

ANNUAL REPORT 2001-2002



Expanding Ontario's Tourism Industry

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

ONTARIO
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BOARD MEMBERS

The Ontario Tourism Marketing Partnership Corporation's (OTMPC) Board of Directors provides industry leadership, policy and strategic direction to the operation of the partnership. The Board is responsible for the overall management of OTMPC and is ultimately accountable to the Minister of Tourism, Culture and Recreation.

Current Board Members, 2001-2002:

Mr. John Williams, Chair (*Appointed January 17, 2002*)
President, Williams Hotels Ltd.
Belleville
March 30, 1999–March 29, 2003

Mr. Alan Dare, Former Chair
Owner, Wilson Lake Resort
Port Loring
March 30, 1999–December 31, 2001

Mr. Anthony Annunziata, Vice-Chair
Executive Director of Marketing, Casino Niagara
Niagara Falls
July 4, 2001–July 3, 2003

Ms. Jean Lam, Former Vice-Chair
CEO, OTMPC and Assistant Deputy Minister
Ministry of Tourism, Culture and Recreation
Toronto
March 30, 1999–March 29, 2002

Ms. Laurie Adams-Robert
Owner, Harmony Acres / Bruce Peninsula Outfitters
Tobermory
March 30, 1999–March 29, 2003

Mr. Antoni Cimolino
Executive Director, Stratford Festival of Canada
Stratford
February 6, 2002–February 5, 2005

Mr. Ferg Devins
Vice-President, Corporate Affairs, Molson Breweries
Toronto
May 10, 2000–May 9, 2003

Mr. Paul Dinner
Senior Manager, Hospitality Markets–Ontario, Royal Bank of Canada
Burlington
February 6, 2002–February 5, 2003

Mr. Nick Florian
Director, Jonview Canada Inc.
Toronto,
March 30, 1999–March 29, 2003

Mr. William French
Chair, Northern Tourism Marketing Corporation
Thunder Bay
March 30, 1999–March 29, 2002

Ms. Anne Marshall
Director, Sales & Marketing, Elmhirst's Resort
Keene
October 3, 2001–October 2, 2003

Ms. Anne McCall
General Manager, Special Projects, Fairmont Hotels
Toronto
May 10, 2000–November 6, 2001

Mr. Michael Mulhall
President, Ottawa Riverboat Corporation and
President & CEO, e-kiosk Inc.
Ottawa
July 18, 2001–July 17, 2002

Ms. Patricia Nicholl
Director, Sales and Marketing, Deerhurst Resort
Huntsville
March 30, 1999–May 8, 2001

Ms. Bev Philp
Vice-President, Marketing, Blue Mountain Resort
Collingwood
March 30, 1999–November 21, 2001

Mr. John Ryan
President, Toronto Tours Ltd.
Toronto
December 30, 1999–December 29, 2001

Mr. Allan Tremblay
President, CEO & Partner, Orion Sports Management Inc.
Brampton
November 1, 2000–October 31, 2003

Mr. Bruce Walker
Executive Vice-President, Vincor International Inc.
Mississauga
March 30, 1999–March 29, 2005

CORPORATE CONTACTS

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Toronto, Ontario
Canada M7A 2E1

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Fax: 416-314-7574

email: tourism.partnership@mczcr.gov.on.ca

Travel Information for Ontario:

1-800-668-2746 (English)

1-800-268-3736 (French)

Partner site: www.tourismpartners.com

Consumer site: www.ontariotravel.net



Ontario Tourism Marketing Partnership Corporation



(Left) 2001 Fall Events Guide
 (Centre) Fall 2001 Experience Guide
 (Right) 2001 Spring/Summer Events Guide

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MESSAGE FROM THE CHAIR

John Williams, Chair of the Board of Directors

Like many tourism operators throughout Ontario, I was confident about the strides the government was taking to ensure that Ontario would have a strong business climate to attract international and domestic investment. We saw one of the best summers on record in 2001. I fondly remember reading OTMPC's "Marketing Updates" highlighting the increased numbers in visitations and consumer inquiries at 1-800-ONTARIO.

At our first meeting with the Minister of Tourism, Culture and Recreation and other stakeholders following the terrorist attacks in the United States, I knew the OTMPC and our industry had a difficult task ahead. Tourism was in decline everywhere, not just in Canada but around the world. The provincial government acted decisively and quickly investing \$12.6 million to increase tourism, positioning OTMPC to play a key role. OTMPC now faced its biggest challenge ever on the eve of celebrating its third anniversary.

Throughout early October, OTMPC staff and our committee members worked long hours, building partnerships, strategizing, developing creative and coordinating focus groups. There was hope and we soon began to execute aggressive marketing campaigns to restore visitations.

By March of 2002, we could again talk about our successes. The Mix 'n' Match Program with Tourism Toronto generated more than 5,900 bookings, the partnership marketing program with Niagara Falls Tourism boasted a 382 per cent increase

over the same period last year and our program with the Convention and Visitor's Bureau of Windsor, Essex County and Pelee Island filled more than 2,000 rooms in the area. OTMPC developed a plan to deliver a fully integrated marketing program. It was well researched, generating strong results that helped our industry.

These partnerships and others executed by OTMPC following September 11 benefited all of our stakeholders and provided a tremendous boost for the tourism industry in Ontario. By working in partnership, we were also able to create a heightened profile for Ontario, its attractions, and all of those individuals who work hard to make Ontario the number one destination in Canada.

I am pleased to report that three years into its mandate, to provide a focused effort to increase tourism, together we have clearly demonstrated the benefits of partnership. With industry leadership the OTMPC will continue to build on our successes in making Ontario a premier four-seasons destination for travellers from all over the world.

John Williams,
 President, Williams Hotels Ltd., Belleville, Ontario



(Left) 2001 French Summer Guide
(Centre) 2002 Winter Getaway Guide
(Right) 2002 Adventure Guide

Ontario is home to the country's largest tourism industry, accounting for more than 40 per cent of Canada's tourism revenues. With more than 100 million people domestically and internationally visiting Ontario each year, it is no surprise that tourism is credited with directly generating well over \$7 billion to the province's Gross Domestic Product (GDP).

The OTMPC was established in 1999 to support Ontario's tourism industry. It is a consumer-driven business partnership between the tourism industry and the Government of Ontario with the following objectives:

- Promote Ontario as a prime tourist destination in both domestic and international markets;
- Generate a vibrant and compelling image of Ontario as a premier four-season tourist destination; and
- Achieve its marketing goals through partnership with industry and government stakeholders.

In 2001, due to a slowdown in the economy and to the events of September 11, visitor expenditures in Ontario declined 2 per cent over 2000 to total \$15.8 billion. OTMPC's

industry-led Board of Directors is supported by an Executive Committee that sets overall priorities and recommends objectives and strategies, a Nominations Committee responsible for succession planning and recruitment for industry-led market and product committees, and a Market Performance Assessment Committee (MPAC) which ensures appropriate measures are in place and regularly reported.

Market and product committees provide further guidance in the development and creation of marketing strategies for the partnership.

More than 100 industry volunteers serve on these committees for two-year terms, operating on a consensus basis and providing input based on their product, area or regional expertise.

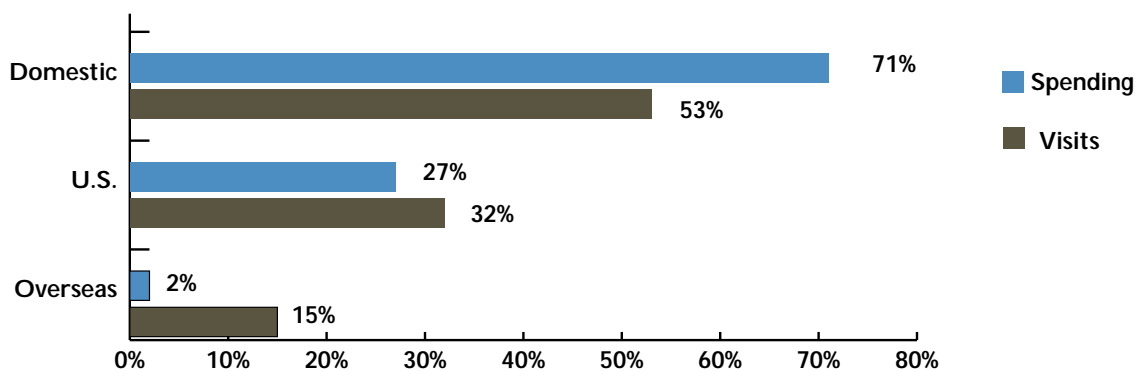
Market Committees

- Americas
- Asia-Pacific
- Domestic
- Europe

Product Committees

- City
- Outdoor
- Touring

2001 Visitation and Spending by Key Markets



Source: Statistics Canada Domestic and International Travel Survey 2001. Expenditures are preliminary estimates.

(Left) Summer 2001 Getaway Guide
 (Centre) Japan launch ad
 (Right) Underground Railroad Tour kit cover



FISCAL YEAR 2001-2002 WAS A TUMULTUOUS ONE FOR TOURISM. Economic uncertainties in early 2001 saw a slight decline in travel. As OTMPC's marketing efforts were successfully rebuilding consumer confidence with increased border crossings, the events of September 11 brought tourism to a halt. OTMPC played a key role in combating the effects of this tragic event, and with new in-year funding of \$12.6 million developed strong campaigns and increased partnerships to help Ontario's tourism industry recover.

RESEARCH

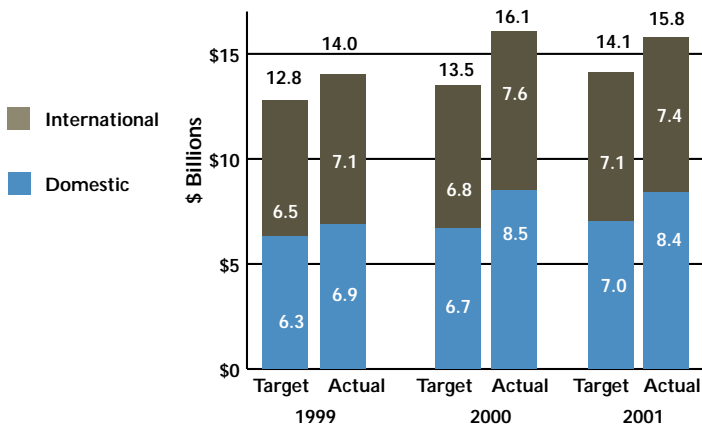
OTMPC continued to track awareness and image of Ontario as a tourism destination in our major markets. The knowledge gained through advertising tracking research helps OTMPC in developing new campaigns and also serves as a measure of accountability to our partners and stakeholders. Each campaign was tracked in the past year, including advertising performance of the campaigns that were developed with the additional funding allocated after September 11.

OTMPC's new Travel Activities and Motivators Study (TAMS) provides invaluable information on travel attitudes and preferred travel activities across North America, enabling OTMPC to identify travel interests, emerging new products and packaging opportunities. TAMS has led to increased consumer understanding and more focused targets for OTMPC's marketing efforts.

Following the tragedy of September 11, OTMPC and the Ministry of Tourism, Culture and Recreation moved quickly to research the impact on Ontario's travel industry. Special focus groups were held in Cleveland, Detroit and Rochester. Targeted research included: a Pannell Kerr Forster (PKF) survey into the accommodation sector; a Price Waterhouse Coopers attractions survey; reports on reservations and cancellations from the Sabre system; Statistics Canada data on border crossings; and studies commissioned by the Canadian Tourism Commission (CTC) (Ipsos-Reid, D.K. Shifflet and Associates) and the Canadian Tourism Research Institute.

Results were shared with the industry through a series of bulletins. OTMPC also worked with its partners to refocus the winter and spring campaigns.

Visitor Expenditures 2001



- Revised measurement methodology for actuals
- Source: Statistics Canada Domestic and International Travel Survey. 2001 expenditures are preliminary estimates.
- Methodology for measuring tourism revenues changed by Statistics Canada in 2000. Data revised for 1999 for comparability.

DOMESTIC MARKET

The Domestic market generates 71 per cent of all trips to Ontario and 53 per cent of visitor expenditures. Based on the success of last year's campaigns, OTMPC has continued to target affluent and family markets in 2001–2002, promoting Ontario as a year-round destination and reaching out to new audiences with niche and shoulder season product experiences. Following September 11, expanded partnerships and quick response activities were initiated.

Fiscal year 2001–2002 saw increased participation in OTMPC's seasonal newspaper inserts, reaching a total distribution of 6.7 million. Likewise, the direct-mail postcard campaign was expanded to include spring, summer and fall seasons and generated a response rate of between 3 and 6 per cent—well above the 1 per cent industry average.

OTMPC partnered with Attractions Ontario to enhance the 56-page "Passport" publication, broadening the content and more than doubling its distribution via inserts in 15 daily Ontario newspapers. One of the partners reported that their participation yielded a return of \$6.60 per dollar invested.

Partnership with Regroupement des organismes du patrimoine franco-ontarien (ROPFO) led to the development of new tour itineraries in the French-language Summer Experience Guide (*Venez chez nous*). Following September 11, partnership was extended to those communities hardest hit including Niagara, Toronto, Windsor, and 1000 Islands to encourage more domestic getaways. Support was also extended to Resorts Ontario for the new *100 Reasons to Enjoy the Season* promotion.

In response to post-September research, and industry requests to "pump up the volume" and focus on auto travel and price point, a new television campaign was launched March 2002, with two 30-second commercials presenting a kaleidoscope reminder of the province's urban and outdoor vacation possibilities. In a second wave, four 15-second television spots revealed "unexpected" vacation experiences with a campaign slogan "Visit a place you've never seen before."

UNITED STATES MARKET

Americans comprise a quarter (28.1 million) of total trips taken in Ontario, with the seven states closest to the Ontario border—Illinois, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin—accounting for 62 per cent of U.S. expenditures in Ontario.

When the events of September 11 presented the challenges that they did, OTMPC responded quickly and decisively with a number of inventive marketing initiatives, including the highly successful "Come On Over" karaoke television campaign. The message was simple, playful and deeply felt—in troubled times, look to your friends and neighbours for support and comfort.

Fall 2001 to Spring 2002, OTMPC reprised a series of existing partnership campaigns—Toronto's Mix'n'Match, Niagara Falls Real Deal getaway packages, Play, Stay and Save a Bundle in Windsor, and 1000 Island Getaways—to great success.

The Mix'n'Match program generated almost 11,000 room nights, the Niagara getaway packages led to 6,205 room nights, the Windsor program resulted in 2,054 room nights, and the 1000 Islands, St. Lawrence print and television campaign led to 27,000 visitors to the Festival of Lights events at Upper Canada Village and Fort Henry.

The OTMPC partnered with the CTC in the mid-haul target markets of Boston, Chicago and New York City. The campaign generated 46,000 responses and a 37 per cent increase in sales of Collette Vacation packages to Niagara Falls. Also, in collaboration with the American Automobile Association (AAA), OTMPC developed 14 new packages showcasing the province as a destination for family getaways, outdoor adventures and cultural attractions.

A total of 22,000 direct-mail packages of the Ontario Adventure Guide were distributed in near-border markets, and nearly 9,000 entries were received for a parallel contest with 1.2 million impressions online.

EUROPEAN MARKET

At one per cent of total visits to Ontario, Europe produces a disproportionate 8 per cent share of overall revenue. OTMPC's marketing activities are focused on the United Kingdom, Germany and France, which account for 67 per cent of all European visits and 68 per cent of European expenditures —\$1.2 billion. Marketing efforts have focused on strengthening Ontario's four-season brand in these markets and have been targeted at high-yield travellers.

In the United Kingdom, a nine-week Ontario-only campaign was launched in February 2002 with Globespan and Thomas Cook Holidays. Developed primarily to support the core summer travel period, this initiative targeted affluent mature residents of London and the Southeast Region. Meanwhile, a "City Breaks" component relied on radio, newspaper and online marketing to showcase Ontario's diversity to a younger, upwardly mobile demographic. This program generated 7,600 qualified responses and 22,000 web visits.

For the third consecutive year, OTMPC joined other provinces in CTC's highly successful German summer insert campaign. In March, a five-week Ontario-only television campaign, coordinated with the CTC and in partnership with DERTOUR, aired on major German stations.

Ontario was also a key partner in a new "Villes Jeunes" City Breaks print advertising initiative of the CTC in France which promoted Toronto and Montreal as trendy, sophisticated destinations to a young, upscale market.

Media relations successes included a visit to Toronto and Ottawa from the BBC's venerable *Antiques Roadshow*, with an audience of 10 million people in Britain alone. Episodes aired across Australia, Canada, France, Germany, Japan and the United Kingdom. More than four million consumers in Germany experienced Ontario's "rolling billboard" motor home featuring three of Toronto's art moose. At the *Corroborees* and *Canada Calls* trade shows in Australia and New Zealand, OTMPC staff made presentations to more than 1,400 trade representatives in eight cities.

"The joint marketing campaign allowed us to provide a focus on Ontario during peak booking months, rather than solely marketing Ontario in more generic campaigns."

—Mark Vile, Thomas Cook Holidays/Accoladia

ASIA-PACIFIC MARKET

The Asia-Pacific market represents a small percentage of all trips to Ontario but contributes about 5 per cent of all visitor expenditures making it a lucrative target. Japan is the largest market in this region, accounting for approximately 29 per cent of all Asia-Pacific visits.

While the events of September 11 compounded the slow-down in Asian tourism, OTMPC's strategy has been to remain active and build long-term market share.

Fiscal year 2001–2002 saw the addition of three new Joint Marketing Agreement (JMA) partners in the region, and OTMPC increased partnership-leveraged dollars by approximately \$300,000—an increase of 430 per cent over the previous year.

A new product—the Ontario Garden and Arboreta Tour—was launched at the Kanata trade show in October 2001, complementing the successful Maple Kaido "seeing the fall colours" product. The past year also saw the launch of a new Japanese web site—www.ontariotravel.jp—enabling more than 19.4 million Internet users to access information on Ontario tourism in the Japanese language for the first time.

As in all overseas markets, OTMPC works closely with the CTC in the Asia-Pacific region, partnering on such initiatives as the "Yellow Canada" consumer print campaign targeting affluent women in Japan and an Ontario-only magazine advertising campaign that featured several lifestyle themes to encourage spring/summer visitation by high-yield travellers. Additionally, Nagoya TV Japan, Chia Tai TV China and Australia's *Today Show* all showcased core Ontario tourism products in programs that reached more than 36 million viewers.

TOURISM CONSUMER INFORMATION SYSTEM

OTMPC's new Tourism Consumer Information System (TCIS) was developed in 2001–2002—a \$16.2 million investment over three years to meet the growing demand for more integrated marketing channels and online consumer support. TCIS will combine and integrate our call centre, fulfillment centre, customer services database, business-to-consumer (B2C) and business-to-business (B2B) web sites.

Consumers will be able to interact with OTMPC in the channels most conducive to their travelling needs. Online, they will have a multitude of travel tools at their disposal at www.ontariotravel.net and OTMPC will be able to extend its marketing reach to include permission-based initiatives and more targeted messaging.

This system will also provide more in-depth research and better communication channels for Ontario's tourism industry. The new system will be launched in October 2002.

PRODUCT DEVELOPMENT

City product successes in 2001–2002 include OTMPC with Tourism Toronto and suppliers across Ontario, working cooperatively to host the annual Meeting Planners International (MPI) conference, 2002—the largest and most influential meeting of its kind for Meetings Convention and Incentive Travel (MC&IT) market—an important growth travel segment with high leisure travel conversion.

Spas Ontario, an association of 21 spa operators who have been able to build on consumer interest in Health Tourism, also achieved impressive results reporting 14,500 room nights and 34,000 spa treatments this last year.

A new Winter Solstice program in the Ottawa region packaged high quality cultural experiences with accommodation, shopping and dining, and was promoted across Canada with strong results.

Outdoor product successes include the 2001 launch of a *Muskie Alliance* comprising 21 tourism operators from the Kawarthas, Kenora and Parry Sound to jointly promote catch-and-release packages for Ontario's shoulder season. *Paddling Ontario*, the most mature product in the outdoor portfolio,

continued to garner considerable media interest in the effort to make Ontario the destination of choice for paddlers in the United States and Canada.

Touring product successes in 2001–2002 include the launch of a *Journeys of Discovery Alliance* of 12 icon heritage partners aimed at bringing visitors to smaller centres across Ontario by linking hands-on cultural and heritage learning experiences and evening programs to overnight stays.

The 150th anniversary of the book *Uncle Tom's Cabin*, led to the *Underground Railroad Alliance* to jointly promote black heritage sites in

Buxton, Chatham, Owen Sound, Sandwich and other communities. The *Theatre in Ontario Alliance* launched *Just the Ticket* in April 2002 combining great theatre with fine dining and unique accommodations to create memorable weekend getaway packages—the pilot phase resulted in the sale of more than 1,200 packages.

“OTMPC's Journeys of Discovery Alliance has allowed us to enter into markets that would be impossible for us to reach on our own.”
—Bill Byrick, Canadian Canoe Museum

Product Alliance Snapshot:

Number of current alliances:	15
Number of alliance partners:	228
Total partner dollars provided:	\$1.17 million (45.8 per cent)
Total OTMPC dollars provided:	\$1.38 million (54.2 per cent)
New alliances in development	12

Through the Tourism Event Marketing Partnership Program (TEMPP), OTMPC partners with local organizers to increase their marketing power. Since the program was created in 1998, it has assisted in the marketing of 237 events and festivals with more than \$6.2 million. In 2001–2002 OTMPC worked with local partners to market 93 events province-wide.

Events included the *CKCU Ottawa Folk Festival*, the *Festival National de L'Humour* in Hearst, Upper Canada Village's *Alight At Night*, the *Grand Bend Motorplex* and *Concerts at the Barn* in Campbellford.

PARTNERSHIP SUPPORT

In addition to public funding, investment by the tourism industry in OTMPC's programs and initiatives has been critical to successfully market Ontario.

Partnership contributions via cash, in-kind services, or leveraged dollars has steadily increased since OTMPC's inception enabling the organization to evolve its leadership role in areas such as marketing expertise, creative execution and stakeholder facilitation.

By working in partnership with Destination Marketing Organizations (DMOs), the CTC, a number of overseas tour operators and more than 9,000 tourism suppliers across the province, 2001-2002 saw strong leverage and cash flows for OTMPC.

Partner Investment (in millions)

	1999-2000		2000-2001		2001-2002	
	Target	Actual	Target	Actual	Target	Actual
Cash	3.5	1.9	4.4	4.2	5.3	6.1
Leverage	3.0	7.3	5.0	6.9	7.0	8.2
In-kind	1.7	1.4	2.1	0.8	2.3	1.1
Operations	0.3	0.1	0.5	0.2	0.8	0.2
	8.5	10.7	12.0	12.1	15.4	15.6

Cash:

Dollar amount received by OTMPC directly or through an intermediary for participation in an OTMPC-led and -delivered program.

Leverage:

Dollar value of the advantage that OTMPC's investment in projects create.

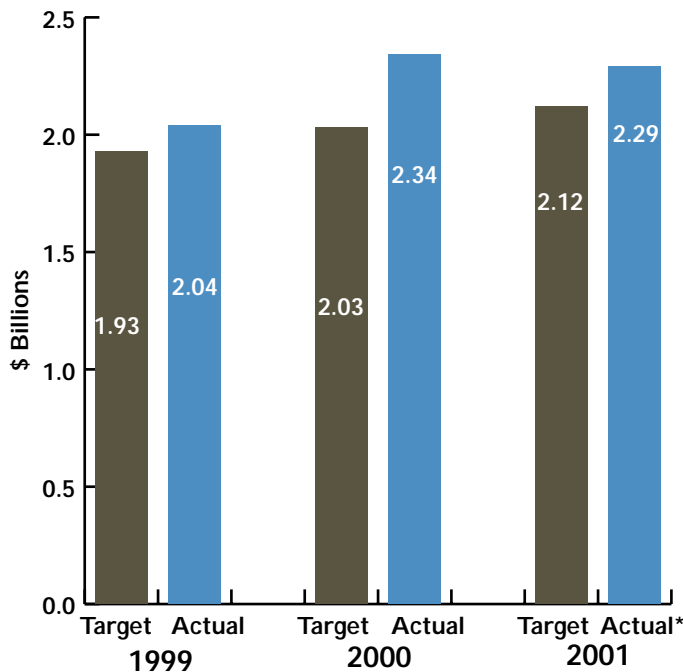
In-kind:

Fair-market value of services provided by industry partners in the participation of OTMPC-led and -delivered programs.

Operations:

Revenue from operations earned by Travel Information Centres.

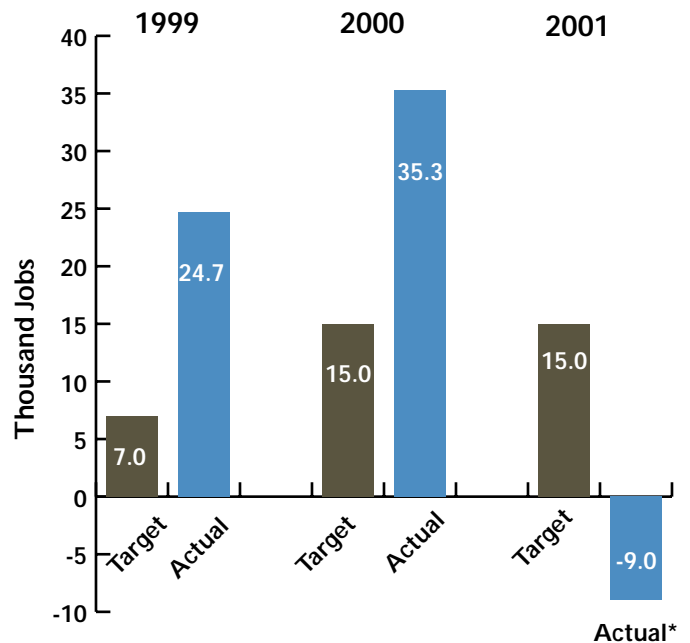
Provincial Tax Revenues



* preliminary estimate

- Source: Ministry of Tourism, Culture and Recreation Economic Impact Model
- 2001 estimated based on 2000 model

Increase in Employment



* preliminary estimate

- Source: Ministry of Tourism, Culture and Recreation Economic Impact Model
- 2001 estimated based on 2000 model
- Employment includes direct and indirect full time, part-time, seasonal employment as well as self-employment



(Left) "Just the Ticket" ad
 (Centre) Winter Solstice Campaign
 (Right) Detail from Domestic direct mail postcard

AUDITOR'S REPORT

To the Ontario Marketing Partnership Corporation

I have audited the balance sheet of the Ontario Tourism Marketing Partnership Corporation as at March 31, 2002, and the statements of operations and accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2002, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
 September 27, 2002

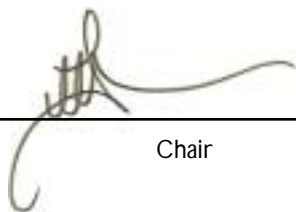
J.R. McCarter, CA
 Assistant Provincial Auditor

BALANCE SHEET As at March 31, 2002

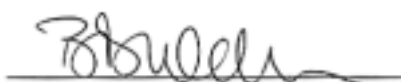
	2002 (\$000s)	2001 (\$000s)
ASSETS		
Current Assets		
Cash	3,937	2,352
Due from the Province	12,045	5,691
Accounts receivable	5,069	1,066
Prepaid expenses	46	924
	21,097	10,033
 Capital Assets (Note 3)	 1,482	 454
	22,579	10,487
 LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable	16,728	5,192
Due to Ministry of Tourism and Recreation (Note 6)	236	—
Lease obligations (Note 7)	174	—
	17,138	5,192
 Non-current Liabilities		
Lease obligations (Note 7)	395	—
Deferred revenue (Note 5)	220	402
Deferred contributions related to capital assets (Note 4)	324	454
	939	856
 Equity		
Accumulated surplus	4,502	4,439
	22,579	10,487
 Commitment (Note 9)		

See accompanying notes to financial statements.

Approved on behalf of the Board:



 Chair



 Director

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the year ended March 31, 2002

	2002 (\$000s)	2001 (\$000s)
Revenues		
Province of Ontario	51,806	41,073
Advertising sales	5,822	3,958
Trade promotions	286	275
Commissions – sales and rentals	—	240
Amortization of deferred contributions (Note 4)	130	130
Government of Canada	—	127
	<u>58,044</u>	<u>45,803</u>
Expenses		
Advertising and sales promotion	39,984	22,563
Administrative expenses (Note 8)	3,536	5,544
Tourism consumer information system	5,152	4,175
Trade development	2,760	2,596
Accommodation	158	1,863
Product development and research	3,219	1,822
Events marketing program	2,435	1,546
Grants for tourism development	—	500
Information technology	293	474
Board and Committee expenses (Note 10)	314	380
Amortization of capital assets	130	130
	<u>57,981</u>	<u>41,593</u>
Excess of revenues over expenses	63	4,210
Accumulated surplus, beginning of year	<u>4,439</u>	<u>229</u>
Accumulated surplus, end of year	<u>4,502</u>	<u>4,439</u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS For the year ended March 31, 2002

	2002 (\$000s)	2001 (\$000s)
Cash provided by (used in) operating activities		
Excess of revenues over expenses	63	4,210
Add (deduct) non-cash items:		
Amortization of capital assets	130	130
Amortization of deferred contributions related to capital assets	(130)	(130)
	<u>63</u>	<u>4,210</u>
Change in non-cash operating working capital	2,111	(4,887)
	<u>2,174</u>	<u>(677)</u>
Cash (used in) provided by investing and financing activities		
Capital asset additions	(1,158)	—
Lease obligations	569	—
	<u>(589)</u>	<u>—</u>
Increase (Decrease) in cash during the year	1,585	(677)
Cash, beginning of year	<u>2,352</u>	<u>3,029</u>
Cash, end of year	<u>3,937</u>	<u>2,352</u>

1. NATURE OF CORPORATION

The Ontario Tourism Marketing Partnership 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 Corporation commenced active operations on April 1, 1999. The objects of the Ontario Tourism Marketing Partnership 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.

In accordance with the Regulation, the Corporation is to be dissolved on March 31, 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are the representations of management and are prepared in accordance with Canadian generally accepted accounting principles.

(b) Revenue Recognition

Revenue for designated activities received prior to the year in which the activities are to be carried out are recorded in the balance sheet as deferred revenue, and recognized as revenue in the year when the related expenses are incurred.

(c) Donated Services

The Corporation benefits from 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

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Amortization is provided on a straight-line basis over the estimated useful lives of the assets, with half a year amortization taken in the year of acquisition and disposition, as follows:

Furniture	5 years
Leasehold improvements	5 years
Tourism Consumer Information System	5 years

(e) Financial Instruments

The Corporation's financial instruments consist of cash, due from the Province, accounts receivable, accounts payable and due to the Ministry. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(f) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

3. CAPITAL ASSETS

	March 31, 2002			2001
	Cost (\$000s)	Accumulated Amortization (\$000s)	Net Book Value (\$000s)	Net Book Value (\$000s)
Furniture	253	127	126	177
Leasehold Improvements	396	198	198	277
Tourism Consumer Information System (TCIS) under development	1,158	—	1,158	—
	<u>1,807</u>	<u>325</u>	<u>1,482</u>	<u>454</u>

Amortization of the TCIS will commence in fiscal 2003 when the system becomes operational.

4. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the amount of capital assets contributed by the former Ministry of Economic Development, Trade and Tourism that have not yet been amortized. The contributions are amortized and recognized as revenue over the same period as the underlying contributed

capital assets that are being amortized. The changes in the deferred contributions balance for the year are as follows:

	(\$000s)
Balance, beginning of year	454
Less amounts amortized to revenue	130
Balance, end of year	<u>324</u>

5. DEFERRED REVENUE

Deferred revenue includes \$200,000 (2001 - \$200,000) representing funding from Government of Canada towards the National Tourism Association Convention to be held in 2004.

6. DUE TO MINISTRY OF TOURISM AND RECREATION

Effective April 1, 2001, responsibility for the operations of the Travel Information Centres at leased facilities was transferred from the Corporation to the Ministry of Tourism and Recreation. Pursuant to a memorandum of understanding, the Corporation acts as banker on behalf of the Ministry, to hold certain revenue received from the Centres and pays certain expenses incurred out of the revenues received. Revenues and expenses related to the Centres are therefore not reflected in the statement of operations and accumulated surplus for fiscal 2002. The net amount remaining is reflected as an accounts payable to the Ministry.

7. LEASE OBLIGATIONS

Lease obligations represent the balance of the commitments for the equipment and software licences used in the Tourism Consumer Information System made under the nature of capital leases. The changes in the lease obligations balance are as follows:

	2002 (\$000s)	2001 (\$000s)
Lease obligations, beginning of year	—	—
Add: new capital leases	569	—
Less: payments made on capital leases	<u>—</u>	<u>—</u>
Lease obligations, end of year	<u>569</u>	<u>—</u>
Current lease obligations	174	—
Non-current lease obligations	395	—

8. ADMINISTRATIVE EXPENSES

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

	2002 (\$000s)	2001 (\$000s)
Salaries and benefits	2,831	5,139
Transportation and communications	183	159
Services	475	182
Supplies and equipment	<u>47</u>	<u>64</u>
	<u>3,536</u>	<u>5,544</u>

The Corporation provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) which are both multi-employer defined benefit pension plans established by the Province. These plans are accounted for as defined contribution plans, as the Corporation has insufficient information to apply defined benefit plan accounting to these pension plans. The Corporation's contributions related to the PSPF and OPSEU Pension Fund for the year were \$84,141 (2001 - \$239,490) and are included in salaries and benefits.

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

9. COMMITMENT

The Corporation signed an agreement in August, 2001, for a supplier to develop and operate a Tourism Consumer Information System (TCIS). The agreement includes paying the supplier for equipment and software licences acquired in the nature of capital leases. Future payments under the TCIS agreement are as follows:

	(\$000s)
2002/03	5,484
2003/04	3,533
2004/05	3,651
2005/06	<u>340</u>
	<u>13,008</u>

10. BOARD AND COMMITTEE EXPENSES

Board and committee members are reimbursed for travel expenses incurred to attend board of directors and related committee meetings.