

Destination British Columbia

2019/20 Annual Service Plan Report



For more information on Destination BC contact:

12th Floor, 510 Burrard Street
Vancouver, B.C.
V6C 3A8

Phone: (604) 660-2861

Fax: (604) 660-3383

Email: ContactTourism@DestinationBC.ca

or visit our website at www.DestinationBC.ca

Published by Destination BC

Board Chair's Accountability Statement



The Destination BC *2019/20 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the [2019/20 - 2021/22 Service Plan](#), created in February 2019. I am accountable for those results as reported.

Dawn Black

Dawn Black
Board Chair
June 10, 2020

Table of Contents

Board Chair’s Accountability Statement	3
Letter from the Board Chair/CEO.....	5
Purpose of the Annual Service Plan Report.....	6
Purpose of the Organization.....	6
Strategic Direction	6
Operating Environment.....	7
Report on Performance: Goals, Objectives, Measures and Targets.....	8
Financial Report.....	20
Discussion of Results	20
Financial Summary	20
Variance and Trend Analysis.....	21
Auditor’s Report	22
Audited Financial Statements	26
Appendix A: Additional Information.....	43

Letter from the Board Chair & CEO

We are pleased to report that Destination BC continues to support government and its three key commitments to British Columbians, as outlined in the [2019/20 Mandate Letter](#).

Throughout 2019/20, Destination BC engaged in regular communication with the Ministry of Tourism, Arts and Culture to ensure ongoing alignment with ministerial direction and the [2019/20 Mandate Letter](#). This included quarterly meetings of the Minister and Chair, regular meetings between the Deputy Minister and CEO, and monthly meetings of the Assistant Deputy Minister and Vice Presidents to discuss strategic priorities, performance measures and emerging opportunities. In addition, bi-weekly discussions between Government Communications and Public Engagement and Destination BC Corporate Communications were held to ensure alignment on emerging industry and public engagement opportunities. Destination BC has frequent meetings involving the CEO, Executive, Directors and all staff to ensure cross-enterprise alignment of day-to-day activities with the corporate strategy and business plan.

Accountability to the public remains a priority for Destination BC's Board of Directors, Executives and staff. Efforts for fiscal 2019/20 included:

- A continued commitment to include Code of Conduct materials in orientation packages for new Board members, and [Standards of Conduct](#) training for new staff, as well as an annual review of standards of conduct materials by existing staff;
- Participation by all new staff in the workshop, "Working Effectively with Indigenous People"; and,
- Participation in the BC Public Service's 2019/20 Work-Able Program – an internship for post-secondary graduates with disabilities, to make employment within Destination BC accessible to all British Columbians.

In addition, Destination BC remains committed to transparency to industry partners and the public; we make every effort to communicate our strategy and activities through the [corporate website](#), our corporate social media channels [Twitter](#) and [LinkedIn](#), public presentations, and a [monthly newsletter](#).

Destination BC executed its corporate strategy and business plan to maximize the return on taxpayer resources entrusted to us, and contribute to strong, sustainable tourism growth. We are committed to increasing the social, cultural, environmental and economic benefits of tourism for all British Columbians by sharing the transformative power of B.C. experiences with the world.

Dawn Black



Board Chair, Destination BC
June 10, 2020

Marsha Walden



Chief Executive Officer, Destination BC
June 10, 2020

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the [Budget Transparency and Accountability Act](#) (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown Corporation’s Board is required to report on the actual results of the Crown’s performance related to the forecasted targets documented in the previous year’s Service Plan.

Purpose of the Organization

The tourism industry generates economic, social and cultural benefits for all British Columbians by supporting the viability of community level economies, jobs and amenities and by increasing international exposure to our heritage, education system, trade opportunities and immigration prospects.

Destination BC, operating under the [Destination BC Corp. Act](#), plays a critical role in:

- Maximizing long-term tourism industry growth by providing a unifying and consistent brand and marketing strategy that motivates travellers from around the world to visit, and encourages B.C.’s residents to travel within their province.
- Providing leadership and direction for the expansion and strengthening of B.C.’s tourism destinations, products and experiences, including Indigenous cultural tourism. Destination BC delivers branding, marketing and destination development planning activities directly and through contracted third parties.

These services promote thousands of businesses, hosting millions of guests, making a significant economic and social contribution to the province. Economic performance indicators released by BC Stats for 2018, show that the tourism industry generated \$20.5 billion in revenue, an increase of 4.9 percent over 2017. In addition, tourism contributed \$8.3 billion to the provincial GDP and employed nearly 161,500 people. In 2019, British Columbia’s tourism industry experienced another year of growth, with a 2.6 percent increase in international visitor arrivals and increases in accommodation occupancy and daily room rates across many areas of the province.

Destination BC plays an important role in these successes, marketing B.C. domestically and internationally as a remarkable destination while promoting the development, enhancement and growth of the tourism industry throughout the province.

Strategic Direction

The strategic direction set by Government in 2019/20 and expanded upon in the Board Chair’s [2019/20 Mandate Letter](#) from the Minister Responsible in 2019 shaped the 2019/20 Destination BC [2019/20 - 2021/22 Service Plan](#) and results reported in this annual report.

Destination BC is aligned with the Government’s key priorities:

Government Priorities	Destination BC aligns with these priorities by:
Delivering the services people count on	<ul style="list-style-type: none"> • Assisting tourism businesses to meet and exceed guest needs and expectations. (Objective 2.1)

	<ul style="list-style-type: none"> • Creating a Powerful Marketing Network. (Goal 3)
A strong, sustainable economy	<ul style="list-style-type: none"> • Facilitating growth of overnight visitor expenditures. (Goal 1) • Collaborating with stakeholders, partners and communities to align and focus on collective marketing and development efforts. (Objective 3.1) • Creating and implementing a provincial destination development plan by working across government with regional and community organizations, and tourism business operators. (Objective 3.1) ¹

¹This alignment was changed in the [2020/21 - 2022/23 Service Plan](#) to clarify the strategic support for destination development, including the development of 20 destination development plans across the province. The development of a provincial plan was replaced by the Strategic Framework for Tourism developed by the Ministry of Tourism, Arts, and Culture.

Coordination, collaboration and alignment between Destination BC, all levels of government and industry is needed to fully realize the potential of B.C.’s tourism industry and the rural communities that depend on it. Accordingly, Destination BC has aligned its activities with the [Strategic Framework for Tourism in B.C.](#)

Operating Environment

Over the long run, sustainable tourism industry growth is the key indicator of success. However, year-to-year there are many factors, both positive and negative, that may affect the industry’s performance. In 2019/20 these included:

- High hotel occupancy rates during peak seasons in British Columbia’s city destinations has limited peak season growth potential in recent years. Working with the Ministry of Tourism, Arts and Culture and tourism industry stakeholders, Destination BC has led the creation of destination development plans across the province to address this and, in 2019/20, developed a new three-year corporate strategy to achieve greater seasonal and geographic dispersion of visitation to and within the province.
- The continued low value of the Canadian dollar against the U.S. dollar made domestic travel more appealing to Canadians and attracted American visitors, but meant higher marketing costs in the U.S.
- Further decreases in visitation from China due to a weaker exchange rate, geo-political issues and the impact of the COVID-19 pandemic.
- Slower economic growth in the European Union affected consumer confidence and discretionary spending in areas such as travel.
- Higher airfare costs from Australia to British Columbia limited growth in visitation, as did the impacts on out-bound travel of Australia’s wildfires and the COVID-19 pandemic.
- Increased air travel capacity from Mexico facilitated increased visitation from this market before the impact of the COVID-19 pandemic and demonstrated the importance of strong air access.
- The pervasive effect of the COVID-19 pandemic on the tourism industry, which led to the closing of Canada’s borders to international visitors during March 2020 followed by advice from the federal and provincial governments to all Canadians to avoid any non-essential travel.

Destination BC tracks such factors and adjusts its strategy to capitalize on opportunities and manage risks as they arise.

Report on Performance: Goals, Objectives, Measures and Targets

Destination BC is focused on achieving the following results: growing the tourism sector through high impact, innovative and creative marketing; enhancing visitor experiences through destination planning and industry development; developing and maintaining strong collaborative relationships with the tourism industry, communities, Indigenous and cross-government partners; and managing Destination BC with accountability, efficiency and effectiveness.

Key achievements in 2019/20 are categorized below using the strategic imperatives from Destination BC's corporate strategy cited in the [2019/20 - 2021/22 Service Plan](#).

Build a Powerful Marketing Network

Destination BC demonstrated a commitment to expanding its tourism marketing network with many achievements in fiscal 2019/20, with the support of our partners. Highlights for the year include:

Global Marketing

- Executed the 2019/20 Explore BC campaign, focused on B.C. residents, including advertising activities to encourage seasonal and geographic distribution, and to support B.C. Wine Month in April 2019.
- Executed the 2019/20 Global Ski campaign in Australia, Ontario and the U.S.
- Launched a partnership with IMAX to promote B.C. by featuring the Great Bear Rainforest.
- Executed the 2019/20 'The BC Effect' campaign, featuring Top Chef Brooke Williamson, in the U.S., China and Australia.
- Generated two million unique direct and indirect client referrals to tourism businesses and organizations in B.C.
- Partnered with Tourism Vancouver and Tourism Whistler to jointly work with Destination Canada on marketing B.C. in the U.S.
- Partnered with Travel Alberta, Tourisme Quebec and ski resorts across Canada, to access Destination Canada's ski co-op program in the U.S.
- Supported Destination Canada on consumer direct programs in China, U.K., Germany, Australia, and Mexico to promote travel to B.C.
- Partnered with key tour operators to generate more than \$200 million in annual tourism revenue for B.C.
- Partnered with Destination Marketing Organisations (DMOs) and tourism businesses to host over 470 press trips from all key markets, to generate earned media awareness for B.C. As a result, B.C. received coverage from major internationally recognized media, including: Sunset Magazine, OUTSIDE Magazine, SKI Magazine, The New York Times, Amazing Race Canada, National Geographic Traveler, Men's Journal, AFAR Magazine, Bloomberg, Forbes, The Times UK, Today Show Australia, Travel & Leisure Mexico, Conde Nast, and many more.
- Hosted Travel Classics in Whistler with key editors from the U.S. market, and Canada's West Marketplace in Richmond with almost 150 travel trade operators to buy tourism experiences.

- Relaunched the Media Room website to support travel media, with travel media-oriented press kits and other resources.

Brand and Content

- Launched the BC Story Network, the world's first connected story experience for travellers, with over 30 tourism partners across the province. More than 1,000 visual stories have been created by participants to-date, resulting in over 2.9 million impressions and 275,000 views.
- Increased B.C. participation in the national User-Generated Content Partnership Network (the first of its kind worldwide) to 49 organizations across the province, sharing over 230,000 user-generated photos and videos. This program allows Destination BC and participating partners (including Regional and City DMOs, sectors, and businesses) to find and share images and video from social media with each other and through their marketing channels.
- Continued to build awareness of B.C. as a destination via Destination BC's global social media program, which is active on 10 channels in seven geographic areas and four languages. This year, Destination BC reached 1.5 million followers globally, including 500,000 followers on Instagram.
- Achieved 5 million uses of the #ExploreBC, the first DMO in Canada to reach this milestone.
- Added 468 new video clips and photos to Destination BC's Content Hub, which supplies the tourism industry and travel media with high-quality photos and videos to use to promote travel to B.C. This year, 875 industry users were provided access to the BC Content Hub.

Research and Analytics

- Completed a series of research studies and data analysis to inform and evaluate Destination BC's business strategies, tactics and activities.
- Partnered with industry colleagues on innovative data initiatives (such as mobile analytics, spending data, air reservation data, advertising target audience segmentation, etc.) to better understand visitor purchase and travel patterns, and increase marketing efficiency.

Foster Remarkable Experiences

Destination BC supports visitor experiences throughout the province; some of our achievements this year are presented below:

Industry Partnerships

- Matched \$4 million in funds with industry through 57 projects under Destination BC's Co-op Marketing Partnerships Program (12 sector and 45 community consortiums), resulting in over \$8 million in consumer marketing in B.C., Alberta and Washington State.
- Invited 95 community DMO partners to participate in Destination BC's annual All Sector Meeting to enhance the sharing of sector and community planning information.
- Reviewed 57 Municipal and Regional District Tax (MRDT) designated accommodation

area tactical plans and budgets, with a further three new MRDT designated accommodation areas under review. Information from the community tactical plans was utilized by Destination BC to facilitate alignment.

- Hosted over 200 participants at the annual Vancouver, Coast and Mountains Industry Forum held by Destination BC in October 2019.
- Launched the first syndicated use of the [HelloBC.com](https://www.hellobc.com) business listings program with Indigenous Tourism BC (ITBC).

Visitor Services

- Over 2.9 million visitors were served through 112 Community Visitor Centres at their physical ‘bricks and mortar’ locations, and around their communities through roaming visitor services counsellors and street teams.
- Updated the Tourism Visitor Information Counsellor training program for visitor centre staff and volunteers. This unique course educates participants about the tourism economy, Indigenous tourism, accessibility and inclusivity, emergency preparedness, digital and mobile visitor services and the important role of a Visitor Information Counsellor. SuperHost customer service training is included.

Accessibility and Inclusion

- Developed a three-year strategy to build capacity within the tourism industry to support more inclusive and accessible tourism products, services, experiences, and meaningful employment opportunities for people with disabilities.
- Added new accessibility information to [HelloBC.com](https://www.hellobc.com), including six new mobility-focused itineraries, a stand-alone Accessibility Resources page, and the opportunity for tourism businesses to include accessible attributes and information in their product listing.
- Added new learning resources on accessibility and inclusion to Destination BC’s online Learning Centre on [DestinationBC.ca](https://www.destinationbc.ca). These resources will assist tourism businesses in building an understanding of accessible travel needs, and to build capacity to support more inclusive and accessible tourism products, services, and experiences.
- Continued to promote the hiring of persons with disabilities within the tourism industry, and shared information about the work of the [Presidents Group](#) for accessible employment, as well as accessible and inclusive employment best practices on Destination BC’s corporate social media platforms, corporate monthly newsletter, and Learning Centre.
- Completed enhancements on [HelloBC.com](https://www.hellobc.com) and [DestinationBC.ca](https://www.destinationbc.ca), allowing consumers and citizens with visual impairments to use screen readers to better access the content on both websites.

Destination Development

- Partnered with the Ministry of Tourism, Arts and Culture, Regional DMOs and ITBC on the last three (of 20) 10-year destination development planning area strategies, spanning the entire province. Metro Vancouver and Northwest BC plans were completed; work on the final planning area strategy for Haida Gwaii will continue next year.
- Dispersed \$1 million to the five Regional DMOs to support rural communities impacted

by mill closures to develop tourism opportunities that will benefit their local economies. The Regional DMOs will collaborate with rural communities in transition and government to prioritize the needs and determine what tourism investments will have the greatest impact.

Industry Development

- Launched an industry-facing Learning Centre on DestinationBC.ca designed for small to medium sized businesses to increase their knowledge and skills in tourism, including digital readiness, social media presence and the total visitor experience. During 2019/20, 23 new resources were added to the Learning Centre, with the Learning Centre garnering over 26,000 unique page views.
- Delivered 71 workshops in three subjects in communities across the province, in partnership with the Regional DMOs. Close to 1,300 tourism businesses attended these workshops.

Engage our Collective People Power

People and Development

- Delivered additional training on understanding and managing unconscious bias for all Destination BC employees. The training explored what inclusion means, and how staff can contribute to an inclusive workplace culture.
- Delivered a full day training session on how to work effectively with Indigenous Peoples for all new employees who joined Destination BC in 2019/20 and Destination BC's Board of Directors.

The following section reports on 2019/20, 2020/21 and 2021/22 targets from the [2019/20 - 2021/22 Service Plan](#).

Goal 1: Growth of Overnight Visitor Expenditures.

To increase industry revenue, British Columbia needs to attract a growing number of high yield visitors. Destination BC's marketing strategy is designed to attract more of these visitors, generating revenue for British Columbian businesses and employment for British Columbia's residents.

Objective 1.1: Our B.C. travel content captivates travellers and creates emotional urgency to visit British Columbia.

Key Highlights

- Provided captivating travel content through online and offline channels to inspire potential visitors to British Columbia.
- Promoted travel within British Columbia to residents with a particular focus on the shoulder season and encouraging travel to all areas of the province.
- Responded to changing market conditions locally and globally (e.g. air routes, visa requirements, natural disasters, competition, etc.).
- See 'Key Achievements' (pages 8-11) for more 'Key Highlights' of these 'Performance Measures'.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.1a Consumption of B.C. travel content promoted by Destination BC ¹	46 M ²	30 M	37.6 M	32 M	Maintain
1.1b B.C. tourism industry revenue ³	\$20.5 B	+5.0%	Available January 2021	+5.0% ⁴	+5.0% ⁴

¹Data source: Numbers aggregated by Destination BC based on reporting from diverse sources including Destination BC, its digital marketing agencies and marketing partners.

²The ‘2018/19 Actual’ of 46 M exceeded the target of maintaining the previous year’s actual of 28 M due in part to increased marketing investments in short haul markets: British Columbia, Alberta, and Washington State, as part of wildfire recovery efforts. The cost of generating content consumption is much lower in these markets compared with longer haul U.S. and international markets, thus content consumption during 2018/19 was higher than anticipated for the original, pre-wildfire, marketing plan. Thus the ‘2018/19 Actual’ result should be interpreted as a one-time increase due to the investment in wildfire recovery marketing efforts.

³Data source: BC Stats (measured on a calendar year).

⁴This performance measure’s targets were changed in the [2020/21 - 2022/23 Service Plan](#).

Discussion of Results

1.1a: The consumption of, and engagement with, content promoted by Destination BC measures our success in captivating potential visitors, which increases their sense of urgency to visit British Columbia, and hence visitor volume and expenditure. Content consumption increased well beyond our ‘2019/20 Target’ due to greater efficiencies in media targeting and developing content that is of interest to potential travellers.

1.1b: Tourism revenue measures the money received by businesses, individuals and governments due to tourism activities. Changes in tourism revenue reflect increases in visitor expenditures which is an indicator of performance relative to Goal 1 and an indicator of all related objectives, and reflects the growth of tourism which is a key economic driver of the British Columbia economy.

Objective 1.2: Our work amplifies traveler advocacy for British Columbia.

Key Highlights

- Cultivated a community of B.C. brand advocates to recommend travel to B.C through their networks.
- Forged new relationships with both tourism and non-tourism partners to increase awareness and distribution of the [Explore BC](#) message promoting travel within the province by B.C. residents.
- See ‘Key Achievements’ (pages 8-11) for more ‘Key Highlights’ of this ‘Performance Measure’

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.2a #ExploreBC uses by Destination BC’s brand advocates in the global social media community ^{1/2}	4.7 M	5.6 M	5.4 M	6.4 M	7.0 M

¹Data source: Numbers reported by Destination BC (using third party tracking tool).

²This performance measure was removed in the [2020/21 – 2022/23 Service Plan](#) due to changing consumer behaviour regarding hashtag use.

Discussion of Results

1.2a: The use of #ExploreBC by Destination BC’s social media brand advocates enables us to measure our success in encouraging or influencing advocacy for British Columbia as a destination to visit among their family, friends and colleagues, hence increasing visitation. This measure also indicates the use of #ExploreBC when consumers post or share content on social media. The use of #ExploreBC indicates an active level of engagement and advocacy of our content across multiple social media channels. In 2019/20, Destination BC changed the reporting methodology used to track #ExploreBC usage to track net (rather than gross) new uses. This change created a discrepancy between Destination BC’s recorded net new uses each month, and total aggregated uses reported by Instagram. This is because net new uses nets out decreases due to older content uses that were subsequently removed by Instagram. As a result of this revision in methodology, Destination BC did not meet the ‘2019/20 Target’ of 5.6 million which was set based on measuring gross, rather than net, new uses.

Objective 1.3: Increase direct and indirect customer leads to tourism businesses.

Key Highlights

- Facilitated purchases, once interest is captured, by connecting visitors directly or indirectly, through third parties, to B.C.’s tourism products and services, thus generating customer leads for British Columbia’s tourism businesses.
- Drove tourism sector marketing innovation to help create well-paying jobs in every region of the province.
- See ‘Key Achievements’ (pages 8-11) for more ‘Key Highlights’ of this ‘Performance Measure’.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
1.3a Number of customer leads for industry generated (directly or indirectly) by Destination BC through digital marketing activities ¹	13.1 M ²	4.5 M	4.7 M	4.7 M ³	5.0 M ³

¹Data source: Numbers aggregated by Destination BC based on reporting from diverse sources including Destination BC, its digital marketing agencies and marketing partners.

²The ‘2018/19 Actual’ of 13.1 M total trackable direct and indirect referrals greatly exceeded the ‘2018/19 Target’ of 4.3 M due to an increase in marketing resources dedicated to wildfire recovery efforts, due to the severity of the 2018 wildfire season, and leading to more referrals than were originally anticipated.

³This performance measure and it’s targets were changed in the [2020/21 - 2022/23 Service Plan](#). The performance measure no longer includes indirect leads; targets were updated to reflect this change.

Discussion of Results

1.3a: The number of leads for industry through Destination BC’s digital marketing activities measures our success in generating leads for tourism businesses, online travel agencies and the travel trade, who then work to convert those leads into bookings. The ‘2019/20 Target’ was exceeded due to very effective execution of planned marketing activities.

Goal 2: Remarkable Guest Experiences

Assist industry to deliver a world-class guest experience and secure the highest [Net Promoter Score®](#) in North America for British Columbia.

Objective 2.1: Work in partnership with industry and training organizations to assist tourism businesses to meet and exceed guest needs and expectations.

Key Highlights

- Delivered industry training in regions across the province, including rural communities that are diversifying, growing and strengthening their economies.
- Worked collaboratively with Visitor Services Network members, community stakeholders, local businesses, and Government partners to create more contemporary, innovative, and authentic approaches to meeting guests’ information needs as they travel throughout the province.
- Encouraged communities to continue to adopt visitor services with enhanced accessibility and promote the hiring of persons with disabilities into the tourism sector.
- See ‘Key Achievements’ (pages 8-11) for more ‘Key Highlights’ of these ‘Performance Measures’.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
2.1a Visitor satisfaction with visitor information services ¹	83.9%	NA	NA ²	Maintain or Improve	NA
2.1b Competitive ranking of British Columbia’s Net Promoter Score ³	Ranked #1 in 3 of 5 key North American markets	Maintain or Improve	Ranked #1 in 2 of 5 key North American markets	Maintain or Improve	Maintain or Improve

Data sources:

¹ Destination BC’s Visitor Satisfaction with Visitor Services Information Study (conducted by independent third-party research firm).

³ Destination BC’s Key Performance Indicator Study (conducted by independent third-party research firm). [Net Promoter Score®](#) measures the likelihood of visitors to recommend B.C. to their friends or family.

² Visitor satisfaction with visitor services is measured every second year.

Discussion of Results

2.1 a: Visitor satisfaction measures whether visitors were able to access the information and services they needed while travelling in British Columbia from sources supported by Destination BC (i.e. community Visitor Centres, HelloBC.com, social media, etc.).

2.1b: British Columbia's ranking by key North American markets measures our success, relative to competing destinations, in assisting tourism businesses to create remarkable on-the-ground experiences for their guests. B.C.'s key North American markets are B.C., Alberta, Ontario, Washington and California. In 2019/20, the performance for Net Promoter Score fell below the target. British Columbia and Ontario survey respondents ranked B.C. as #1 compared to our key competitors in each of those markets. Respondents from Alberta narrowly ranked their home province ahead of B.C., +51 for Alberta and +50 for British Columbia. A range of factors, including economic and political conditions, may have impacted the small change in how likely Albertans are to recommend travel in their home province versus British Columbia.

Goal 3: A Powerful Marketing Network

In alignment with the provincial tourism priorities, Destination BC collaborates with stakeholders, partners and communities to align and focus collective marketing and development efforts, to amplify British Columbia's competitive position in the global marketplace.

Objective 3.1: Collaborate with regional destination marketing organizations, and other key stakeholders, partners and communities to align and focus on collective marketing and destination development efforts.

Key Highlights

- Developed and supported the implementation of the provincial Destination Development Program, in partnership with the Regional Destination Marketing Organizations, including 19 of 20 local area plans and 5 of 6 regional plans to enhance tourism experiences, businesses and jobs in British Columbia, and elevate British Columbia's competitiveness as a destination for travel and investment.
- Examined Destination BC's funding support for tourism across British Columbia's regions, including service contracts with regional destination marketing organizations, in the context of other Provincial Government funding programs such as the Municipal and Regional District Tax and Resort Municipality Initiative.
- Continued Destination BC's Co-Op Marketing Partnerships Program to effectively leverage public and private funds, enhance the Corporation's marketing capacity and drive greater alignment and coordination across each of British Columbia's six tourism regions.
- Worked with B.C.'s Indigenous cultural tourism sector by providing stable and predictable support for ITBC to build and implement a robust Indigenous tourism strategy that aligns with other organizations in the provincial and national tourism ecosystem, to increase revenues and jobs and the number of market-ready Indigenous tourism businesses.
- See 'Key Achievements' (pages 8-11) for more 'Key Highlights' of this 'Performance.

Measure’.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
3.1a Tourism businesses’ satisfaction with Destination BC programs and services ¹	7.19 (out of 10)	Improve	NA	Improve	Improve

¹Data source: Destination BC’s annual Stakeholder Survey (conducted by independent third-party research firm). Tourism businesses comprise one of the six strata (i.e. Destination Marketing Organizations, Industry Associations and Organizations, Travel Trade, Visitor Centres, Travel Media, and Tourism Businesses) whose satisfaction is tracked through the survey. Scores of the other strata are reported elsewhere and used to inform corporate planning and program evaluation.

Discussion of Results

3.1 a: Destination BC’s annual Stakeholder Survey enables us to evaluate and improve upon the quality of programs and services delivered, and the effectiveness of communication with stakeholders. Due to the impact of the COVID-19 pandemic, Destination BC’s annual Stakeholder Survey, which is conducted in late April / early May each year, has been cancelled for the 2019/20 period; thus the ‘Tourism businesses’ satisfaction with Destination BC programs and services’ score will not be available for 2019/20.

Goal 4: Business Efficiency

Conduct our business efficiently and improve productivity in a changing environment.

Objective 4.1: We conduct our business efficiently to ensure cost effective provision of support services that meet evolving business requirements.

Key Highlights

- Lowered support services costs to increase the funds available for tourism marketing.
- Made programs, systems and knowledge more accessible, user-friendly and shareable for tourism stakeholders, while simplifying application processes and accountability reports to make it easy to do business with us.
- See ‘Key Achievements’ (pages 8-11) for more ‘Key Highlights’ of this ‘Performance Measure’.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
4.1a Percentage of Destination BC funds allocated to support services ¹	7.7%	<10%	7.4%	<10%	<10%

¹Data source: Destination BC’s annual [Financial Statements](#) (Corporate Services expenditures).

Discussion of Results

4.1a: The percentage of funds allocated to support services measures our ability to ensure we are cost effective in meeting our business requirements while improving our ability to compete in the global tourism market by dedicating more funds to tourism marketing and the provincial Destination Development Program. Support services costs include accounting operations,

facilities, administration, human resources, the Chief Executive Officer’s office, and Board expenses. Destination BC has continued to find efficiencies and increase workforce productivity through the execution of our digital workplace strategy, including the implementation of improved information management tools and processes over the past year. Additional efficiencies were created through the consolidation of our Victoria office, and the renegotiation of our Vancouver office lease. In 2019/20, Destination BC’s support services were 7.4 percent of the annual operating expenses and met the ‘2019/20 Target’.

Objective 4.2: We demonstrate business productivity to achieve and be accountable for generating customer leads and improving industry’s ability to compete globally.

Key Highlights

- Demonstrated achievement of key program outcomes, including supporting tourism marketing and industry development activities that improve industry’s ability to compete globally.
- See ‘Key Achievements’ (pages 8-11) for more ‘Key Highlights’ of these ‘Performance Measures’.

Performance Measures	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
4.2a Size of Destination BC’s global social media community of brand advocates ¹	1.5 M	1.6 M	1.7 M	1.9 M	2.1 M
4.2b a) Number of communities and sectors participating in Destination BC’s application-based co-op marketing program b) number of participating communities outside Metro Vancouver, Victoria and Whistler ²	157 (total) 124 (regional)	120 (total) 100 (regional)	153 (total) 121 (regional)	120 (total) 100 (regional)	120 (total) 100 (regional)
4.2c Net Promoter Score of Participants in the Experience Design Module of the Remarkable Experiences Program ^{3/4}	55.5	50.0 or greater	62.0	50.0 or greater	50.0 or greater

Data sources:

¹ Numbers aggregated by Destination BC based on reporting from Destination BC, its digital marketing agencies and marketing partners.

² Destination BC’s program area [public document](#) confirming participants and funding.

³ Overall evaluation of Destination BC’s learning program.

⁴ The definition of this performance measure was updated in the [2020/21 - 2022/23 Service Plan](#) to better reflect the changes in program format.

Discussion of Results

Objective 4.2 and Performance Measure 1.3a (above) relate to growing the tourism industry through business efficiency in key tourism marketing and industry development activities, while

achieving the Ministerial Directive around Destination BC’s performance-based funding, which was introduced in *Budget 2017*.

4.2a: The size of Destination BC’s global social media community of brand advocates is a key measure of the success of programs designed to encourage people to advocate for British Columbia as a travel destination to their family, friends and colleagues. Word-of-mouth referrals and recommendations are the most powerful marketing tools in the travel industry and influence 90 percent of all trips. Accordingly, Destination BC works to ensure real life stories and positive experiences, from travellers to B.C., are heard. This measure indicates the number of followers on all of Destination BC’s consumer-facing social media channels (currently includes YouTube, Facebook, Instagram, Twitter, Pinterest, Weibo, WeChat). In 2019/20, Destination BC exceeded the ‘2019/20 Target’.

4.2b: The level of participation in Destination BC’s application-based Co-op Marketing Partnerships Program measures our success in encouraging the collaboration and alignment of marketing of community Destination Management Organizations across British Columbia. As we entered the fourth year of the program, more communities became aware of the program and the opportunities of leveraged dollars with Destination BC. Communities outside the Greater Vancouver Regional District, Capital Regional District and Whistler were able to build the partnerships required to participate in the program, hence the ‘2019/20 Actual’ of ‘153 (total) / 121 (regional)’ met the ‘2019/20 Target’.

4.2c: The score of program participants in the Remarkable Experiences Program is a key measure of the success of the program in assisting tourism businesses in their efforts to deliver outstanding guest experiences. In 2019/20, Destination BC improved on the ‘2018/19 Actual’ and met the ‘2019/20 Target’.

Goal 5: Our People

Build a collaborative, insight-driven, results-focused team.

Objective 5: We attract, retain and develop highly skilled and engaged people.

Key Highlights

- Maintained the annual evaluation of employee satisfaction and engagement to assist the Board of Directors and senior management in identifying opportunities to build employee engagement, continue talent development by providing employees with ongoing learning opportunities, increase our capacity to innovate, strengthen our ability to compete for top talent, and uphold our commitment to diversity and inclusion to maintain a stable and thriving workplace.
- See ‘Key Achievements’ (pages 8-11) for more ‘Key Highlights’ of this ‘Performance Measure’.

Performance Measure	2018/19 Actuals	2019/20 Target	2019/20 Actuals	2020/21 Target	2021/22 Target
5.1a Employee engagement ¹	4.09 (out of 5)	Maintain or Improve	Postponed	Maintain or Improve	Maintain or Improve

¹ Data source: Destination BC’s annual Employee Engagement Survey (conducted by independent third-party research firm).

Discussion of Results

5.1a: Destination BC's annual Employee Engagement Survey enables us to measure our success in attracting, retaining and developing highly skilled and engaged people as we strive to enhance the collective capabilities of the people in our industry and in our organization. The survey assists the Board of Directors and senior management in identifying opportunities to sustain and enhance a thriving workplace. Due to the disruption to staff working arrangements caused by the COVID-19 pandemic, Destination BC's annual Employee Engagement Survey, usually conducted in April, following the end of the fiscal year, has been postponed until later in the year or 2021. Destination BC has focussed on monitoring and maintaining the emotional wellness, remote office needs, and productivity of Destination BC employees during this time.

Financial Report

Discussion of Results

The 2019/20 fiscal year was Destination BC's seventh year of operation. Operating surpluses of \$496,000 in 2018/19 and \$184,000 in 2019/20 are reported. An accumulated operating surplus of \$1,389,000 is reported as identified in Destination BC's Statement of Financial Position.

Financial Summary

(\$ millions)	2018/19 Actual	2019/20 Budget	2019/20 Actual	2019/20 Variance
Revenue				
Contribution from Province	54.138	52.621	52.221	(0.400)
Deferred Government Contributions	0.332	0.360	.321	(0.039)
Other Income	0.398	0.147	.450	0.303
Total Revenue	54.868	53.128	52.992	(0.136)
Expenses				
Marketing	32.864	31.924	31.280	(0.644)
Destination & Industry Development	14.895	13.678	15.129	(1.451)
Strategy, Research & Communications	2.290	3.240	2.210	(1.030)
Corporate Services	3.991	3.926	3.868	(0.058)
Amortization	0.332	0.360	.321	(0.039)
Total Expenses	54.372	53.128	52.808	(0.320)
Net Income	0.496	0	.184	.184
Total Liabilities	10.034	5.046	9.156	(4.110)
Capital Expenditures	0.191	0.800	0.449	(0.351)
Accumulated Surplus	1.205	0.709	1.389	0.680

Note 1: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Note 2: 2018/19 Government transfers include \$2,620,000 received for the Tourism Events Program (TEP) which was implemented through Destination BC's Destination & Industry Development Division. 2018/19 was the last year of the TEP agreement between the Ministry of Tourism, Arts and Culture and Destination BC. The TEP agreement delegated the administration of program funding to Destination BC for events approved through an application process administered by the Ministry.

Variance and Trend Analysis

A net reduction of provincial government transfers decreased total funding to \$52.221 million in 2019/20. Destination BC received a \$1.030 million increase to base government funding as a result of the achievement of performance-based funding measures. The increase was offset by a \$2.620 million decrease in the distribution of Government's Tourism Events Program funding. 2018/19 was the last year Destination BC administered the Tourism Events Program funding on behalf of the Ministry of Tourism, Arts and Culture.

Capital expenditures were \$351,000 lower than budgeted as Destination BC developed an office reconfiguration strategy to optimize operational effectiveness, business productivity and employee engagement that will be implemented throughout 2020/21.

Risks and Uncertainties

Destination BC is funded through provincial government appropriations. Destination BC allocates this funding to programs that deliver on its mandate as described in the [2019/20 – 2021/22 Service Plan](#).

Destination BC is subject to financial pressures resulting from the increasing costs of digital marketing world-wide and the impact of the depreciation of the Canadian dollar on the cost of marketing in the U.S. and other international markets. These pressures are managed by finding efficiencies, including: investing in continual improvement of workforce productivity; developing innovative new marketing partnerships; and improving program delivery.

Auditor's Report

Management's Report

Management's Responsibility for the Destination BC Corp. Financial Statements

The Destination BC Corp. financial statements have been prepared by management in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the Destination BC Corp. financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the Destination BC Corp. financial statements. A summary of the significant accounting policies are described in Note 2 to the Destination BC Corp. financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

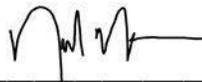
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews internal Destination BC Corp. financial statements on a quarterly basis and external audited Destination BC Corp. financial statements yearly. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the Destination BC Corp. financial statements.

The external auditors, KPMG, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the Destination BC Corp. financial statements. The external auditors have full and free access to financial management of Destination BC Corp. and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Destination BC Corp. financial statements.

On behalf of Destination BC Corp.



Marsha Walden
Chief Executive Officer



Neil McInnes
Chief Financial Officer

May 11, 2020



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Destination BC Corp., and to the Minister of the Ministry of Tourism, Arts and Culture, Province of British Columbia

Opinion

We have audited the financial statements of Destination BC Corp. (the "Corporation"), which comprise:

- the statement of financial position as at March 31, 2020;
- the statement of operations for the year then ended;
- the statement of remeasurement gains and losses for the year then ended;
- the statement of change in net debt for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2020 of the Corporation are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

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 "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' 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.



Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Other Matter – Comparative Information

The financial statements for the year ended March 31, 2019 were audited by another auditor who expressed a qualified opinion on those financial statements on May 9, 2019.

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

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia 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.

Auditors' 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 auditors' 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 the 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 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 auditors' 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 auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants

Vancouver, Canada
May 13, 2020

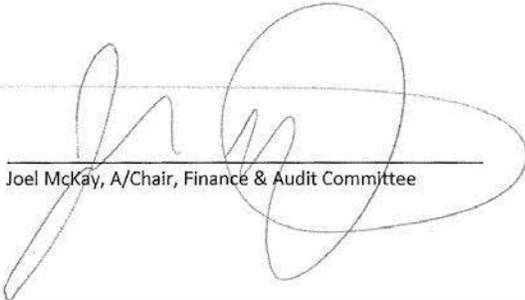
Audited Financial Statements

Destination BC Corp.
Statement of Financial Position
As at March 31, 2020, with comparative information for 2019
 [\$000s]

	<i>Note</i>	2020	2019
Financial assets			
Cash and cash equivalents	3	8,598	8,857
Accounts receivable	4	380	485
Due from Ministry of Tourism, Arts and Culture		-	674
		8,978	10,016
Liabilities			
Accounts payables and accrued liabilities	5	7,642	7,757
Due to Public Service Agency	6	933	1,375
Deferred capital contributions	7	581	902
		9,156	10,034
Net debt		(178)	(18)
Non-financial assets			
Tangible capital assets	8	1,041	913
Prepaid expenses		526	310
		1,567	1,223
Accumulated surplus			
		1,389	1,205
Accumulated surplus is comprised of:			
Accumulated operating surplus	9	1,373	1,189
Accumulated remeasurement gains		16	16
		1,389	1,205
Contractual obligations	10		

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

Signature 
 Dawn Black, Board Chair

Signature 
 Joel McKay, A/Chair, Finance & Audit Committee

Destination BC Corp.
Statement of Operations and Accumulated Surplus
Year ended March 31, 2020, with comparative information for 2019
 [\$000s]

	<i>Note</i>	Budget (note 2(k))	2020	2019
Revenues				
Government transfers	12	52,621	52,221	54,138
Program revenue	13	57	46	85
Interest income		90	404	313
Amortization of deferred capital contribution	7	360	321	332
		53,128	52,992	54,868
Expenses				
Global Marketing	14	31,924	31,280	32,864
Destination and Industry Development		13,678	15,129	14,895
Strategy, Research and Communications		3,240	2,210	2,290
Corporate Services		3,926	3,868	3,991
Amortization		360	321	332
		53,128	52,808	54,372
Annual operating surplus		-	184	496
Accumulated operating surplus, beginning of year		709	1,189	693
Accumulated operating surplus, end of year		709	1,373	1,189

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

Destination BC Corp.
Statement of Remeasurement Gains and Losses
Year ended March 31, 2020, with comparative information for 2019
[\$000s]

	<u>2020</u>	<u>2019</u>
Opening balance	16	16
Unrealized gains on foreign bank accounts	-	-
Amount of foreign exchange reclassified to the Statement of Operations	-	-
Accumulated remeasurement gains, end of year	<u>16</u>	<u>16</u>

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

Destination BC Corp.
Statement of Changes in Net Debt
Year ended March 31, 2020, with comparative information for 2019
 [\$000s]

	Budget (note 2(k))	2020	2019
Annual operating surplus	-	184	496
Acquisition of tangible capital assets	(800)	(449)	(191)
Disposal of tangible capital assets	-	-	21
Amortization of tangible capital assets	360	321	332
	(440)	(128)	162
Acquisition of prepaid expenses	-	(526)	(310)
Use of prepaid expenses	-	310	103
	-	(216)	(207)
Decrease (increase) in net debt	(440)	(160)	451
Net debt at beginning of year	(18)	(18)	(469)
Net debt at end of year	(458)	(178)	(18)

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

Destination BC Corp.
Statement of Cash Flows
Year ended March 31, 2020, with comparative information for 2019
 [\$000s]

	2020	2019
Operating transactions		
Annual operating surplus for the year	184	496
Non-cash items included in surplus:		
Amortization of tangible capital assets	321	332
Amortization of deferred capital contributions	(321)	(332)
Loss on disposal of capital assets	-	21
Change in non-cash working capital:		
Accounts receivable	105	(2)
Accounts payable and accrued liabilities	(115)	(102)
Prepaid expenses	(216)	(207)
Due from Ministry of Tourism, Arts and Culture	674	(674)
Due to Public Service Agency	(442)	131
Cash (used in) provided by operations	190	(337)
Capital transactions		
Acquisition of tangible capital assets	(449)	(191)
Decrease in cash and cash equivalents	(259)	(528)
Cash and cash equivalents at beginning of year	8,857	9,385
Cash and cash equivalents at end of year	8,598	8,857

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

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020

1. Nature of Operations

Destination BC Corp. (the “Corporation”) is a provincial Crown corporation initially created under the *Business Corporations Act* (British Columbia) on November 2, 2012, and subsequently confirmed under the *Destination BC Corp. Act*, which received Royal Assent in March 2013.

The Corporation reports to the Legislative Assembly through the Ministry of Tourism, Arts and Culture (the “Ministry”). The accumulated operating surplus includes 1 issued share of the Corporation, value \$1, which is held by the Province of British Columbia (the “Province”).

The purposes of the Corporation are to:

- a) market British Columbia domestically, nationally and internationally as a tourist destination;
- b) promote the development and growth of the tourism industry in British Columbia to increase revenue and employment in, and the economic benefits generated by, the industry;
- c) provide advice and recommendations to the minister on tourism-related matters; and
- d) enhance public awareness of tourism and its economic value to British Columbia.

The Corporation commenced operations on April 1, 2013.

The Corporation is exempt from federal and provincial income taxes but is subject to the federal goods and services tax and provincial sales tax.

The declaration of the COVID-19 virus as a pandemic by the World Health Organization on March 11, 2020, and the subsequent shut-downs globally, domestically, and locally have had a significant impact on the jurisdictions and market sectors in which the Corporation operates. The initial impact has been minimal disruptions to the Corporation’s operations and delivery. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on Corporation’s operations cannot be estimated reliably at this time.

2. Summary of Significant Accounting Policies

a. Basis of accounting

These financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province supplemented by Regulations 257/2010 and 198/2011 issued by the Province Treasury Board, referred to as the financial reporting framework (the “framework”).

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020

2. Summary of Significant Accounting Policies (continued)

a. Basis of accounting (continued)

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations to adopt Canadian public sector accounting standards ("PSAS") issued by the Canadian Public Sector Accounting Board ("PSAB") without any PS 4200 series.

Regulation 198/2011 requires that contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and, referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services. If the depreciable tangible capital asset funded by a deferred capital contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which requires government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410. As a result, revenue recognized in the statement of operations and accumulated surplus, and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

**Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020**

2. Summary of Significant Accounting Policies (continued)

b. Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Restricted grants and contributions are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors.

Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded in accordance with Regulation 198/2011 which requires that they be recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

c. Tangible capital assets

Tangible capital assets are initially recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements	10 years
Furniture and equipment	5 years
Websites, hardware and software	5 years

Assets under construction are not amortized until the asset is available for productive use.

**Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020**

2. Summary of Significant Accounting Policies (continued)

c. Tangible capital assets (continued)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Corporation's statement of operations and accumulated surplus.

Intangible assets, such as copyrights, trademarks, etc. are not recognized in these financial statements.

d. Employee future benefits

- i. The employees of the Corporation belong to the Public Service Pension Plan, which is a multi-employer joint trustee plan. This plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding.

The joint trustee board of the plan determines the required plan contributions annually.

The Corporation's contribution to the plan is recorded as an expense for the year.

- ii. The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for coverage of employees during the period.

e. Prepaid expenses

Prepaid expenses include items which are charged to expenses over the periods expected to benefit from them.

f. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Transfers include entitlements, grants and transfers under shared cost agreements. Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020

2. Summary of Significant Accounting Policies (continued)

g. Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions.

Monetary assets and liabilities included in the fair value measurement category denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are recognized in the statement of operations and accumulated surplus, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

h. Cash and cash equivalents

Cash and cash equivalents are entirely funds in bank accounts and therefore subject to an insignificant risk of change in value, other than potential exchange gains or losses on the USD bank accounts as described in Note 11.

i. Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities. Cash is recorded at fair value and all other financial instruments are measured initially at fair value and subsequently at cost or amortized cost. Due to the short-term nature of these instruments, their fair values approximate book value.

j. Measurement uncertainty

The preparation of the Corporation's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the Corporation financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets for purposes of amortization, and accrued liabilities.

Estimates are based on the best information available at the time of preparation of the Corporation's financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020

2. Summary of Significant Accounting Policies (continued)

k. Budget information:

Budgeted figures from the 2019/20 Service Plan have been provided for comparison purposes.

3. Cash and Cash Equivalents

The Corporation had cash consisting of the following:

	(in \$ thousands)	
	2020	2019
Royal Bank of Canada - CAD	8,525	8,785
Royal Bank of Canada - USD	73	72
Total	8,598	8,857

4. Accounts Receivable

	(in \$ thousands)	
	2020	2019
Accounts receivable	385	490
Less provision for doubtful accounts	(5)	(5)
Net Accounts Receivable	380	485

5. Accounts Payable and Accrued Liabilities

	(in \$ thousands)	
	2020	2019
Accounts payables and accrued liabilities	7,187	7,300
Accrued vacation pay	455	457
Total	7,642	7,757

6. Employee Future Benefits

The Corporation and its employees are subject to the *Public Service Act* and benefits are managed through the Public Service Agency (“PSA”). The Corporation makes contributions to the PSA who administers payment of benefits to employees to whom the act applies.

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020

6. Employee Future Benefits (continued)

Other employee benefits available to employees of the Corporation are:

a. Retirement benefits

The employees of the Corporation belong to the Public Service Pension Plan (the "Plan"), which is a multi-employer joint trustee plan. The Public Service Pension Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. Basic pension benefits are based on a formula. The Plan has about 64,308 active plan members, 49,546 retired plan members and 18,775 inactive members.

The latest actuarial valuation as at March 31, 2017, indicated a funding surplus of about \$1.9 billion for basic pension benefits. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The next valuation will be as at March 31, 2020, with results available in early 2021.

No pension liability is included in the Corporation's financial statements.

The Corporation's contribution of \$743 thousand (2018/19 - \$725 thousand) to the Plan was expensed during the year.

b. Other employee future benefits

Workplace safety and insurance board obligations

The Corporation is an employer under the Workers Compensation Act part 2 ("Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. The Corporation does not fund these obligations in advance of disbursement.

7. Deferred Capital Contribution

The deferred contribution consists of a capital contribution from the Province for the purpose of acquiring capital assets. The amount recorded as revenue matches the amortization expense for the year of the related capital assets. There were no new deferred capital contributions received in the current year (2019 – nil).

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020

8. Tangible Capital Assets

	(in \$ thousands)			
	Furniture and equipment under construction	Websites, hardware and software	Leasehold improvements under construction	2020 Total
Cost:				
Opening Balance	-	3,806	-	3,806
Additions	13	-	436	449
Disposals	-	-	-	-
Closing balance	13	3,806	436	4,255
Accumulated amortization:				
Opening balance	-	2,893	-	2,893
Amortization	-	321	-	321
Disposals	-	-	-	-
Closing balance	-	3,214	-	3,214
Net book value	-	592	436	1,041

	((in \$ thousands)			
	Furniture and equipment under construction	Websites, hardware and software	Leasehold improvements under construction	2020 Total
Cost:				
Opening Balance	69	3,615	-	3,684
Additions	-	191	-	191
Disposals	69	-	-	69
Closing balance	-	3,806	-	3,806
Accumulated amortization:				
Opening balance	34	2,575	-	2,609
Amortization	14	318	-	332
Disposals	48	-	-	48
Closing balance	-	2,893	-	2,893
Net book value	-	913	-	913

Amortization of leasehold improvements under construction as at year end will commence once completed and available for use.

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020

9. Accumulated Operating Surplus

	(in \$ thousands)	
	2020	2019
Invested in tangible capital assets	1,041	913
Unrestricted	332	276
Total	1,373	1,189

10. Contractual Obligations

The Corporation has entered into a number of contractual arrangements for the delivery of services in the future, the development of assets, and property leases. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	(in \$ thousands)					
	2021	2022	2023	2024	2025	Thereafter
Property leases	1,065	1,065	1,065	1,065	1,065	4,260
Other contractual arrangements	18,249	3,781	548	-	-	-
Total contractual obligations	19,314	4,845	1,612	1,065	1,065	4,260

11. Financial Risk Management

The Corporation is exposed to certain risks from the Corporation's financial instruments. Qualitative and quantitative analysis of the significant risks from the Corporation's financial instruments is provided below by type of risk.

i) Credit risk

The Corporation has limited exposure to credit risk associated with its cash, and accounts receivable. The Corporation is not exposed to significant credit risk as the receivables are due from governments. Cash is held with a Canadian chartered bank. The Corporation's maximum exposure to credit risk is limited to the carrying amount of these balances in the financial statements.

**Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020**

11. Financial Risk Management (continued)

ii) Liquidity risk

The Corporation does not have significant liquidity risk as it has sufficient cash to meet its liabilities as they come due. Accounts payable and accrued liabilities are all due within one year.

iii) Market risks

The Corporation is not subject to any significant interest rate risk or foreign currency risk.

There has been no changes to the risk exposures from the prior year.

12. Government Transfers

	(in \$ thousands)	
	2020	2019
Revenue:		
Province of British Columbia	52,221	54,138
Expenses:		
Shared cost agreements	19,116	17,616
Tourism Events Program	-	2,620
	19,116	20,236

In 2018/19, revenue included \$2.620 million received for the Tourism Events Program (“TEP”) which was implemented through Destination & Industry Development. The TEP agreement between the Ministry and the Corporation delegated the administration of program funding to the Corporation for events approved through an application process administered by the Ministry. Ministry funding was released to the Corporation as projects were approved. The Corporation ensured financial accountability through shared cost agreements with event proponents. There was no additional funding received for the TEP program during the fiscal year.

Shared cost agreement expenses include transfers to municipalities, local governments and service providers.

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020

13. Program Revenue

The Corporation earned the following program revenues during the year:

	(in \$ thousands)	
	2020	2019
Remarkable Experiences Program	16	52
Merchandise sales, royalties and other	30	33
Total program revenue	46	85

14. Expenses

The following is a summary of expenses by category:

	(in \$ thousands)	
	2020	2019
Government transfers - note 12	19,116	20,236
Advertising	10,633	9,710
Salaries and wages	7,947	7,862
Professional services	5,643	6,496
Information systems	3,011	2,806
Office and business	2,221	2,513
Employee benefits	1,982	1,849
Rental expenditures	1,133	1,506
Travel	419	548
Amortization	321	332
Materials and supplies	88	195
Other	52	95
Board expenses	73	53
Support services	169	171
Total expenses	52,808	54,372

As of March 31, 2020, the Corporation's total expenses did not exceed its legislated expenses limit.

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2020

15. Related Party Transactions

The Corporation is related through common ownership to all Province ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

The Corporation had the following transactions with the government and other government controlled organizations:

	(in \$ thousands)	
	2020	2019
Grants from the Province (note 12)	52,221	54,138
Amounts paid or due to the Ministry of Finance:		
Payroll	9,939	9,768
Building Occupancy Costs	1,137	1,545
Information Technology Services	715	776
Legal Services	118	81
Visitor Experience Support	110	47
Audit Fees	-	45
BC Stats	20	28
Postage, supplies, printing	13	24
Insurance Premiums	19	20
Corporate Communications	10	10
International Travel Trade	-	5
Other (including bank charges)	4	5

In 2018/19, grants from the Province included \$2.620M distribution to successful applicants in Province's TEP.

Appendix A: Additional Information

Organizational Overview

For an overview, please see Destination BC's [Organizational Overview](#).

Corporate Governance

Destination BC is governed by a Board of Directors that is responsible to the Minister of Tourism, Arts and Culture for the implementation of Government direction. The Board's direction is implemented by management, which carries out the day-to-day operations of Destination BC under the supervision of the Chief Executive Officer. For more information on Corporate Governance, please see our web pages on [Executive Leadership](#)

Contact Information

For more information on Destination BC contact:

12th Floor, 510 Burrard Street

Vancouver, B.C.

V6C 3A8

Phone: (604) 660-2861

Fax: (604) 660-3383

Email: ContactTourism@DestinationBC.ca

Or visit our website at www.DestinationBC.ca