

DESTINATION BC CORP.

**FINANCIAL STATEMENTS
FOR THE PERIOD
NOVEMBER 2, 2012 TO MARCH 31, 2013**

Destination BC Corp.

Management's Responsibility for the Financial Statements

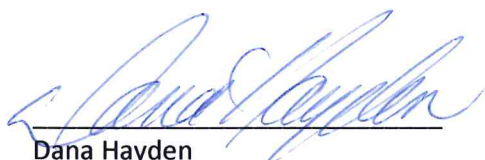
The financial statements of Destination BC Corp. for the period from November 2, 2012 to March 31, 2013 have been prepared by management in accordance with Canadian generally accepted accounting principles for the public sector. Management is responsible for the preparation of the financial statements and for the integrity and objectivity of the information contained therein. This includes ensuring that the notes to the financial statements are consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements.

Management is also responsible for established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and financial records provide reliable information for the preparation of financial statements.

The Destination BC Corp. Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board and its Finance and Audit Committee. Significant financial reporting or internal control matters are discussed by the Board and its Finance and Audit Committee prior to their approval of the corporation's financial statements.

The external auditors, the Auditor General of British Columbia, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements of Destination BC Corp. 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 financial statements of Destination BC Corp.

On behalf of Destination BC Corp.



Dana Hayden
Chief Executive Officer
Destination BC Corp.



Alex Mackie, CA
Acting Chief Financial Officer
Destination BC Corp.

Victoria, British Columbia
May 21, 2013



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of Destination BC, and
To the Minister of Jobs, Tourism and Skills Training, Province of British Columbia*

I have audited the accompanying financial statements of Destination BC (“the entity”), which comprise the statement of financial position as at March 31, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Destination BC as at March 31, 2013, and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.


Victoria, British Columbia
May 21, 2013


Russ Jones, MBA, CA
Acting Auditor General


DESTINATION BC CORP.
Statement of Financial Position
March 31, 2013

	Note	(\$000s)
Financial Assets		
Due from Ministry of Jobs, Tourism and Skills Training		3,779
		<u>3,779</u>
Liabilities		
Deferred Contribution	3	<u>3,800</u>
		<u>3,800</u>
Net Financial Assets (Debt)		<u>(21)</u>
Non-Financial Assets		
Prepaid Expenses	4	<u>21</u>
		<u>21</u>
Accumulated Surplus		<u>-</u>

Approved:



Chair
Destination BC Corp.



Director
Destination BC Corp.

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

DESTINATION BC CORP.

Notes to the Financial Statements

For the period November 2, 2012 to March 31, 2013

1. Authority and Purpose

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

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.

2. Significant Accounting Policies

(a) Basis of Accounting

These financial statements are prepared by management in accordance with generally accepted accounting principles established by the Canadian Public Sector Accounting Board.

(b) Deferred Contribution

Capital contributions from the Province are recorded as deferred contribution and are recognized as revenue to match the amortization charged on the related capital assets.

(c) Financial Instruments

Destination BC Corp. held no financial instruments at March 31, 2013 and therefore has not yet applied its option for valuing financial instruments.

3. Deferred Contribution

The deferred contribution consists of a capital contribution from the Province of British Columbia for the purpose of acquiring capital assets.

DESTINATION BC CORP.
Notes to the Financial Statements

For the period November 2, 2012 to March 31, 2013

4. Prepaid Expenses

Prepaid expenses represent payments made prior to April 1, 2013 by the Ministry of Jobs, Tourism and Skills Training on behalf of Destination BC Corp. related to activities in the fiscal year ended March 31, 2014.

5. Related Parties

Destination BC Corp. is related through common ownership to all Province of British Columbia ministries, agencies, Crown corporations and all public sector organizations such as school districts, colleges, universities and health authorities that are included in the provincial government reporting entity.

The Corporation had the following transactions with related parties during the fiscal period ended March 31, 2013:

	<u>\$000</u>
Ministry of Jobs, Tourism and Skills Training:	
Deferred contribution	3,800
Prepaid expenses paid on behalf of the Corporation	21

In addition, the ministry paid \$1,935 for Board expenses on behalf of the Corporation as it was not yet operational.

6. Commitments

At March 31, 2013, Destination BC Corp. had no commitments.

Effective April 1, 2013, the Corporation assumed responsibility for various agreements and contracts from the Ministry of Jobs, Tourism and Skills Training. The total of these was \$43.1 million. A further \$7 million of new and amended contracts became operational effective that date.

These establish commitments as follows:

	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18 and after</u>	<u>Total</u>
Contracts	31,369,486	13,867,619	4,522,369			49,759,474
Lease	107,422	111,939	62,261	57,745	81,805	421,172
Total	<u>31,476,908</u>	<u>13,979,558</u>	<u>4,584,630</u>	<u>57,745</u>	<u>81,805</u>	<u>50,180,646</u>

DESTINATION BC CORP.
Notes to the Financial Statements

For the period November 2, 2012 to March 31, 2013

7. Subsequent Event

Effective April 1, 2013, as Destination BC Corp. commenced operations, the following balances were transferred into the Corporation from the Ministry of Jobs, Tourism and Skills Training:

	<u>\$000</u>
Cash and Bank	555
Accounts receivable	480
Security deposits and other assets	58
Capital assets (Net Book Value)	1,986
Deferred revenue	<u>(1,212)</u>
Total	<u><u>1,867</u></u>

These balances were offset by a net reduction in the amount due from the Ministry of Jobs, Tourism and Skills Training for the total amount.

In addition, effective April 1, 2013, the Public Service Agency transferred the balance of leave liability related to staff working for the Corporation in the amount of \$289 thousand. A corresponding receivable from the Agency was set up in Destination BC Corp.'s records.

8. Statements of Operations, Changes in Net Financial Assets, and Cash Flows

Statements of Operations, Changes in Net Financial Assets, and Cash Flows are not included in these financial statements as there were no operations during the period and they do not add any meaningful information.

9. Comparative Figures

As this was the first period for the Corporation, no comparative figures are available.