

Destination BC

2021/22
Annual Service Plan Report

August 2022



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Board Chair's Accountability Statement



The *Destination BC 2021/22 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2021/22 – 2023/24 Service Plan* created in April 2021. The Board is accountable for those results as reported.

A handwritten signature in black ink, appearing to read 'Scott Fraser', written over a light gray dotted grid background.

Scott Fraser
Board Chair
July 6, 2022

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Letter from the Board Chair & CEO

In 2021, the impact of weather, flooding and wildfires and other emergency events, labour shortages, and the COVID-19 pandemic and related restrictions on travel and public gatherings had a significant impact on B.C.'s tourism industry. Despite these challenges, Destination BC continued to support the Province's five foundational principles, and other specific needs, as outlined in its 2021 [Mandate Letter](#).

The COVID-19 pandemic devastated B.C.'s valuable tourism industry, which is now showing signs of rapid recovery. Throughout fiscal 2021/22, Destination BC continued to support industry with the latest resources, information and messaging guidance, funding and development programs, and marketing campaigns, as public health circumstances and restrictions evolved. Destination BC worked in partnership with Government and industry partners to ensure that collective COVID-19 recovery efforts and plans were aligned.

Destination BC engaged in regular communication with the Ministry of Tourism, Arts, Culture and Sport to ensure ongoing alignment with ministerial direction, Public Health Orders, and Destination BC's [Mandate Letter](#). This included quarterly meetings between the Minister and Chair, regular meetings between the Deputy Minister and CEO, and weekly meetings between the Assistant Deputy Minister and Vice Presidents to discuss strategic priorities, performance measures and emerging opportunities.

Additionally, ongoing discussions between the Province's Government Communications and Public Engagement and Destination BC Corporate Communications teams were held to ensure alignment on emerging industry and public engagement needs. Destination BC also participated in cross-government calls via the Province's Joint Information Centre and Wildfire Communication Coordination, with Emergency Management BC.

The CEO also held frequent meetings involving all staff to ensure cross-enterprise alignment of day-to-day activities with our corporate strategy and business plan and hosted regular and publicly accessible industry updates to keep B.C.'s tourism industry apprised of the latest orders and activities.

Accountability to the public is a priority for Destination BC's Board of Directors, executives, and staff. Efforts for fiscal 2021/22 included a continued commitment to:

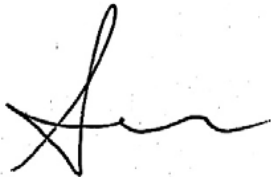
- Include Code of Conduct materials in orientation packages for new Board members, [Standards of Conduct](#) training for new staff, and disclosure of any potential conflicts of interest.
- Provide investments to Indigenous Tourism BC (ITBC), building on a well-established and collaborative relationship, to develop, support the growth, and promote Indigenous tourism throughout the province in support of a meaningful and lasting reconciliation.
- Have all new employees and new Board members participate in training focused on 'Working Effectively with Indigenous Peoples' to build a foundational understanding about the history and rights of Indigenous peoples.

- Have all new Board members complete the Governing in the Public Interest Certificate program to build a foundational knowledge needed to fulfill their governance responsibilities.
- Advance and integrate ‘Diversity, Equity, Inclusion & Accessibility’ (DEIA) within Destination BC and in all aspects of our work. A DEIA audit of Destination BC’s corporate culture was conducted to examine the organization’s current state, values, behaviours, business processes, and staff experience through a DEIA and anti-racist lens.
- In addition, an ‘Inclusive Marketing’ audit was conducted to support Destination BC’s role in authentically representing British Columbians in their marketing. The insights gathered from these audits will be incorporated into a DEIA corporate strategy and ‘Inclusive Marketing’ action plan.

Destination BC remains committed to transparency with industry partners and the public. We make every effort to communicate our strategy and activities through our staff, the [corporate website](#), our corporate social media channels ([Twitter](#) and [LinkedIn](#)), public presentations, and [newsletter](#).

Destination BC executed its corporate strategy and business plan to maximize the return on taxpayer resources entrusted to us, and contribute to a strong, sustainable tourism industry. 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.

Scott Fraser



Board Chair, Destination BC
July 6, 2022

Richard Porges



President & CEO, Destination BC
July 6, 2022

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 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 activities directly and through contracted third parties.

These services promote thousands of businesses that host millions of guests and make a significant economic and social contribution to the province. Economic performance measures released by BC Stats for 2020 show that the tourism industry generated \$7.1 billion in revenue, a decrease of 65 percent over 2019, due to the impact of the COVID-19 pandemic on the tourism industry. Tourism contributed \$2.4 billion to the provincial GDP.

Tourism revenue draws from parts of several industries: accommodation, food and beverage, retail, transportation, and other service sectors. British Columbia's provincial statistical agency (BC Stats) methodology for estimating tourism industry revenues for B.C. is measured according to calendar year. As a result, the 2021 data will not be available until early 2023.

As Destination BC continues to navigate the ongoing impacts of the COVID-19 pandemic in B.C. and around the world, it will continue to play a vital role in the recovery of the industry, striving to once again market 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 2020 and expanded upon in the Board Chair's [2021-22 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives,

performance measures, and financial plan outlined in Destination BC's [2021/22 Service Plan](#) as well as actual results reported on in this annual report.

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 2021, British Columbia's tourism industry experienced severe hardship because of the ongoing COVID-19 pandemic, and related health and travel restrictions, labour shortages resulting in businesses being unable to operate at full capacity, and the impact of emergency events (e.g. wildfires and flooding) leading to access issues. Collectively, these led to a 21 percent decrease in international visitor arrivals from 2020 and decreases in accommodation occupancy and revenue across the province. Despite these challenges, Destination BC continued to deliver its programs and services to support industry and increase immediate and future consideration.

During 2021/22, Destination BC continued to engage daily with partners, regionally, nationally, and internationally to support the industry, stay engaged with key international partners, and actively participate in the ongoing dialogue and planning for the successful recovery of the tourism sector. Destination BC focused its efforts on supporting industry via initiatives such as regular webinars, messaging guidance, an online COVID-19 resource hub, weekly research roundups, revised program guidelines, and – whenever possible within the Provincial Health Orders and guidelines – consumer-facing social media and marketing initiatives.

Destination BC continually tracks factors that affect the tourism industry and adjusts its strategy to capitalize on opportunities and manage risks as they arise.

In 2021/22, Destination BC continued to increase its capacity and resources in digital marketing, industry training, destination development and support for Regional Destination Management Organizations (RDMOs), Indigenous Tourism BC (ITBC), and co-op marketing partners.

Report on Performance: Goals, Objectives, Measures and Targets

Destination BC continues to focus 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.

Destination BC demonstrated a commitment to the tourism industry with many achievements in fiscal 2021/22, with the support of our partners. Highlights for the year include:

Assisting industry in navigating challenges:

- Developed our 'Industry Messaging Guides' to communicate the latest, on-the-ground information regarding COVID-19, flooding and landslides, wildfires, and

associated provincial state of emergency and related government health orders to their guests and visitors.

- Developed a new ‘Weekly Snapshot of B.C. Travel’ dashboard to track, monitor, and report COVID-19 impacts on British Columbia’s tourism industry including visitation to B.C., industry performance, and B.C. residents’ readiness to travel and welcome visitors to their community.
- Developed a ‘2021 Environment Scan’ to support the development of Destination BC’s 2022 Marketing Plan and annual integrated planning process.

Driving revenue to tourism businesses throughout the year:

- Launched domestic (B.C., Alberta), US (Washington), Overseas (UK, Australia, Germany) and ski (Washington, California) campaigns.
- Supported B.C. tourism businesses with the ‘Stay Local, Support Local’ campaign while COVID-19 related travel restrictions were in place, and B.C. based travel during the winter through our ‘How to Travel in B.C. this Winter’ campaign.

Working more closely with our partners:

- Embarked on building new, deeper, relationships with the Regional Destination Management Organizations (RDMOs) including implementing an integrated, joint planning process.
- Created a unique ‘Team BC’ marketing collaboration with key Community Destination Management Organizations (CDMOs) in Washington State market and helped shape a ‘Team Canada’ collaboration with Destination Canada and B.C. ski resorts in the California market.
- Worked with Indigenous Tourism BC (ITBC) to ensure that the 2022 domestic and international campaign concept ‘The BC Effect’ aligns with ITBC’s campaign concept ‘We are All Connected’.

Investing in the future of B.C.’s tourism industry:

- Moved the ‘Invest in Iconics’ strategy forward through consumer research and extensive business, community, resident, Indigenous and government engagement across B.C., and made brand refinements to the *Super, Natural British Columbia®* brand in anticipation of the new Iconics brands.
- Launched three experience development pilot programs and the ‘Power UP!’ mentoring program to empower entrepreneurs and small tourism businesses to create new and exciting visitor experiences and enhance their digital skills.

Working on self-improvement:

- Refocused our ‘Diversity, Equity, Inclusion & Accessibility’ (DEIA) efforts.
- Developed a new ‘Indigenous & Regional Partnerships’ team.

Goal 1: Growth of Overnight Visitor Expenditures

To increase industry revenue, a critical component of the tourism industry’s recovery from the COVID-19 pandemic, British Columbia needs to attract the return of high-yield visitors – international visitors who contribute higher-than-average expenditures per visit day than domestic visitors.

In 2021/22, B.C.'s marketing strategy was designed to first encourage travel by British Columbians, then other Canadians, and then to attract high-yield international visitors when international borders opened in alignment with federal Public Health Officer travel advisories. Increased visitation generates increased revenue for British Columbia businesses, and employment for British Columbia's residents.

Objective 1.1: 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 once restrictions were lifted, in line with the 'BC Restart Plan'.
- Promoted travel within British Columbia to residents, with a particular focus on the shoulder season, and encouraged travel to all areas of the province in alignment with Provincial Health Officer's orders and guidelines.
- Responded quickly to changing market conditions, locally and globally (e.g. border restrictions and testing requirements, air routes, visa requirements, natural disasters, competition with other destination markets, and the trajectory of the COVID-19 pandemic, etc.).
- Enabled greater geographic dispersion, across all seasons, of visitors and responsible travel by promoting travel routes throughout rural B.C.

Performance Measures	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.1a Consumption of B.C. travel content promoted by Destination BC (in million [M]). ¹	17.7 M	Maintain (17.7 M)	31.1 M	Maintain ³	Maintain ³
1.1b B.C. tourism industry revenue. ²	\$7.1 B	+10%	Available January 2023	+50%	+30% ³

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

² Data source: BC Stats measured on a calendar year basis.

³ Future targets for performance measure 1.1a and the '2023/24 Target' for performance measure 1.1b have been revised in the [2022/23 - 2024/25 Service Plan](#).

Discussion of Results

1.1a: The consumption of, and engagement with, content promoted by Destination BC measures success in motivating potential visitors and increasing their sense of urgency to visit British Columbia, and hence producing greater visitor volumes and expenditure.

Measurement of content consumption includes video ads watched to completion, engagements on social media, and web pages read on Destination BC's consumer website. In 2021/22, content consumption target was exceeded due to the lifting of travel restrictions, allowing Destination BC to resume marketing campaign activities in international markets.

1.1b: Tourism industry revenue measures the money received by businesses, individuals, and governments due to tourism activities. Changes in tourism industry revenue reflect increases or decreases in visitor expenditures, which is an indicator of performance relative to Goal 1 and an indicator of all related objectives. Positive growth in tourism industry revenue reflects the growth of tourism, which is a key economic driver of British Columbia's economy. The COVID-19 pandemic and on-going travel restrictions regarding domestic and international visitors have caused a significant decrease in tourism industry revenue.

Objective 1.2: Destination BC's work amplifies traveler advocacy for British Columbia

Key Highlights

- Cultivated a community of brand advocates for British Columbia 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.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.2 Size of Destination BC's global social media community of brand advocates (in million [M]). ¹	1.9 M	1.9 M	2.1 M	2.1 M	2.3 M

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

Discussion of Results

1.2: 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 trip planning.

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 (which currently includes Facebook, Instagram, Twitter, Weibo, and WeChat). In 2021/22, Destination BC achieved its goal due to targeting new Facebook fans and Instagram followers in Destination BC's key target markets.

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

Key Highlights

- Facilitated purchases, once interest was 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.
- Delivered programs to drive tourism sector marketing innovation and helped create well-paying jobs in every region of the province, including comprehensive consumer marketing campaigns in domestic and international markets, support for community-based visitor servicing, the delivery of co-operative funding to community-based initiatives across B.C., and the provision of training to increase the digital marketing proficiency of B.C.'s tourism industry.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
1.3 Number of customer leads for industry generated directly by Destination BC through digital marketing activities. ¹	565,000	650,000	740,500	845,000	Maintain or Improve

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

Discussion of Results

1.3: The number of leads for industry through Destination BC's digital marketing activities measures success in generating leads for tourism businesses, online travel agencies and the travel trade, which may then be converted into bookings. In 2021/22, Destination BC was actively marketing to both domestic and international markets. The effectiveness of marketing and strategic choice of channels contributed to Destination BC exceeding the '2021/22 Target' for this measure.

Goal 2: Remarkable Guest Experiences

Assist industry to deliver a world-class guest experience and secure the highest [Net Promoter Score®](#) (NPS) 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 online and on demand industry training and resources to tourism organizations across the province, as well as to rural communities that are diversifying, growing, and strengthening their economies.
- Worked collaboratively with 'Visitor Services Network' members, community partners, 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 promoted the hiring of persons with disabilities into the tourism sector.
- Encouraged community visitor centres to develop and adopt re-opening and operating guidelines during the COVID-19 pandemic.
- Helped make British Columbia a more inclusive and accessible tourism destination.

Performance Measures	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
2.1a Visitor satisfaction with visitor information services. ¹	N/A ¹	Establish New Baseline	83.1%	N/A	Maintain or Improve
2.1b Competitive ranking of British Columbia's Net Promoter Score. ²	N/A ³	Establish New Baseline	Ranked #1 in 3 of 5 key North American markets	Maintain or Improve ⁴	Maintain or Improve

¹ Data source: Destination BC's 'Visitor Satisfaction with Visitor Services Information' study (conducted by independent third-party research firm). Visitor satisfaction with visitor services is measured every second year.

² Data source: 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.

³ Due to the impact of the COVID-19 pandemic, Destination BC's annual competitive ranking of British Columbia's Net Promoter Score was cancelled for 2020/21.

⁴ Due to the COVID-19 pandemic, the performance measure's target was changed in the [2022/23 - 2024/25 Service Plan](#).

Discussion of Results

2.1a: Visitor satisfaction with visitor information services measures whether visitors were able to access the information and services they needed while travelling in British Columbia from sources supported by Destination BC. Examples include community Visitor Centres, the HelloBC.com website, and social media channels.

Destination BC's bi-annual 'Visitor Satisfaction with Visitor Information Services' survey was reinstated in 2021/22, and a new baseline was established, as the impacts of the pandemic on visitor information needs and services had made comparisons with previous years uninformative.

2.1b: British Columbia's ranking by other 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 in today's fiercely competitive global tourism market. This measure is closely aligned with its corporate goal: to be "the most highly recommended destination in North America".

B.C.'s key North American markets include British Columbia, Alberta, Ontario, Washington, and California. B.C. ranked first in NPS scores amongst competitors in all key domestic markets, second in Washington State and fifth in California. The COVID-19 pandemic has shifted travel preferences to closer, domestic destinations in Canada and the United States; this shift has likely resulted in travellers being more likely to recommend destinations closer to home.

Goal 3: A Powerful Marketing Network

For the purpose of this goal, the term ‘marketing’ is used in the broad sense, including destination and product development as well as distribution, advertising, and promotion. In alignment with provincial tourism priorities, Destination BC worked with partners and communities to collaboratively focus on marketing and development efforts, reduce duplication of efforts, and amplify British Columbia’s competitive position in the global marketplace.

Objective 3.1: Collaborate with Regional Destination Management¹ Organizations, and other key stakeholders, partners, and communities to align and focus on collective marketing and destination development efforts

Key Highlights

- Continued to work with the Ministry of Tourism, Arts, Culture and Sport, and the Regional Destination Management Organizations (RDMOs) on the strategic planning and reporting of the Destination Development Program to ensure alignment with provincial tourism priorities outlined in the [Strategic Framework for Tourism in B.C.](#) and Destination BC’s ‘Invest in Iconics’ strategy.
- Continued Destination BC’s Co-op Marketing Partnerships Program to leverage public and private funds effectively, enhanced the Corporation’s marketing capacity, and drove greater alignment and coordination of marketing efforts across each of British Columbia’s six tourism regions.
- Worked with B.C.’s Indigenous cultural tourism partners by providing support for Indigenous Tourism BC (ITBC) to activate the implementation of their [Indigenous Alignment Strategy](#) to increase revenues, jobs, and the number of market-ready Indigenous tourism businesses across the province, and partnered with ITBC in the development of the ‘Invest in Iconics’ strategy.
- Created opportunities for strategic alignment of marketing and data technologies across tourism organizations and businesses in all regions of B.C. to advance marketing capabilities.
- Executed tourism marketing and industry development activities, such as training and learning, that improved industry’s ability to compete globally.

¹ The term ‘Marketing’ was updated to ‘Management’ in 2021/22 – to ‘Regional Destination Management Organizations’ (RDMO) from ‘Regional Destination Marketing Organizations’ (RDMO). ‘Management’ is the term by which these organizations now wish to be referred to – to reflect the diversity of the work they do. This update is reflected in Destination BC’s [2022/23 - 2024/25 Service Plan](#).

Performance Measures	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
3.1a Tourism businesses' satisfaction with Destination BC programs and services. ¹	7.48 (out of 10)	Improve	7.79 (out of 10)	Improve	Improve
3.1b Net Promoter Score of Participants (trimmed mean) in all ongoing Destination BC delivered workshops or webinars. ²	65.8	50.0 or greater	69.1	50.0 or greater	50.0 or greater
3.1c 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. ³	175 (total) 138 (regional)	120 (total) 100 (regional)	184 (total) 144 (regional)	120 (total) 100 (regional)	120 (total) 100 (regional)

¹ Data 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 Management 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.

² Data source: Overall evaluation of Destination BC's learning program.

³ Data source: Destination BC's program area [public document](#) confirming participants and funding.

Discussion of Results

As part of the Crown's performance-based funding model, Destination BC is required to report annually on its corporate performance. The [2021/22 Service Plan](#) included four measures of corporate performance, specifically measures 1.2, 1.3, 3.1b and 3.1c.

3.1a: Destination BC's annual Stakeholder Survey enables evaluation and improvement of the quality of programs and services delivered, and the effectiveness of communication with partners. Destination BC continues to review, revise, and improve programs and services based on feedback from tourism businesses and other partners, and anticipates incremental improvements in tourism businesses' satisfaction over time.

Results of the annual Stakeholder Survey, which is conducted in April / May annually, showed an increase in overall satisfaction with Destination BC (up 0.31 from 7.48 in 2020/21 to 7.79 in 2021/22). This may reflect the growing optimism of the tourism industry as travel restrictions eased throughout the year, increasing the ability to market internationally, as well as an increase in industry communications and programming that aligned to business needs (e.g. Emergency Response Management).

3.1b: The workshops or webinars' NPS are a key measure of success in assisting tourism businesses in their efforts to deliver outstanding guest experiences, increase their digital marketing skill sets and manage the impacts of COVID-19. In 2021/22, Destination BC hosted workshops and webinars that supported both experience / product development and digital marketing through a COVID-19 lens. These programs allowed operators to plan and

implement tactics to assist with recovery. Destination BC exceeded the ‘2021/22 Target’ with a NPS of 69.1 for all workshops and webinars.

3.1c: The level of participation in Destination BC’s application-based Co-op Marketing Partnerships Program measured success in encouraging the alignment of marketing by Community Destination Management Organizations (CDMOs) across British Columbia and driving their collaboration in accessing funds, providing access to matching dollars. Both components are embraced by industry who actively participate in the program.

Alignment with the *Super, Natural British Columbia*® brand is also a requirement of the program, which contributes to high levels of participation. Destination BC exceeded the ‘2021/22 Target’ with 184 total overall participants, of which 144 were regional communities located outside Metro Vancouver, Victoria, and Whistler.

Goal 4: Business Efficiency

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

Objective 4.1: Conduct 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 partners, while simplifying application processes and accountability reports to make it easier to do business with Destination BC.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
4.1 Percentage of Destination BC funds allocated to support services. ¹	7.7%	<10%	7.7%	<10%	<10%

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

Discussion of Results

4.1: The percentage of funds allocated to support services measures Destination BC’s ability to ensure cost effectiveness in meeting business requirements, while improving the 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 a digital workplace strategy, including the implementation of digital tools and processes in support of a hybrid environment. In 2021/22, Destination BC’s support services accounted for 7.7 percent of the annual operating expenses and met the ‘2021/22 Target’.

Goal 5: Our People

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

Objective 5.1: 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.
- Continued talent development by providing employees with ongoing learning opportunities, and increasing their capacity to innovate, in turn strengthening Destination BC's ability to compete for top talent.
- Upheld commitments to diversity and inclusion, and to maintaining a stable and thriving workplace.

Performance Measure	2020/21 Actuals	2021/22 Target	2021/22 Actuals	2022/23 Target	2023/24 Target
5.1 Employee engagement. ¹	4.16 (out of 5)	Maintain or Improve	4.10 (out of 5)	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

5.1: Destination BC's annual Employee Engagement Survey enables the organization to measure success in attracting, retaining, and developing highly skilled and engaged people. The findings also inform the development and implementation of programs and training to enhance the collective capabilities of people in the industry and in the organization. The Survey assists the Board of Directors and senior management in identifying opportunities to sustain and enhance a thriving workplace.

Results of the latest survey, which is conducted in April each year for the previous fiscal year, continued to show a high level of employee engagement at Destination BC. 2021/22 results showed a slight decrease (down 0.06 from 4.16 in 2020/21 to 4.10 in 2021/22), however, results are in line with the survey results reported prior to the COVID-19 pandemic. The continued strong results reflect Destination BC's focus on monitoring and supporting the emotional wellness and remote office needs and productivity of employees during the COVID-19 pandemic which likely had a positive impact on employee engagement.

Financial Report

For the auditor's report and audited financial statements, [see Appendix B](#). These can also be found on the Destination BC website at www.DestinationBC.ca.

Discussion of Results

The 2021/22 fiscal year was Destination BC's ninth year of operation. Destination BC closed 2021/22 with an operating surplus of \$256,000 based on total revenues of \$57.78 million, and total expenses of \$57.52 million. An accumulated operating surplus of \$1.814 million is reported as identified in Destination BC's Statement of Financial Position.

Financial Summary

(\$ millions)	2020/21 Actual	2021/22 Budget	2021/22 Actual	2021/22 Variance
Revenue				
Contribution from Province	58.473	51.373	56.400	5.027
Contribution from Other Governments	12.700	0	0.990	0.990
Deferred Contributions	0.215	0.252	0.256	0.004
Other Income & Recoveries	0.159	0.120	0.130	0.010
Total Revenue	71.547	51.745	57.776	6.031
Marketing	32.979	32.342	37.489	5.147
Destination Management	31.834	11.400	12.925	1.525
Strategy, Research & Communications	2.269	3.170	2.756	(0.414)
Corporate Services	3.984	4.487	3.989	(0.498)
Amortization	0.312	0.346	0.361	0.015
Total Expenses	71.378	51.745	57.520	5.775
Net Income	0.169	0	0.256	0.256
Total [Liabilities/Debt]	18.992	7.633	11.568	3.935
Capital Expenditures	0.846	0.195	0.005	(0.190)
Accumulated Surplus	1.558	1.558	1.814	0.256

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

Variance and Trend Analysis

In 2021/22 Destination BC received additional government funding to provide much needed COVID-19 recovery support for the tourism industry. Provincial government contributions included an additional investment in international marketing. Federal government contributions focused on the investment in programs to support tourism businesses through improving businesses digital adoption and online presence, and business advisory services. Destination BC did experience an overall decrease in the total revenues primarily due to receiving additional one-time federal funding in 2020/21. Budget variances within the Marketing and Destination Management divisions reflect the costs associated with the additional 2021/22 government contributions. Capital expenditures came in below budget as the pandemic delayed the implementation of planned projects.

Risks and Uncertainties

Destination BC operations are funded through provincial government appropriations. Destination BC allocates this funding to programs that deliver on its mandate, as described in the [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.

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, Culture and Sport 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

Appendix B: Auditor's Report and Audited Financial Statements

Destination BC Corp.

Financial Statements

Year Ended

March 31, 2022

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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 LLP, 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 Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Destination BC Corp. financial statements.

Approved on behalf of Destination BC Corp.:



Richard Porges
Chief Executive Officer



Lesley Christian
Acting Chief Financial Officer

May 11, 2022



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, Culture and Sport, 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, 2022;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of remeasurement gains and losses for the year then ended;
- the statement of changes in net financial assets (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, 2022 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.

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' with a horizontal line underneath.

Chartered Professional Accountants

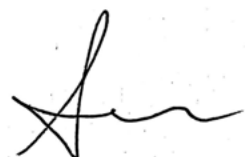
Vancouver, Canada
May 11, 2022

Destination BC Corp.
Statement of Financial Position
March 31, 2022, with comparative information for 2021
(Expressed in thousands of dollars)

	<i>Notes</i>	2022	2021
Financial assets			
Cash and cash equivalents	3	11,303	13,132
Accounts receivable	4	665	5,725
		<u>11,968</u>	<u>18,857</u>
Liabilities			
Accounts payables and accrued liabilities	5	9,937	17,154
Due to Public Service Agency	6	1,021	972
Deferred capital contributions	7	609	866
		<u>11,567</u>	<u>18,992</u>
Net financial assets (debt)		<u>401</u>	<u>(135)</u>
Non-financial assets			
Tangible capital assets	8	1,219	1,575
Prepaid expenses		195	118
		<u>1,414</u>	<u>1,693</u>
Accumulated surplus	9	<u>1,815</u>	<u>1,558</u>
 Contractual obligations	 10		

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

Approved on behalf of the Board:



Scott Fraser
Board Chair



Joel McKay
Finance & Audit Committee

Destination BC Corp.
Statement of Operations and Accumulated Surplus
Year ended March 31, 2022, with comparative information for 2021
(Expressed in thousands of dollars)

	<i>Notes</i>	2022 Budget	2022	2021
		<i>(note 2(k))</i>		
Revenues				
Government transfers	12	51,373	57,390	71,173
Program revenue	13	30	30	7
Interest income		90	100	152
Amortization of deferred capital contribution	7	252	257	215
		<u>51,745</u>	<u>57,777</u>	<u>71,547</u>
Expenses	14			
Global Marketing		32,538	37,685	33,175
Destination Management		11,400	12,925	31,834
Strategy, Research and Communications		3,170	2,756	2,269
Corporate Services		<u>4,637</u>	<u>4,154</u>	<u>4,100</u>
		<u>51,745</u>	<u>57,520</u>	<u>71,378</u>
Annual operating surplus		-	257	169
Accumulated surplus, beginning of year		<u>1,558</u>	<u>1,558</u>	<u>1,389</u>
Accumulated surplus, end of year		<u>1,558</u>	<u>1,815</u>	<u>1,558</u>

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, 2022, with comparative information for 2021
(Expressed in thousands of dollars)

	<u>2022</u>	<u>2021</u>
Accumulated remeasurement gains, beginning of year	-	16
Amount of foreign exchange realized and reclassified to the Statement of Operations and Accumulated Surplus	<u>-</u>	<u>(16)</u>
Accumulated remeasurement gains, end of year	<u>-</u>	<u>-</u>

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

Destination BC Corp.
Statement of Changes in Net Financial Assets (Debt)
Year ended March 31, 2022, with comparative information for 2021
(Expressed in thousands of dollars)

	Budget	2022	2021
	<i>(note 2(k))</i>		
Annual operating surplus	-	257	169
Acquisition of tangible capital assets	(195)	(5)	(846)
Amortization of tangible capital assets	346	361	312
	151	356	(534)
Acquisition of prepaid expenses	-	(195)	(118)
Use of prepaid expenses	-	118	526
	-	(77)	408
Change in net financial assets (debt)	151	536	43
Net debt at beginning of year	(135)	(135)	(178)
Net financial assets (debt) at end of year	16	401	(135)

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, 2022, with comparative information for 2021
(Expressed in thousands of dollars)

	2022	2021
Cash provided by (used in):		
Operating transactions:		
Annual operating surplus for the year	257	169
Non-cash items included in surplus:		
Amortization of tangible capital assets	361	312
Amortization of deferred capital contributions	(257)	(215)
Changes in non-cash operating working capital:		
Accounts receivable	5,060	(5,345)
Accounts payable and accrued liabilities	(7,217)	9,512
Prepaid expenses	(77)	408
Due to Public Service Agency	49	39
	<u>(1,824)</u>	<u>4,880</u>
Capital transactions:		
Acquisition of tangible capital assets	<u>(5)</u>	<u>(846)</u>
Financing transactions:		
Deferred capital contributions received	<u>-</u>	<u>500</u>
Increase (decrease) in cash and cash equivalents	(1,829)	4,534
Cash and cash equivalents at beginning of year	<u>13,132</u>	<u>8,598</u>
Cash and cash equivalents at end of year	<u>11,303</u>	<u>13,132</u>

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

Destination BC Corp.
Notes to the Financial Statements
Year ended March 31, 2022
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

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, Culture and Sport (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.

In 2021/22, similar to 2020/21, the impact of COVID-19 and related restrictions on travel and public gatherings had a significant impact on British Columbia’s tourism industry which will continue until these restrictions are relaxed and the sector begins to recover. Over the past year, the Corporation has continued to focus on the survival of the tourism industry. In partnership with the provincial and federal government, the Corporation has implemented key COVID-19 industry recovery programs providing much needed financial and business support. Destination BC will continue to actively engage with industry partners and key stakeholders regionally, nationally, and internationally to support the industry, stay engaged with key international partners, and actively participate in the ongoing dialogue for the successful recovery of the tourism sector.

Destination BC Corp.
Notes to the Financial Statements
Year ended March 31, 2022
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

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”).

The *Budget Transparency and Accountability Act* requires that these 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
Year ended March 31, 2022
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

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.

Contributions restricted for specific purposes other than those for the acquisition of depreciable tangible capital assets are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contributions have been met.

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 is amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	5 years
Websites, hardware and software	5 years
Leasehold improvements	Lesser of useful life or term of the lease

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

Destination BC Corp.
Notes to the Financial Statements
Year ended March 31, 2022
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

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
Year ended March 31, 2022
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

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.

i) Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and due to Public Service Agency. All 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. Areas requiring the use of management's estimates include the useful life of tangible capital assets for purposes of amortization.

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.

As the Corporation operates as one segment, no segmented disclosures are presented.

Destination BC Corp.
Notes to the Financial Statements
Year ended March 31, 2022
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

2. Summary of Significant Accounting Policies (continued)

k) Budget information:

Budgeted figures from the 2021/22 Service Plan have been provided for comparison purposes.

l) Segmented information:

As the Corporation operates as one segment, no segmented disclosures are presented.

3. Cash and Cash Equivalents

	2022	2021
Royal Bank of Canada - CAD	11,303	13,132

4. Accounts Receivable

	2022	2021
Accounts receivable	670	5,730
Less provision for doubtful accounts	(5)	(5)
Net Accounts Receivable	665	5,725

5. Accounts Payable and Accrued Liabilities

	2022	2021
Accounts payables and accrued liabilities	9,318	16,512
Accrued vacation pay	619	642
Total	9,937	17,154

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
Year ended March 31, 2022
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

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 67,762 active plan members, 52,194 retired plan members and 20,789 inactive members.

The latest actuarial valuation as at March 31, 2020, indicated a funding surplus of about \$2.7 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, 2023, with results available in early 2024.

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

The Corporation's contribution of \$842 thousand (2020/21 - \$783 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 (the "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.

Destination BC Corp.
Notes to the Financial Statements
Year ended March 31, 2022
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

7. Deferred Capital Contribution

Deferred capital contribution relates to capital contributions from the Province for the purpose of acquiring tangible capital assets. The amount recorded as revenue matches the amortization expense for the year of the related tangible capital assets acquired.

	2022	2021
Balance, beginning of the year	866	581
Contributions transferred during the year	-	500
Amortization during the year	(257)	(215)
Balance, end of year	<u>609</u>	<u>866</u>

8. Tangible Capital Assets

	Furniture and Equipment	Websites, Hardware and Software	Leasehold Improvements	2022 Total
Cost:				
Opening Balance	234	3,806	1,061	5,101
Additions	-	5	-	5
Closing balance	<u>234</u>	<u>3,811</u>	<u>1,061</u>	<u>5,106</u>
Accumulated amortization:				
Opening balance	33	3,410	83	3,526
Amortization	47	196	118	361
Closing balance	<u>80</u>	<u>3,606</u>	<u>201</u>	<u>3,887</u>
Net book value	<u>154</u>	<u>205</u>	<u>860</u>	<u>1,219</u>

Destination BC Corp.
Notes to the Financial Statements
Year ended March 31, 2022
 (Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

8. Tangible Capital Assets (continued)

	Furniture and Equipment Under Construction	Websites, Hardware and Software	Leasehold Improvements Under Construction	2021 Total
Cost:				
Opening Balance	13	3,806	436	4,255
Additions	221	-	625	846
Closing balance	234	3,806	1,061	5,101
Accumulated amortization:				
Opening balance	-	3,214	-	3,214
Amortization	33	196	83	312
Closing balance	33	3,410	83	3,526
Net book value	201	396	978	1,575

9. Accumulated Operating Surplus

	2022	2021
Invested in tangible capital assets	610	709
Unrestricted	1,205	849
Total	1,815	1,558

Destination BC Corp.
Notes to the Financial Statements
Year ended March 31, 2022
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

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. The property lease amounts are payable to the Province of British Columbia. 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.

	2023	2024	2025	2026	2027	Thereafter
Property leases	1,297	1,297	1,297	1,297	1,297	2,594
Other contractual arrangements	19,658	17,947	5,694	-	-	-
Total contractual obligations	20,955	19,244	6,991	1,297	1,297	2,594

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.

a) 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 these financial statements.

b) Liquidity risk

Liquidity risk is the risk that the Corporation will not meet its financial obligations as they become due. The Corporation manages liquidity risk by continually monitoring actual and forecasted cash flows from operations to meet its liabilities when due. Accounts payable and accrued liabilities are all due within one year.

c) Market risks

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

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

Destination BC Corp.
Notes to the Financial Statements
Year ended March 31, 2022
(Tabular amounts expressed in thousands of dollars, unless otherwise indicated)

12. Government Transfers

	2022	2021
Revenue		
Province of British Columbia	56,400	58,473
Federal Government	990	12,700
	<u>57,390</u>	<u>71,173</u>
Expenses		
Shared cost agreements	15,745	40,507
Total	<u>41,645</u>	<u>30,666</u>

In 2021/22, revenue from the Province included \$4 million for International Marketing to support the tourism industry impacted by COVID-19.

Also, in 2021/22, revenue from the Federal Government to support the tourism industry impacted by COVID-19 included \$990 thousand of PacifiCan's Regional Relief and Recovery Fund.

In 2020/21, revenue from the Province included \$5 million to support Destination BC's Tourism Recovery Strategy and \$2.1 million to support Targeted Regional Tourism Development initiatives. Both funds were distributed to support the tourism industry impacted by COVID-19. The Tourism Recovery Strategy fund was distributed through Global Marketing and the Targeted Regional Tourism Development fund was distributed through Destination Management.

Also, in 2020/21, revenue from the Federal Government to support the tourism industry impacted by COVID-19 included \$6.7 million of Western Economic Diversification Canada's Regional Relief and Recovery Fund and \$6 million of Destination Canada's Tourism Recovery fund. Both funds were distributed through Destination Management. Transfers from the Federal Government includes \$5 million in accounts receivable as at March 31, 2021.

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

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13. Program Revenue

The Corporation earned the following program revenues during the year:

	2022	2021
Miscellaneous	30	7

14. Expenses

The following is a summary of expenses by category:

	2022	2021
Government transfers (note 12)	15,745	40,507
Advertising	15,901	8,645
Salaries and wages	8,912	8,421
Professional services	7,020	4,891
Information systems	3,943	3,428
Office and business	1,767	1,635
Employee benefits	2,222	2,101
Rental expenditures	1,098	1,054
Amortization	361	312
Travel	63	17
Materials and supplies	80	75
Other	78	20
Board expenses	71	83
Support services	259	189
Total expenses	57,520	71,378

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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:

	2022	2021
Grants from the Province (note 12)	56,400	58,473
Amounts paid or due to the		
Ministry of Finance:		
Payroll	11,151	10,339
Regional Support	-	6,399
Building Occupancy Costs	1,098	1,054
Information Technology Services	767	704
Legal Services	154	56
Visitor Experience Support	56	12
BC Stats	38	30
Postage, supplies, printing	4	4
Insurance Premiums	19	18
Corporate Communications	11	9
Other (including bank charges)	3	4

In 2021/22, grants from the Province included \$4 million for International Marketing to support the tourism industry impacted by COVID-19.

In 2020/21, grants from the Province included \$5 million distribution of the Tourism Recovery Marketing fund and \$2.1 million distribution of the Targeted Regional Tourism Development fund.

In 2020/21, the Corporation worked with the provincial government to provide \$6.4 million to regional partners to support regional destination development priorities.

16. Comparative information

Certain comparative information has been reclassified to conform to this year's current financial statement presentation. There was no impact on the prior year operating surplus, net financial assets (debt) or accumulated surplus.