DESTINATION ONTARIO

Financial Statements

For the Year Ended March 31, 2026

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For the year ended March 31, 2026

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Management Report

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

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

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

Ronald Ting

Vincenza Ronaldi
President and CEO
June 17, 2026

Ronald Ting
Treasurer
June 17, 2026

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Independent Auditor's Report

To the Board of Directors of Destination Ontario

Opinion

We have audited the financial statements of Destination Ontario (the "Corporation"), which comprise the statement of financial position as at March 31, 2026, and the statement of operations, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2026, and its results of its operations, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Matter

The financial statements for the year ended March 31, 2025, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 12, 2025.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 18, 2026

Statement of Financial Position

	March 31 2026 ($ 000)	March 31 2025 ($ 000)
ASSETS		
Current		
Cash	**4,120**	3,171
Accounts receivable (Note 3)	**542**	788
Prepaid expenses	**77**	31
	4,739	3,990
Capital assets (Note 4)	**7**	37
	4,746	4,027
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	**5,096**	3,075
Obligation for retirement benefits (Note 2h)	**408**	369
	5,504	3,444
Obligation for retirement benefits (Note 2h)	**584**	650
Deferred capital contributions (Note 5)	**-**	-
	584	650
	6,088	4,094
Net deficiency		
Unrestricted fund	**(1,349)**	(104)
Investment in capital assets	**7**	37
	(1,342)	(67)
	4,746	4,027

Commitments (Note 9)

Approved on behalf of the board:

Board Chair

Member, Audit Committee

The accompanying notes are an integral part of these financial statements

DESTINATION ONTARIO

Statement of Operations

For the year ended March 31	2026 ($ 000)	2025 ($ 000)
Revenues		
Province of Ontario grant (Note 6)	**42,158**	33,555
Advertising sales	**2,328**	3,094
Travel Information Services - sales	**251**	292
Interest Income	**217**	341
Amortization of deferred capital contribution	**-**	1
	44,954	37,283
Expenses		
Advertising and marketing	**28,735**	20,829
Administration (Note 7)	**9,084**	9,315
Travel Information Services (Note 8)	**5,338**	5,482
Partnerships and sales	**2,185**	1,263
Technology operations	**513**	826
Research	**337**	278
Amortization of capital assets	**29**	91
Board and committee expenses (Note 11)	**8**	6
	46,229	38,090
Deficiency of revenues over expenses	**(1,275)**	(807)

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

For the year ended March 31

	Unrestricted Fund ($ 000)	**Investment in Capital Assets ($ 000)**	**2026 Total ($ 000)**	2025 Total ($ 000)
Net assets, beginning of year	**(104)**	**37**	**(67)**	740
Deficiency of revenues over expenses for the year	**(1,245)**	**(30)**	**(1,275)**	(807)
Net (deficiency) assets, end of year	**(1,349)**	**7**	**(1,342)**	(67)

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

For the year ended March 31	2026 ($ 000)	2025 ($ 000)
OPERATING		
Deficiency of revenues over expenses	**(1,275)**	(807)
Add (less) non-cash items:		
Amortization of capital assets	**30**	91
Amortization of deferred capital contributions	**-**	(1)
	(1,245)	(717)
Change in non-cash working capital (Note 10)	**2,221**	(183)
Obligation of employee future benefits	**(27)**	133
	949	(767)
Increase (decrease) in cash during the year	**949**	(767)
Cash, beginning of year	**3,171**	3,938
Cash, end of year	**4,120**	3,171

The accompanying notes are an integral part of these financial statements

1. NATURE OF CORPORATION

Destination Ontario (the "Corporation") was established as a corporation without share capital on November 30, 1998 pursuant to Ontario Regulation 618/98 made under the *Development Corporations Act.* The Regulation was amended by Ontario Regulation 271/04 in September, 2004 to extend the mandate of the Corporation indefinitely. The Corporation commenced active operations on April 1, 1999. In the fall of 2017, the Corporation announced a new corporate operating name, Destination Ontario. Destination Ontario became the official legal name of the Corporation pursuant to Ontario Regulation 231/24 as of June 7, 2024. The objects of the Corporation are:

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Revenue Recognition

The Corporation follows the deferral method of accounting for revenues.

Province of Ontario Grant

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

Advertising Sales

Revenue from Advertising sales is recognized in the period in which the program is run, the amount can be reasonably estimated and collection is reasonably assured.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Revenue Recognition (continued)

Travel Information Services – Sales
Revenue from Travel Information Services – Sales is recognized when the Corporation realizes sales over and above the cost of consigned merchandise and tickets.

Interest Income

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

(c) Partner Support

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

(d) Capital Assets

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

(e) Deferred Capital Contributions

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

(f) Use of Estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates as additional information becomes available in the future. Accounts requiring significant accounting estimates include amortization of capital assets, accrued liabilities, obligation for retirement benefits, and deferred capital contributions.

(g) Financial Instruments

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

The Corporation is exposed to liquidity risk. Liquidity risk is the risk that the Corporation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that as a result of operational liquidity requirements, the Corporation will not have sufficient funds to settle the transaction on a due date

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Retirement Benefits

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

(i) Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as follows:

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

3. CREDIT RISKS RELATED TO FINANCIAL INSTRUMENTS

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

Below the accounts receivable aging is summarized:

				2026 ($ 000)
	Current	**+60 Days**	**+90 Days**	**Total**
General accounts receivable	**65**	**8**	**23**	**96**
Harmonized Sales Tax ("HST") receivable	**446**	**-**	**-**	**446**
Totals	**511**	**8**	**23**	**542**

				2025 ($ 000)
	Current	+60 Days	+90 Days	Total
General accounts receivable	403	25	15	443
HST receivable	345	-	-	345
Totals	748	25	15	788

4. CAPITAL ASSETS

	2026 ($ 000)		2025 ($ 000)	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Web Strategy	**2,299**	**2,293**	2,299	2,268
Leasehold improvements	**1,106**	**1,106**	1,106	1,106
Furniture	**174**	**173**	174	168
	3,579	**3,572**	3,579	3,542
Cost less accumulated amortization		**7**		37

5. DEFERRED CAPITAL CONTRIBUTIONS

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

	2026 ($ 000)	2025 ($ 000)
Opening balance	**-**	1
Amortization	**-**	(1)
Ending balance	**-**	-

6. REVENUE: PROVINCE OF ONTARIO

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

	2026 ($ 000)	2025 ($ 000)
Core funding	**32,968**	32,968
BMB We Stand Campaign	**6,990**	-
Bill 124 Retroactive Awards	**1,158**	473
FIFA Activation	**900**	-
Summer Experience Program	**142**	114
	42,158	33,555

7. ADMINISTRATIVE EXPENSES

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

	2026 ($ 000)	2025 ($ 000)
Salaries and benefits	**7,869**	7,990
Lease	**805**	775
Services	**227**	368
Supplies and Equipment	**96**	120
Transportation and communications	**87**	62
	9,084	9,315

The Corporation provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) which are both multi-employer defined benefit pension plans established by the Province. These plans are accounted for as defined contribution plans, as the Corporation has insufficient information to apply defined benefit plan accounting to these pension plans. Included in salaries and benefits are contributions to the PSPF and OPSEU pension funds for the year of $569,000 (2025 – $568,000).

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

8. TRAVEL INFORMATION SERVICES

The expenditures for the Travel Information Services are as follows:

	2026 ($ 000)	2025 ($ 000)
Salaries and benefits	**2,921**	3,044
Lease	**1,417**	1,430
Services	**493**	402
Supplies and equipment	**235**	292
Merchandise for sale	**192**	225
Transportation and communication	**80**	89
	5,338	5,482

Included in salaries and benefits are contributions to the PSPF and OPSEU pension funds for the year of $160,000 (2025 - $182,000).

9. OPERATING LEASES

The Corporation has various operating leases for its premises expiring up to the 2028/2029 fiscal year. The minimum annual payments are as follows:

	($ 000)
2027	871
2028	871
2029	145
	1,887

10. CHANGE IN NON-CASH WORKING CAPITAL

	2026 **($ 000)**	2025 ($ 000)
Decrease in accounts receivable	**246**	95
Increase (decrease) in prepaid expenses	**(46)**	3
Increase (decrease) in accounts payable and accrued liabilities	**2,021**	(256)
Decrease in deferred revenue	**-**	(25)
	2,221	(183)

11. BOARD AND COMMITTEE EXPENSES

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