

TRAVEL MANITOBA

Financial Statements

For the year ended March 31, 2021

TRAVEL MANITOBA

Financial Statements For the year ended March 31, 2021

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Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of the management of **Travel Manitoba** and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to the audit report date.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of **Travel Manitoba** are fairly represented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management:

Original Document Signed

Director, Corporate Services

Original Document Signed

President and CEO

June 17, 2021



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Independent Auditor's Report

To the Members of Travel Manitoba

Opinion

We have audited the financial statements of Travel Manitoba (the "Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and accumulated surplus, change in net financial assets, remeasurement gains and 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 Organization as at March 31, 2021, and its results of operations, change in net financial assets, 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.



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 Organization'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 Organization'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 Organization 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

Winnipeg, Manitoba
June 17, 2021

TRAVEL MANITOBA Statement of Financial Position

As at March 31	2021	2020
Financial Assets		
Cash and cash equivalents (Note 3)	\$ 2,647,579	\$ 2,437,263
Trade accounts receivable	39,287	705,526
Due from the Province of Manitoba (Note 4)	16,901	25,718
	2,703,767	3,168,507
Liabilities		
Accounts payable and accrued liabilities	1,538,775	1,694,701
Employee future benefits (Note 6)	607,586	621,320
Deferred revenue (Note 7)	-	260,500
	2,146,361	2,576,521
Net Financial Assets	557,406	591,986
Non-Financial Assets		
Prepaid expenses	130,247	15,478
Tangible capital assets (Note 5)	102,881	165,280
	233,128	180,758
Contingencies and commitments (Note 9)		
Accumulated Surplus	\$ 790,534	\$ 772,744
Accumulated surplus is comprised of:		
Accumulated surplus (Page 6)	\$ 777,448	\$ 768,878
Accumulated remeasurement gains (Page 8)	13,086	3,866
	\$ 790,534	\$ 772,744

Approved on behalf of the Board of Directors:

_____ Original Document Signed _____ Director

_____ Original Document Signed _____ Director

TRAVEL MANITOBA Statement of Operations and Accumulated Surplus

For the year ended March 31	2021		2020
	Budget	Total	Total
Revenue			
Province of Manitoba	\$ 13,865,000	\$ 13,865,000	\$ 12,089,000
Partnership and leveraged marketing	260,000	43,949	1,176,805
Other initiatives - Federal and provincial funding	1,000,000	1,300,000	430,000
Other	50,000	80,336	82,304
	15,175,000	15,289,285	13,778,109
Expenses (Note 12)			
Marketing and industry relations	13,480,005	13,595,975	11,693,351
Corporate services	1,049,275	1,055,868	935,577
Visitor services	563,720	557,656	784,933
Amortization	82,000	71,216	107,581
	15,175,000	15,280,715	13,521,442
Annual surplus	-	8,570	256,667
Accumulated surplus, beginning of the year	768,878	768,878	512,211
Accumulated surplus, end of the year	\$ 768,878	\$ 777,448	\$ 768,878

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

TRAVEL MANITOBA
Statement of Change in Net Financial Assets

For the year ended March 31	2021		2020
	Budget	Total	Total
Annual surplus	\$ -	\$ 8,570	\$ 256,667
Acquisition of tangible capital assets	-	(12,618)	(19,225)
Amortization of tangible capital assets	82,000	71,216	107,581
Loss on sale of tangible capital assets	-	2,266	282
Proceeds on sale of tangible capital assets	-	1,535	1,000
Increase (decrease) in prepaid expenses	-	(114,769)	14,274
Increase (decrease) in remeasurement gains	-	9,220	(6,136)
	82,000	(43,150)	97,776
Change in net financial assets	\$ 82,000	(34,580)	354,443
Net financial assets, beginning of year		591,986	237,543
Net financial assets, end of year		\$ 557,406	\$ 591,986

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

TRAVEL MANITOBA
Statement of Remeasurement Gains

For the year ended March 31	2021	2020
Accumulated remeasurement gains, beginning of year	\$ 3,866	\$ 10,002
Unrealized gain (loss) attributable to foreign exchange	9,220	(6,136)
Accumulated remeasurement gains, end of year	\$ 13,086	\$ 3,866

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

TRAVEL MANITOBA Statement of Cash Flows

For the year ended March 31	2021	2020
Cash Flows from Operating Activities		
Annual surplus	\$ 8,570	\$ 256,667
Changes in non-cash items		
Amortization of capital assets	71,216	107,581
Loss on disposal of capital assets	2,266	282
Unrealized remeasurement loss	9,220	(6,136)
Due from the Province of Manitoba	8,817	8,364
Trade accounts receivable	666,239	(385,861)
Prepaid expenses	(114,769)	14,274
Accounts payable and accrued liabilities	(155,926)	512,728
Deferred revenue	(260,500)	12,974
Employee future benefits	(13,734)	105,462
	221,399	626,335
Cash provided by operating transactions	221,399	626,335
Cash Flows from Financing and Investing Activities	-	-
Cash Flows from Capital Activities		
Acquisition of tangible capital assets	(12,618)	(19,225)
Proceeds on sale of tangible capital assets	1,535	1,000
	(11,083)	(18,225)
Net increase in cash and cash equivalents	210,316	608,110
Cash and cash equivalents, beginning of year	2,437,263	1,829,153
Cash and cash equivalents, end of year	\$ 2,647,579	\$ 2,437,263

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

TRAVEL MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

1. Nature of the Organization

Travel Manitoba was created as a Crown Corporation on April 1, 2005 under The Travel Manitoba Act as the culmination of extensive consultation and leadership from both the tourism industry and the provincial government. Travel Manitoba's mission is to increase tourism's contribution to the provincial economy by leading the marketing of Manitoba as a tourism destination by fostering a competitive and sustainable tourism industry. Travel Manitoba collaborates closely and in partnership with the tourism industry and governments to attract visitors to Manitoba, sustaining and creating jobs and businesses in the tourism sector in the province.

Travel Manitoba receives core funding from the Province of Manitoba to facilitate operations and to mobilize public and private resources to further foster the growth and professionalism of the tourism industry in Manitoba. Travel Manitoba is economically dependent on the Province of Manitoba because it derives a significant portion of its revenue from the Province of Manitoba.

2. Summary of Significant Accounting Policies

The financial statements are prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board, and reflect the following significant accounting policies:

a. Financial Assets

Cash and cash equivalents consist of cash and short-term deposits with a duration of less than ninety days from the date of acquisition.

Accounts receivable and amounts due from the Province of Manitoba are recorded at the lower of cost and net realizable value. An allowance for doubtful accounts is recorded when there is uncertainty whether the amounts will be collected.

b. Liabilities

Liabilities are present obligations as a result of transactions and events occurring prior to the end of the fiscal year. The settlement of the liabilities will result in the future transfer or use of assets or other form of settlement. Liabilities are recorded at the estimated amount ultimately payable.

TRAVEL MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

2. Summary of Significant Accounting Policies (continued)

c. Employee Future Benefits

The Organization provides retirement allowance and pension benefits to its employees.

Retirement allowances are provided to certain qualifying employees. The benefits are provided under a final pay plan. The costs of benefits earned by employees are charged to expenses as services are rendered. The costs are actuarially determined using the projected benefit method and reflect management's best estimates of the length of service, salary increases and ages at which employees will retire. Actuarial gains and losses are recognized in income immediately.

Employees of the Organization are provided pension benefits by the Civil Service Superannuation Fund ("the Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Organization is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund.

In addition, an individual has entitlement to enhanced pension benefits. The plan is based on final pay and is indexed. The cost of the benefits earned by the employee is charged to expenses as services are rendered. The cost is actuarially determined using the projected benefit method and reflects management's best estimate of salary increases and the age at which the employee will retire.

Sick leave benefits that accumulate but do not vest, are determined using present value techniques and reflect management's best estimate of future cost trends associated with such benefits and interest rates. Adjustment to these costs arising from changes in estimates and experience gains and losses are amortized to income over the estimated average remaining service life of the employee groups on a straight line basis.

d. Non-financial Assets

Non-financial assets are used to provide the Organization's services in future periods. These assets do not normally provide resources to discharge the liabilities of the organization unless they are sold. The Organization's non-financial assets include prepaid expenses and tangible capital assets.

e. Tangible capital Assets

Tangible capital assets are recorded at cost less accumulated amortization and are amortized over the estimated useful lives of the assets at the following rates:

Computer hardware	30%, declining balance
Computer software	30%, declining balance
Furniture and equipment	5%, declining balance
Leasehold improvements	5%, declining balance
VIC technology	5 years, straight line
Vehicles	5 years, straight line

TRAVEL MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

2. Summary of Significant Accounting Policies (continued)

f. Revenue Recognition

Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met. Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except to the extent that the transfer gives rise to a liability.

Partnership and marketing revenue are recognized when services are rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization recognizes revenue arising from non-monetary transactions in the period when services have been rendered if the amount to be received can be reasonably estimated and collection is reasonably assured.

g. Expenses

All expenses incurred for goods and services are recorded on an accrual basis.

h. Contributed Materials and Services

Contributed materials and services which are used in the normal course of the Organization's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

i. Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards for government not-for-profit organizations 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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

TRAVEL MANITOBA Notes to Financial Statements

For the year ended March 31, 2021

3. Cash and Cash Equivalents

The Organization invests all surplus cash into short-term deposits with the Province's Treasury Division. These deposits are made up of 30, 60 and 90 day callable term deposits.

A dedicated account has been established to safeguard the Organization's retirement allowance obligation and enhanced pension benefit costs. Interest earned will be retained in the account. The balance at March 31, 2021 is \$127,497 (\$126,789 at March 31, 2020).

The Organization has a credit facility to a maximum of \$500,000 with interest at prime plus 1% (effective rate of 3.45% as at March 31, 2021) which is secured by a general security agreement. As at March 31, 2021, the facility remains unused.

4. Due from the Province of Manitoba

Upon inception on April 1, 2005, the Organization recorded accumulated severance pay benefits receivable and payable of \$368,937 transferred from the Province of Manitoba for its employees. This receivable, or portion thereof, for the Organization, will be collected by the Organization as severance benefits are paid to employees on record as at April 1, 2005. The receivable from the Province of Manitoba at March 31, 2021 is \$16,901 (\$25,718 at March 31, 2020).

5. Tangible Capital Assets

	2021			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Vehicles	\$ 25,785	\$ -	-	\$ 25,785
Computer hardware	79,482	7,579	7,166	79,895
Computer software	61,213	-	-	61,213
Furniture and equipment	33,544	5,039	-	38,583
Leasehold improvements	46,691	-	-	46,691
VIC Technology	439,650	-	-	439,650
	686,365	12,618	7,166	691,817
Accumulated Amortization				
Vehicles	12,893	5,157	-	18,050
Computer hardware	44,071	11,676	3,365	52,382
Computer software	54,236	2,254	-	56,490
Furniture and equipment	6,341	1,612	-	7,953
Leasehold improvements	19,097	1,380	-	20,477
VIC Technology	384,447	49,137	-	433,584
	521,085	71,216	3,365	588,936
Net book value	\$ 165,280	\$ (58,598)	\$ 3,801	\$ 102,881

TRAVEL MANITOBA Notes to Financial Statements

For the year ended March 31, 2021

5. Tangible Capital Assets (continued)

	2020			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Vehicles	\$ 25,785	\$ -	\$ -	\$ 25,785
Computer hardware	79,870	14,547	14,935	79,482
Computer software	61,213	-	-	61,213
Furniture and equipment	28,866	4,678	-	33,544
Leasehold improvements	46,691	-	-	46,691
VIC Technology	439,650	-	-	439,650
	682,075	19,225	14,935	686,365
Accumulated Amortization				
Vehicles	7,736	5,157	-	12,893
Computer hardware	48,980	8,744	13,653	44,071
Computer software	51,246	2,990	-	54,236
Furniture and equipment	5,033	1,308	-	6,341
Leasehold improvements	17,645	1,452	-	19,097
VIC Technology	296,517	87,930	-	384,447
	427,157	107,581	13,653	521,085
Net book value	\$ 254,918	\$ (88,356)	\$ 1,282	\$ 165,280

6. Employee Future Benefits

Retirement Allowances

The Organization measures its accrued benefit obligation for each of the retirement allowance and enhanced pension benefits as at March 31 of each year. The most recent actuarial valuation report for the retirement allowance was at April 1, 2021 and the most recent finalized and approved actuarial valuation report for the enhanced pension benefits was at December 31, 2019.

The significant actuarial assumptions adopted in measuring the Organization's retirement allowance obligation and costs are as follows:

	2021	2020
Benefit costs for the year ended March 31		
Discount rate	5.75%	5.75%
Rate of compensation increase	3.50%	3.50%
Employer contributions	\$ 192,407	\$ 280,136

TRAVEL MANITOBA Notes to Financial Statements

For the year ended March 31, 2021

6. Employee Future Benefits (continued)

The significant actuarial assumptions adopted in measuring the Organization's enhanced pension benefit and costs are as follows:

	2021	2020
Benefit costs for the year ended March 31		
Discount rate	5.75%	5.75%
Rate of compensation increase	3.50%	3.50%
Employer contributions	\$ 17,301	\$ 17,038

Sick Leave

Sick leave benefits that accumulate but do not vest, are determined using present value techniques and are estimated to be a liability as at March 31, 2021 of \$48,000 (\$46,000 in 2020). The amount is not considered to be significant by management, and as such has not been recorded as a liability in the financial statements of the Organization.

7. Deferred Revenue

Deferred revenue represents payments received for partnership initiatives that pertain to a future period and will be recognized in the period in which the service is performed.

	2021	2020
Balance, beginning of year	\$ 260,500	\$ 247,526
Add amount received during the year	-	260,500
Less amount recognized as revenue during the year	(260,500)	(247,526)
Balance, end of year	\$ -	\$ 260,500

8. Financial Instrument Risk

The Organization is exposed to different types of risk in the normal course of operations, including credit risk and liquidity risk. The Organization's objective in risk management is to optimize the risk return trade-off, within set limits, by applying integrated risk management and control strategies, policies and procedures throughout the Organization's activities.

TRAVEL MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

8. Financial Instrument Risk (continued)

Credit Risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Organization to credit risk consist principally of trade accounts receivable, due from the Province of Manitoba, and short-term deposits.

The Organization's maximum exposure to credit risk is as follows:

	0-30 Days	31-60 Days	Over 60 Days
Trade accounts receivables (net of allowance of \$15,000)	\$ 15,895	\$ 50	\$ 23,342

Trade Accounts Receivables - The Organization is not exposed to significant credit risk as the accounts receivable are spread among a broad client base and payment in full is typically collected when it is due. The Organization establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

Due from the Province of Manitoba - The Organization is not exposed to significant credit risk related to these balances as there are underlying agreements to support their collection.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they fall due. The Organization has a planning and budgeting process in place to help determine the funds required to support the Organization's normal operating requirements on an ongoing basis. The Organization ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. To achieve this aim, it seeks to maintain cash balances to meet, at a minimum, expected requirements for a period of at least 90 days. The following table sets out the contractual maturities representing undiscounted contractual cash-flows of financial liabilities:

	0-30 Days	31-60 Days	Over 60 Days
Trade accounts payable	\$ 1,537,337	\$ 98	\$ 1,341

TRAVEL MANITOBA

Notes to Financial Statements

For the year ended March 31, 2021

9. Contingencies and Commitments

The Organization has entered into lease agreements for rental of facilities at various locations expiring in June 2035 with total annual payments of \$491,791. In addition, the Organization has entered into lease agreements for computer equipment expiring in December 2024, for total annual payments of \$18,923.

10. Non-monetary Transactions

During the current year, the Organization entered into contracts with exchanges of non-monetary services for other non-monetary services with little or no monetary consideration involved. These transactions are within normal business activities and were done in order to carry out the mandate of the Organization.

The aggregate amount of all non-monetary transactions in the current year total \$3,000 (\$62,918 in 2020).

The Organization has not incurred any gains or losses in the current year with respect to these non-monetary transactions.

11. Uncertainty Due to COVID-19

The impact of COVID-19 in Canada and on the global economy increased significantly. For the Organization, there has been a decrease in revenue due to a reduction of advertising and uncertainties regarding future advertising. As the impacts of COVID-19 continue, there could be further impact on the Organization. Management is actively monitoring the affect on its financial condition, liquidity, operations, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to fully estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity at this time.

12. Expenses by Function

	Budget	2021	2020
Communication	\$ 9,899,300	\$ 8,010,614	\$ 8,266,558
Personnel services	3,225,000	2,930,388	3,216,548
Grants/Transfer Payments	-	2,500,000	-
Supplies and services	1,200,000	1,378,545	1,053,587
Other operating	700,000	371,657	686,600
Transportation	50,000	3,567	172,521
Minor capital	18,700	14,728	18,047
Amortization	82,000	71,216	107,581
	\$ 15,175,000	\$ 15,280,715	\$ 13,521,442