 to align with the organizational strategy to support Canada's commitment to tourism, advance sector competitiveness and expand sector knowledge. Key activities this quarter included NorthStar Advisory Taskforces and the Value of Tourism.

<b>Parliamentary appropriations</b>	91,826	82,886	8,940
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Variances are largely due to timing and/or variability of cash flow needs. Of the \$8.9 million, \$6.9 million for ICAF bid funds.

## Risks and uncertainties

As a Crown corporation operating in a dynamic and ever-changing environment, Destination Canada continuously anticipates shifts in international markets, unpredictable economic conditions, intricate interdependencies, and evolving trends. To successfully navigate these challenges and seize opportunities within the tourism sector, our management team, with the support of the Board, is continually monitoring the external environment for risks that may impact the organization.

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 table below highlights Destination Canada's strategic risks and any new emerging or heightened risks arising that could potentially impact our organizational objectives.

● High residual risk ● Medium-high residual risk ● Medium residual risk ● Low-medium residual risk ● Low residual risk

### ECONOMIC

2025: ● 2024: ●

Our *Tourism 2030: A World of Opportunity* strategy will chart a path to sustainable growth to achieve our sector's full economic potential and generate as much as \$160 billion in annual revenue by 2030. However, economic risks may arise from factors that adversely affect Canada's ability to attract visitors, including global conflicts.

**Overall Summary:** There is a risk that the global economy, along with the markets where we invest, could face heightened uncertainty due to factors such as economic instability, trade disruptions and political changes, all of which could impact travel to and within Canada. Additionally, Canada could face competition from well-resourced international countries vying for travellers, while within Canada, Destination Canada could be competing with other sectors for limited labour and investment dollars. Continued economic uncertainty and a shifting geopolitical and policy environment are creating volatility that could reduce visitor numbers, lead to economic losses for the sector and impact how Destination Canada operates.

**Mitigation activities:** We are strengthening Canada's global tourism competitiveness in collaboration with provincial, territorial and municipal partners, focusing on seven key levers to align activities, allocate resources efficiently, and maximize return on investment. Through innovative marketing and go-to-market strategies, we aim to unlock demand in both existing markets and new gateways. Using advanced research and analytics, we target high-value opportunities and respond to evolving conditions such as new visa requirements for Mexican travellers and potential US trade tariffs. We provide industry partners with guidance on global competitiveness, technological adaptation, media resources, sales opportunities and research to support informed decision-making.

Some key risks that we are monitoring are:

- **Resource Constraints**  
There is a risk that Destination Canada will not have the financial resources required to achieve rapid growth, deliver high returns, and strengthen long-term industry resilience. This risk is heightened by ongoing fiscal pressures, including inflation and broader government fiscal constraints, which may limit available funding and reduce flexibility to invest in strategic priorities. We will mitigate this by implementing our strategy to chart a path to achieve our sector's full economic potential and generate from \$140 billion to \$160 billion in annual revenue by 2030, collaborating with our provincial, territorial and destination marketing partners, adding productivity tools and systems to enhance the capacity of employees and partners, and more.
- **Lack of sector investment, capacity and workforce supply**  
There is a risk that Destination Canada may be unable to capitalize on visitor economy growth due to insufficient investment, limited capacity and workforce shortages. These challenges may stem from unfavorable policy environments, economic conditions and limited coordination across jurisdictions, leading to weaker infrastructure, reduced product quality and a constrained talent pipeline that undermine Canada's competitiveness. We will mitigate this by continuing to engage in effective communication with the government to promote the growth of the sector, developing programs that focus on attracting investment in the tourism sector, and continuously fostering discussions and thought leadership across the country.
- **Technology disruption and productivity**  
There is a risk that Destination Canada and the tourism sector may be unprepared for technological

disruption, particularly in areas such as AI, affecting marketing, operations and service delivery. Without proactive investment in digital modernization and workforce upskilling, innovation and productivity may decline, weakening Canada's global tourism competitiveness. We will mitigate this by collaborating with leading technology partners to overcome barriers, enhance our knowledge and seize opportunities for implementation within our sector, including leveraging generative AI to transform our marketing and investment strategies and operations.

- **Inbound tourism market**

There is a risk that Destination Canada may lose inbound market share due to shifting traveller preferences, increased competition and changes in key source markets such as policy shifts, geopolitical tensions or sentiment. Without timely adaptation to evolving expectations like sustainability, personalization and digital experiences, Canada may experience declines in visitation, revenue and brand strength. We will mitigate this by deploying innovative marketing and go-to-market strategies to unlock demand in both existing markets and new gateways, supported by advanced forecasting and economic modelling tools that allow us to quickly adjust market allocations and respond to emerging shocks.

- **Declining global tourism competitiveness**

There is a risk that Canada's global tourism competitiveness may decline due to external pressures — such as geopolitical volatility, global shocks and rising competition — and persistent structural challenges, including high costs, access limitations and seasonality. These factors may lead to reduced market share, diminished brand relevance and missed opportunities for growth, despite Destination Canada's efforts to mobilize stakeholders. We will mitigate this by ensuring we are leveraging strategic communications with stakeholders, engaging with core tourism groups such as the Tourism Industry Association of Canada and national tourism sector associations, and focusing on the NorthStar 2030 aspirations of global competitiveness.

## ENVIRONMENTAL

2025: ● 2024: ●

One of the key initiatives in our strategy is to support sector adoption of regenerative principles. This means balancing economic prosperity with environmental stewardship and social inclusivity. By promoting regenerative practices, we'll maintain visitor trust, protect local communities and preserve the natural and cultural treasures that define tourism in our country.

**Overall Summary:** There is a risk that our operations, and that of our tourism and travel industry, and the country at large, could be perceived negatively in terms of environmental sustainability and responsibility. Further, the effects of climate change could also negatively influence travellers' perception of the health and safety of our country. Both have the potential to cause reputational damage, loss of shareholder confidence and/or reduced tourism in Canada, creating a negative impact on the tourism assets that are being promoted.

**Mitigation activities:** Our approach to destination development prioritizes local community leadership, environmental stewardship and economic sustainability. This strategy has helped mitigate potential adverse effects on tourism destinations while emphasizing tourism's role in sustainably optimizing Canada's natural resources, such as parks and conservation areas, and creating diverse opportunities for communities nationwide. Recognizing the growing impact of climate events on tourism, we have been actively examining its effects and collaborating with partners to develop a more robust disaster response framework. Our commitment to sustainability is reflected in our efforts to reduce the environmental footprint of our activities and in our promotion of hosting sustainable business events. Additionally, we have made significant progress in our collaboration with UN Tourism to enhance sustainability metrics within the tourism sector, reinforcing Canada's leadership in responsible tourism development.

A key risk that we are monitoring is:

- **Climate Change's Impact on Tourism:**

There is a risk that the effects of climate change (e.g., forest fires, extreme weather, warm and dry winters, floods) and Canada's response to it (e.g. communications) reduce our country's capacity to accept travellers at times of high risk and adversely impact their perception of the health and safety of Canada, diminishing Canada as a destination. We will support the sector's crisis response, maximize tourism's economic benefits year-round, and work with airlines and industry partners to promote seasonal and regional dispersion of visitors, enhancing resilience against climate-related challenges.

2025: ●

2024: ●

**SOCIAL**

The Social risk lens encompasses our diversity, equity and inclusion initiatives at both an organizational and sector level. These considerations include labour practices, Indigenous reconciliation, and the wealth and wellbeing of Canadians. As well, social risks extend into public and policy support for tourism.

**Overall Summary:** There is a risk that our operations and tourism promotion activities do not consider all stakeholders and are not equitable towards all affected peoples and local communities. There is a further risk that the workload challenges of recent years negatively impact the mental health of our employees.

**Mitigation activities:** We pursue multiple initiatives to ensure that our activities reflect the diversity of Canada. This includes 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 deployed an internal strategy to ensure that our work reflects the diverse people and places that Canada represents.

A key risk that we are monitoring is:

- **Public and Policy Support:**  
There is a risk that we may not effectively strengthen Canadians' positive perceptions of tourism, leading to weaker community support, less favorable policies, and diminished visitor experiences. We will mitigate this by working to deepen Canadians' pride in their communities and their desire to host visitors, communicating the value of tourism and creating a more supportive policy environment where tourism can thrive.

**GOVERNANCE**

2025: ●

2024: ●

As a federal Crown corporation, we strive to uphold the highest standards of governance and accountability, enabling us to effectively promote Canada as a premier destination while adhering to all applicable legal and regulatory requirements.

**Overall Summary:** There is a risk that our corporate governance structure does not reflect fair and equitable practices while our activities do not respond to the rapidly changing global business environment, leading to lower overall organizational effectiveness, efficiency and compliance.

**Mitigation activities:** We conducted scenario planning to align our strategy and governance with future industry conditions. Our Board, composed of expert leaders, guides strategic adjustments to meet rapid changes. We identify needed board expertise to support the Government of Canada's recruitment efforts and to reflect the diversity of Canada, while offering ongoing professional development for board members. Through broad industry consultation, we developed a robust business strategy, strengthened risk management, and implemented internal policies and audits. Additionally, we benchmarked performance, evaluated progress and fortified information technology (IT) controls to guard against contemporary cybersecurity risks. Furthermore, the results of our recent Special Examination reinforced our strong governance in terms of corporate and operational management, with the OAG making no recommendations for improvement.

Key risks that we are monitoring are:

- **Governance and oversight:**  
There is a risk that Destination Canada's governance effectiveness may be compromised by limited capacity to adapt internal policies and frameworks to evolving legislation and government priorities. Increasing complexity in areas such as financial, legal and cybersecurity oversight heightens this risk. In parallel, challenges in attracting and retaining qualified Board and executive leadership, exacerbated by the lack of remuneration for independent directors — a condition unique to Destination Canada among Crown corporations — may further weaken oversight and create reputational risk, particularly regarding equity and inclusion. We will work to mitigate this risk through ongoing communication between the Board Chair and the Minister.
- **Cybersecurity:**  
There is a risk that increasing cyber threats could compromise our systems, leading to potential data breaches, operational disruptions, and loss of stakeholder trust. We mitigate this risk by having established

cybersecurity and IT consulting rosters to quickly address incidents and adapt to legislative changes. We will enhance cybersecurity by implementing robust protocols, conducting regular audits, and training staff to respond to threats. We'll also collaborate with government and industry partners to stay ahead of emerging threats and ensure system security.



### **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.



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Marsha Walden

*President and CEO  
Vancouver, Canada  
November 13, 2025*



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Meaghan Ferrigno

*SVP, Chief Financial Officer and  
Chief Data & Analytics Officer  
Vancouver, Canada  
November 13, 2025*

	September 30, 2025	December 31, 2024
<b>Financial assets</b>		
Cash and cash equivalents	25,321	14,892
Accounts receivable		
Government of Canada	1,348	709
Partner	517	703
Other	225	12
Accrued benefit asset	2,373	2,373
Portfolio investments	1,092	1,061
	<u>30,875</u>	<u>19,750</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities		
Trade	10,109	8,919
Employee compensation	2,205	2,351
Government of Canada	624	780
Accrued benefit liability	2,056	2,105
Unearned revenue	4,145	691
Deferred appropriations	4,698	-
Deferred lease inducements	16	90
Asset retirement obligation	112	112
	<u>23,965</u>	<u>15,048</u>
<b>Net financial assets</b>	<u>6,910</u>	<u>4,702</u>
<b>Non-financial assets</b>		
Prepaid expenses	7,616	2,795
Tangible capital assets	1,834	1,655
	<u>9,450</u>	<u>4,450</u>
<b>Accumulated surplus</b>	<u>16,360</u>	<u>9,152</u>

## Canadian Tourism Commission

### Statement of Operations

For the nine months ended September 30

(in thousands of Canadian dollars)

	Nine months ended September 30	
	2025	2024
<b>Revenues</b>		
Partner revenues	7,027	8,042
Interest Income	467	694
Other	507	466
	<u>8,001</u>	<u>9,202</u>
<b>Expenses</b>		
Marketing and sales	72,815	59,294
Analytics	8,858	8,196
Corporate services	5,768	8,330
Destination development	1,447	1,063
Sector advancement	3,142	-
Amortization of tangible capital assets	495	310
	<u>92,525</u>	<u>77,193</u>
Net cost of operations before funding from the Government of Canada	(84,524)	(67,991)
Parliamentary appropriations	91,826	82,886
	<u>7,302</u>	<u>14,895</u>
<b>Surplus (Deficit) for the year</b>		
<b>Accumulated operating surplus (deficit), beginning of period</b>	9,033	(7,844)
<b>Accumulated operating surplus, end of period</b>	<u>16,335</u>	<u>7,051</u>

**Canadian Tourism Commission**

**Statement of Remeasurement Gains and Losses**

*For the nine months ended September 30*

*(in thousands of Canadian dollars)*

	2025	2024
<b>Accumulated remeasurement gain (loss), beginning of period</b>	119	(43)
Unrealized gain attributable to foreign exchange	25	80
Amounts reclassified to the statement of operations	(119)	43
Net remeasurement (loss) gain for the period	<u>(94)</u>	<u>123</u>
Accumulated remeasurement gain, end of period	<u>25</u>	<u>80</u>

**Canadian Tourism Commission**

**Statement of Change in Net (Debt) Financial Assets**

*For the nine months ended September 30*

*(in thousands of Canadian dollars)*

	2025	2024
<b>Surplus for the year</b>	7,302	14,895
Acquisition of tangible capital assets	(675)	(3)
Amortization of tangible capital assets	495	310
	(180)	307
<b>Effect of change in other non-financial assets</b>		
Decrease in prepaid expenses	(4,820)	(2,651)
	(4,820)	(2,651)
Net remeasurement (loss) gain	(94)	123
Increase in net financial assets	2,208	12,674
<b>Net financial assets (debt), beginning of period</b>	4,702	(11,471)
<b>Net financial assets, end of period</b>	6,910	1,203

**Canadian Tourism Commission****Statement of Cash Flows***For the nine months ended September 30**(in thousands of Canadian dollars)*

	2025	2024
<b>Operating transactions:</b>		
Cash received from:		
Parliamentary appropriations used to fund operating and capital transactions	96,525	82,886
Partners	9,816	13,447
Other	433	392
Interest	467	694
Cash paid for:		
Cash payments to suppliers	(80,168)	(69,166)
Cash payments to and on behalf of employees	(15,844)	(15,198)
Cash provided by operating transactions	<u>11,229</u>	<u>13,055</u>
<b>Capital transactions:</b>		
Acquisition of tangible capital assets	(675)	(3)
Cash used in capital transactions	<u>(675)</u>	<u>(3)</u>
<b>Investing transactions:</b>		
Acquisition of portfolio investments	(31)	(28)
Redemption of portfolio investments	-	-
Cash used in investing transactions	<u>(31)</u>	<u>(28)</u>
<b>Net remeasurement (loss) gain for the period</b>	<u>(94)</u>	<u>123</u>
<b>Net increase in cash during the period</b>	<u>10,429</u>	<u>13,147</u>
<b>Cash and cash equivalents, beginning of period</b>	<u>14,892</u>	<u>5,745</u>
<b>Cash and cash equivalents, end of period</b>	<u>25,321</u>	<u>18,892</u>

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

## 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 his 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 Objects of the Commission are 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 (“THCEE”) 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 THCEE 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 when they 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. Refer to Note 4.

The Commission will have deferred parliamentary appropriations at period-end when eligibility criteria for the funding received for the period have not been met as at the reporting date. This is in relation to the International Convention Attraction Fund (ICAF). Refer to Note 7. In addition, the Commission will

have a deferred parliamentary appropriations balance at the year-end when the restricted funding received for the period exceeds the restricted appropriations recognized for the related fiscal period. When restricted appropriations recognized exceed the restricted funding received, the amount will be included in the parliamentary appropriations receivable balance.

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

**b) Partner revenues**

The Commission provides various goods and services to a diverse group of payors, including both Canadian and foreign organizations. Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. For each performance obligation, the Commission evaluates whether the performance obligations are satisfied over a period of time or at a point in time. Where a performance obligation is satisfied over time, the Commission measures its progress of satisfying the performance obligation considering the characteristics of the services being provided and the pattern of benefit to the payor. Where a performance obligation is satisfied at a point in time, the Commission recognizes revenue when the payor obtains control of the benefits associated with the promised service. Where consideration is received prior to the provision of services or delivery of goods, it is recorded as unearned revenue, provided the definition of a liability is met, and recognized as revenue as each performance obligation is completed.

The Commission does not have any revenue sources generated from non-recurring activities.

*Revenue from exchange transactions*

***Leisure Consumer Marketing***

The Commission performs services such as managing paid media campaigns to promote Canadian tourism, targeting high-value guests, and measuring the impact on awareness, bookings and visits to Canadian destinations. This also involves working with marketing organizations to utilize their various media channels (digital, print, social media, etc.) for displaying the creative content and stimulating bookings for Canadian tourism activities in the payor's designated region.

The Commission is also involved with creating or facilitating the creation of content such as photos, videos, articles and other social media materials that present the unique features of Canadian destinations to increase engagement.

Revenue from Leisure Consumer Marketing is typically recognized over a period of time as the services are provided over the duration of the contract. In certain scenarios where the payor must approve the content created before it is delivered, revenue is recognized at a point in time, specifically when the payor grants approval, thereby fulfilling the performance obligation associated with that content.

***Business Events***

Business event services consist of promoting Canada as a premier destination for business events, international conferences, and major corporate meetings. Revenue is recognized over a period of time as the contracted services are rendered. This encompasses activities such as coordinating provincial, territorial, and city partners to participate in global business events trade shows and marketplaces under the Canada banner, promoting press trips and familiarization tours of potential Canadian conference-hosting destinations in key industry growth sectors, and supporting the lead-generation, client engagement, and event bidding process of about 20 Canadian cities. These efforts aim to highlight the diverse event-hosting facilities and amenities in Canada, the attractions and



experiences available at Canadian destinations for conference delegates, and to facilitate collaboration and networking opportunities with global clients.

### ***Leisure Travel Trade***

Leisure travel trade includes photo assignment management, which involves organizing and managing photo assignments for media photographers to document various seasons and regions of Canada. The Commission assigns photographers to specific regions and directs them on the required content to ensure diverse and comprehensive coverage of Canada's landscape and experiences. Revenue is recognized over a period of time as the services are provided over the duration of the contract.

The Commission also provides services such as guided tours, travel packages and promotional merchandise to payors. Revenue from tourism-related services is recognized over a period of time as the payor receives services.

### ***Analytics***

The Commission provides data collective subscription services, for which revenue is recognized over a period of time based on the length of the subscription. This platform provides access to comprehensive tourism data, research, and insights in one location, reducing the need to consult multiple data sources and supporting collaboration and innovation.

#### **c) Other revenues**

Other revenues consist of cost recoveries from co-location partners in international markets, 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 expenditures.

**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

**i) Unearned revenue**

Unearned revenue consists of consideration from payors that do not yet qualify for revenue recognition. When revenues are received from payors in advance of the Commission fully satisfying a performance obligation in an exchange transaction, they are recognized as unearned revenue until the performance obligation has been satisfied by the Commission.

**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 costs to restore leasehold improvements 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 using undiscounted future cash flows 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 and is included as amortization expense in Corporate services. Refer to Note 6.

**l) Employee future benefits**

The Commission offers a number of 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 purpose 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 in 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 2024, EARSL has been determined to be 0 years (0 years – 2023) for the Supplementary Retirement Plan for certain employees of the Commission ("SRP"), 10 years (12.4 years – 2023) for the Pension Plan for Employees of the Commission in Japan and China ("WWP"), 0 years (0 years – 2023) for non-pension post-retirement benefits, 14 years (14 years – 2023) for severance benefits and 14 years (14 years – 2023) for sick leave benefits.

Employees working in the UK 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 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, contingencies, accrued liabilities and partner revenues. There is uncertainty regarding partner revenue recognized as management may not be able to estimate if all performance obligations have been satisfied at the date of the financial statements.

**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) 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**

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, 2024, and the narrative discussion included in the quarterly financial report. Amounts in these interim financial statements as at September 30, 2025, are unaudited and are presented in Canadian dollars.

**4. PARLIAMENTARY APPROPRIATIONS**

Parliamentary appropriations approved for the government fiscal period April 1, 2025 to March 31, 2026, are \$125.0 which includes \$95.5M base funding, \$19.5M ICAF funding from the 2023 Federal Budget, and \$10M from the 2024 Fall Economic Statement. The Commission does not have the authority to exceed approved appropriations.

**5. ACCUMULATED SURPLUS (000S)**

The accumulated surplus is comprised of:

<b>(in thousands)</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Accumulated operating surplus	\$ 16,335	\$ 9,033
Accumulated remeasurement gain	25	119
Accumulated surplus	<u>\$ 16,360</u>	<u>\$ 9,152</u>

## 6. TANGIBLE CAPITAL ASSETS (000S)

(in thousands)	Computer Hardware	Computer Software	Leasehold Improvements	Office Furniture	September 30, 2025
Cost of tangible capital assets, opening	1,076	1,096	1,858	691	4,721
Acquisitions	29	605	11	29	674
Disposals	(115)	-	-	-	115
Cost of tangible capital assets, closing	990	1,701	1,869	720	5,280
Accumulated amortization, opening	868	110	1,653	435	3,066
Amortization expense	102	191	147	55	495
Disposals	(115)	-	-	-	115
Accumulated amortization, closing	855	301	1,800	490	3,446
Net book value	135	1,400	69	230	1,834

(in thousands)	Computer Hardware	Computer Software	Leasehold Improvements	Office Furniture	2024 Total
Cost of tangible capital assets, opening	1,000	-	1,824	654	3,478
Acquisitions	87	1,096	34	37	1,254
Disposals	(11)	-	-	-	(11)
Cost of tangible capital assets, closing	1,076	1,096	1,858	691	4,721
Accumulated amortization, opening	727	-	1,462	358	2,547
Amortization expense	152	110	191	77	530
Disposals	(11)	-	-	-	(11)
Accumulated amortization, closing	868	110	1,653	435	3,066
Net book value	208	986	205	256	1,655

## 7. International Convention Attraction Fund

In 2024, the Commission launched ICAF, a program to attract major international conventions, conferences and events to Canada. The ICAF is directed through three areas to strengthen Canada's presence: global sales events, marketing and communications, and partnership incentives for Canadian destination marketing organizations (DMOs) that bid on eligible major international conventions.

A DMO must meet certain conditions to receive partnership incentives under the ICAF program; these conditions must also be met for the Commission to recognize the amount in the Statement of Operations:

1. The DMO must meet the eligibility criteria established by the Commission to receive the fund; and
2. The transfer to the DMO must be authorized by the Commission by the financial statement date.

As of September 2025, the Commission has recognized \$20,057,676 under Marketing and Sales in the Statement of Operations.

## **8. Subsequent Events**

### US-Canada Economic and Trade Developments

The duration and economic severity of tariffs on the economy and trade between the US and Canada on the Commission's operations are currently unknown. As a result, an estimate of the financial impact of these developments on the Commission's future results of operations and financial position cannot be made at this time.

Management continues to monitor the situation and assess potential implications for tourism demand and cost structures. Any material impacts will be reflected in future reporting periods as more information becomes available.