

Destination Cape Breton

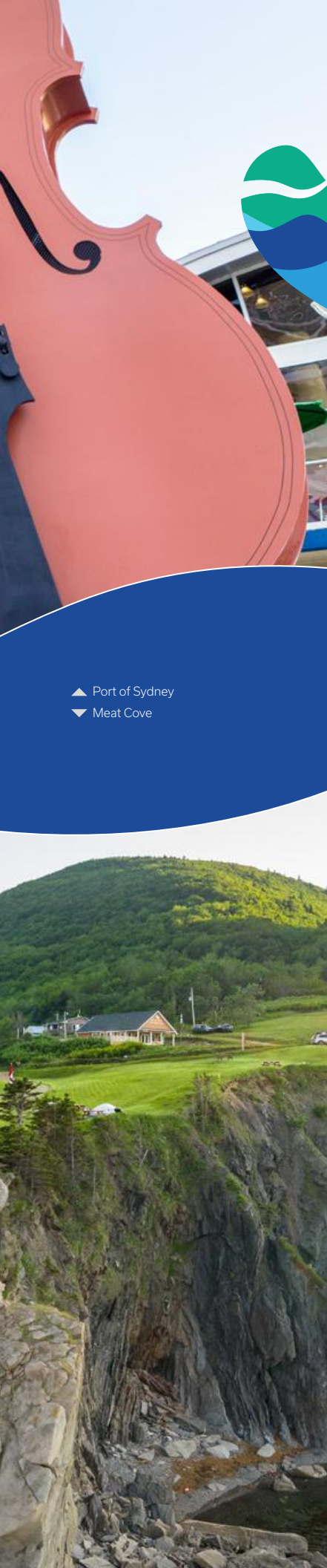
2023-24 ANNUAL REPORT



Cape Breton
Island

your heart will never leave.





▲ Port of Sydney
▼ Meat Cove

Table of Contents

Introduction	4
Mandate, Vision and Values	6
Destination Cape Breton Team	8
Operational Highlights	10
Destination Marketing	12
Destination Development	15
Events	16
Key Performance Indicators	18
Financials	22

Introduction

Destination Cape Breton is pleased to present this 2023-24 Annual Report for the fiscal year of April 1, 2023 to March 31, 2024. This is the first annual report published by the organization with a plan to publish subsequent reports within four months of the fiscal year-end.

In terms of context for this report, it is important to look back at the past few years to assess results and view trends. At the beginning of that period, in 2018 and 2019, Cape Breton Island – Unama'ki was riding a decade-long growth trend. This decade of growth directly corresponded to investments in marketing through the establishment of the Cape Breton Island Marketing Levy in partnership with the Island's five municipalities, accompanying investments by the Government of Canada, collaborative funding support from the Province of Nova Scotia and additional support from municipalities. Over that period, the incremental growth in room nights sold on Cape Breton Island more than doubled the province overall. While licensed room nights sold declined slightly in 2018 and 2019, short-term rental units sold during those years more than made up the difference.

Through 2020 and 2021, Cape Breton Island – Unama'ki was impacted significantly by the COVID-19 pandemic. In 2020, room nights sold were down 55% from 2019. In 2021, with visitation opened up to the rest of Canada in July, room nights sold improved significantly over 2020, but were still down 36% from 2019. The 2022 year was a strong recovery year for most operators, with room nights sold up 5% over 2019 levels. Short-term rental units sold were up 21% over 2019 and at record levels.

The 2023 year brought a renewed sense of optimism and opportunity for Cape Breton Island – Unama'ki. Travellers continued to set their sights on exploring our breathtaking landscapes and unforgettable experiences. Whether they planned to hike our spectacular trails, immerse themselves in our rich cultures or relax on our stunning beaches, the Island was ready to deliver just what they needed.

In the first six months of 2023, room nights sales were up 13% over 2022. However, a myriad of challenges, including the impact of media coverage of natural disasters in mainland Nova Scotia, the wettest summer on record for most of Cape Breton Island – Unama'ki and the eroding of disposable incomes due to inflation and higher interest rates, combined to impact visitation to the destination. Room nights sold for 2023 were down 1% from 2022.

The industry also continued to be challenged by workforce shortages that were further exacerbated by housing shortages in many communities around the Island. These challenges are being felt across the country and will likely take years to fully address.

Despite the challenges, room nights sold in the winter of 2024 were up 2% over 2023. This was buoyed by ample snow in the Cape Breton Highlands and hosting the 2024 BKT Tires World Women's Curling Championships. This positive start to 2024 provides optimism for the next fiscal year.



Our Mandate

To grow Cape Breton Island - Unama'ki's tourism industry through effective destination marketing and strategic destination development.

Our Vision

To become a robust year-round tourist destination offering unparalleled visitor experiences that leave an indelible positive impression on those who visit.

Our Values

Care for Community

Growth of the tourism industry must be carefully managed to ensure it enhances the quality of life for residents.

Authenticity

Cultures and traditions must be protected to retain their authenticity.

Diversity, Inclusion, and Respect

People of all backgrounds will be welcomed and respected within the industry and the visitor experience.

Creativity

Voice will be given to innovation, expression and imagination.

Growth, Capacity and Leadership

Meaningful personal development and growth will be encouraged for those working in Cape Breton Island - Unama'ki's tourism industry.

Sustainability

Practices will be developed to ensure environmental, cultural, social and economic sustainability.





Destination Cape Breton

Board of Directors

Lisette Aucoin-Bourgeois

Executive Director, La Société Saint-Pierre

Margie Beaton

Director of School and Marketing, Colaisde na Gàidhlig |
The Gaelic College

Robert Bernard, Vice Chair

Executive Director, Nova Scotia Indigenous Tourism
Enterprise Network (NSITEN)

Brenda Chisholm-Beaton, Chair

Mayor, Town of Port Hawkesbury

Larry Dauphinee

Councillor, Municipality of Victoria County

Cathy Lamey, Secretary

General Manager, Cabot Trail Motel

Bonny MacIsaac

Warden, Municipality of the County of Inverness

Cathy MacKenzie, Ex-Officio

Atlantic Canada Opportunities Agency

Richard MacKinnon

Former Vice President Academic, Cape Breton University

Blair Pardy

Superintendent, Parks Canada Cape Breton Field Unit

Cindy Walker

Owner/Operator, Pepperell Place Inn and Chocolatea

Marie Walsh, Treasurer

CAO, Cape Breton Regional Municipality



Destination Cape Breton Team

Amey Beaton

Marketing Manager

Robert Bourque

Director of Operations

Adam Hill

Content Manager

Jody MacArthur

Director of Marketing and Sales

Jo-Lanna Murray

Director of Destination Development

Terry Smith

CEO

Stacey St. John

Administration and Industry Liaison



Operational Highlights

The 2023-24 fiscal year marked a period of foundation building for Destination Cape Breton. Building on the momentum of the previous year's strong recovery, important steps were taken to improve the organization's resources and to move the destination forward, in alignment with the recommendations in the Rise Again 2030 Destination Development Strategy.

Marketing Levy Enhancement

A significant milestone was achieved with the successful amendment of the Marketing Levy by-law across all five municipalities in Cape Breton Island-Unama'ki. The levy increased from 2% to 3% as of January 1, 2024 and now includes all registered accommodations, expanding beyond accommodations with ten or more rooms. A new Check-in Analytics platform was implemented to streamline reporting and provide better data collection for municipalities.

Government Funding

Through the Atlantic Canada Opportunities Agency, the Government of Canada provided a new three-year funding agreement to Destination Cape Breton totalling \$975,000 over three years. The organization also secured a new Contribution Agreement of \$100,000 over two years with Parks Canada. Through Tourism Nova Scotia's Digital Content and Marketing Program, the Province of Nova Scotia provided a matching contribution of \$162,000 for digital marketing. The Cape Breton Regional Municipality, the Municipality of the County of Inverness and the Municipality of the County of Victoria continued to provide annual grants. Destination Cape Breton thanks these partners for providing vital operational support.

Enhanced Research

One of the challenges for Cape Breton Island – Unama'ki has been the lack of dedicated tourism industry data for the Island. Destination Cape Breton partnered with Cape Smokey, the Municipality of the County of Victoria, Cape Breton Partnership and the World Tourism Institute (WTI) at Cape Breton University to commission the Unama'ki – Cape Breton Island Economic Impact Assessment by KPMG. The report stated that the economic output of the Cape Breton Island-Unama'ki tourism industry is estimated to range between \$575 million and \$721 million per year, which far exceeds the Island's share of the province's population. Destination Cape Breton has also partnered with the WTI at Cape Breton University to further address the research gap. The WTI is developing a dashboard to provide new data that is specific to the Island, which can aid Destination Cape Breton and the wider tourism industry.

Social Inclusion

With a focus of maximizing both economic and social benefits from tourism, Destination Cape Breton took solid steps toward making the Island more inclusive. This included the organization completing a social inclusion workshop, the CEO completing Destination International's Equity, Diversity and Inclusion Leadership Series and the organization completing the requirements to become Rainbow Registered.

"..the economic output of the Cape Breton Island-Unama'ki tourism industry is estimated to range between \$575 million and \$721 million per year.."



Professional Development

Destination Cape Breton's CEO, Terry Smith, became the first Nova Scotian and second Atlantic Canadian to complete Destination International's Certified Destination Management Executive program, the premier designation in destination management. Destination Cape Breton would like to acknowledge the support of the Tourism Industry Association of Nova Scotia and the Destination International Foundation for providing financial support for this valuable educational opportunity.

▼ Centre de la Mi-Carême



Destination Marketing

The 2023-24 fiscal year saw Destination Cape Breton continue its strategic marketing approach using the established "Path to Purchase" framework, guiding potential visitors through the dreaming, planning, booking and experiencing stages of their travel journey. A strategic shift in the campaign allocated more resources to mid marketing funnel tactics to boost engagement, with a reduction in upper funnel awareness tactics.

Target Audience

The marketing plan focussed on the key domestic markets of Ontario, Quebec and the Maritimes and added a pilot campaign in the Calgary market. It continued to target Authentic Experiencers and Cultural Explorers, as defined in Destination Canada's Explorer Quotient segmenting program, which comprise the majority of visitors to Cape Breton Island. From a demographic perspective, empty-nest couples aged 45+ were the primary target and young adults that are post-education and pre-family were the secondary market. Women continue to be the primary trip planners, comprising 60-65% of Destination Cape Breton website visitors and social media followers. The marketing program also targets a number of niche, interest-based audiences, including golfers, skiers, snowmobilers, motorcyclists, boaters and hikers.

Advertising

Digital advertising is the largest component of the marketing plan and again included a partnership with Tourism Nova Scotia through its Digital Marketing and Content Marketing Program. A robust investment in Google, Meta and YouTube drove traffic to visitcapebreton.com. Although the website saw a 17% decrease in total sessions in 2023 compared to the record-breaking previous year, due to a strategy shift that focussed more on mid and lower marketing funnel tactics, this was offset by a significant 120% increase in leads (clicks from visitcapebreton.com to tourism operator websites), indicating higher quality traffic and improved engagement. Digital marketing was complemented by television advertising in the Maritimes, where it remains cost effective for reaching the target audience.

In terms of creative, a new "Feel Our Island's Rhythm" campaign evolved throughout the year with seasonal adaptations and introduced tailored versions of the destination logo and messaging for each season. The winter campaign pivoted effectively to capitalize on the record snowfall in early February.

Content Marketing

Content creation remained central to the strategy, following Destination Canada's "Hero, Hub, Help" approach. Content shoots were conducted in multiple locations to build the imagery library and to create new imagery for the 2024 campaign. Partnerships with influential content creators were forged, including Stevin Tuchiwsky (219,000 followers) as well as many local content creators, who showcased Cape Breton Island – Unama'ki to their substantial audiences. The social media presence expanded with a 6% increase in followers, 25% growth in Facebook engagements and 67% increase in Instagram engagement.

Other Initiatives

Promotion of *Waterfall Season* as a Spring motivator built on previous success, with the mobile app achieving 1,028 downloads (+20%) and 1,322 unique digital check-ins at featured waterfall sites (+98%). To address the provincial woods activity ban during the wildfires on mainland Nova Scotia, a "Back to the Woods" hiking series was added to *Waterfall Season* to rebuild visitor confidence.

Strategic partnerships continued with a number of artist ambassadors, including Natalie MacMaster and Donnell Leahy, Jimmy Rankin and the Barra MacNeils, who promoted Cape Breton Island-Unama'ki during their tours.

Travel trade engagement continued with successful participation at Rendezvous Canada in Quebec City and Atlantic Canada Showcase in Charlottetown, conducting close to 100 appointments with tour operators.



► Red Shoe Pub, Mabou

▼ Bras d'Or Lakes Inn,
St. Peter's





Destination Development

Throughout 2023-24, Destination Cape Breton advanced several strategic destination development initiatives to enhance tourism experiences and promote investment across Cape Breton Island - Unama'ki, positioning the region for sustainable growth.

Strategic Planning and Development

Destination Cape Breton participated in the Ingonish Strategic Tourism Expansion Program (STEP), which progressed significantly during the fiscal year with development beginning in 2023 and completion set for 2024. This comprehensive plan sets a foundation for tourism growth in the northern Cape Breton Island - Unama'ki community, with steering committee members now moving their focus toward implementation.

Preparations began for the Cabot Trail's 100th Anniversary in 2032, with Destination Cape Breton attending an initial meeting of the Advisory Committee for the project at Cabot Landing. Beyond a celebration, the initiative is designed to engage communities around the Cabot Trail as well as the Mi'kmaw communities in Unama'ki to shape an inclusive vision for this iconic tourism asset and to build a plan to achieve that vision, leading up to the anniversary year.

Product Development and Innovation

Winter tourism development received particular attention with a successful best practice mission to Charlevoix, Quebec in February 2024. Ten participants from Cape Breton Island - Unama'ki gained valuable insights to apply to winter experiences on the Island, with a specific focus on developing winter experiences based on Charlevoix's successful model. Culinary tourism emerged as another focus area, with planning initiated for a Great Taste of Canada Experience at the Fortress of Louisbourg in collaboration with the Culinary Tourism Alliance, Parks Canada and NSITEN.

Mi'kmaw L'nu Tourism

Mi'kmaw L'nu (Indigenous) tourism development was prioritized through building a stronger relationship with the Nova Scotia Indigenous Tourism Enterprise Network (NSITEN). Destination Cape Breton staff attended the International Indigenous Tourism Conference in Winnipeg and the Atlantic Indigenous Tourism Summit in Corner Brook.

Infrastructure

A feasibility study for a proposed new convention centre for Cape Breton Island - Unama'ki was commissioned in partnership with Events Nova Scotia, Cape Breton Regional Municipality and Membertou. CBRE Tourism Consulting was contracted to complete the study which will assess the viability of this significant piece of tourism infrastructure. The study will provide important insights for future development decisions when completed in April 2024.

Other Initiatives

Destination Cape Breton partnered with the Port of Sydney on a winter familiarization tour for the Ponant cruise line, which is exploring the possibility of winter cruises in Atlantic Canada. Destination Cape Breton supported Ignite Atlantic in its Rural Nova Scotia Tourism Pitch Competition in Baddeck.

"Preparations began for the Cabot Trail's 100th Anniversary in 2032."



Events

Destination Cape Breton works closely with partners on the attraction of major events to the Island and the positioning of Cape Breton Island - Unama'ki as a premier event destination.

Major Events Hosted

A significant milestone was the successful hosting of the 2024 BKT Tires World Women's Curling Championships in March, which was capped by a gold medal performance by Team Canada. This prestigious international event exceeded expectations with ticket sales surpassing the target and an economic impact of \$13.7 million generated within Nova Scotia. The event showcased Cape Breton Island - Unama'ki's ability to host international sporting competitions while providing an authentic cultural experience.

The U Sports Men's National Soccer Championships were held at Cape Breton University in November 2023, bringing collegiate athletes from across Canada to the Island. This event also resulted in a championship victory for the home team and further cemented Cape Breton Island-Unama'ki's reputation as a sports tourism destination.

Strategic Event Development

The development of Events Cape Breton 2.0, a comprehensive strategy focussing on event attraction, creation and innovation, progressed throughout the year with plans to launch in 2024. Destination Cape Breton staff actively participated in several key industry events to build relationships and enhance knowledge, including the Sport Tourism Congress in Richmond, BC, Event Atlantic Summit in St. John's, Canadian Meetings & Events Expo in Toronto and an Events Best Practice Mission in Montreal. This participation strengthened the Island's position within the national events ecosystem and provided valuable insights for future event development.

▼ 2024 BKT Tires World Women's Curling Championships





◀ 2024 BKT Tires World Women's Curling Championships

Community Festivals and Events Program

The Community Festivals and Events Program continued with support from the Atlantic Canada Opportunities Agency and the Island's five municipalities. The program provided vital support to 95 local events across the Island, strengthening the fabric of community-based tourism experiences while enhancing visitor experiences.

Future Event Attraction

Destination Cape Breton and its events partners made significant strides in attracting future events, with the upcoming fiscal year set to welcome the following events:

2024 Canada Soccer U17 Nationals

2024 3D Indoor Archery Canadian Championships

2024 Music Tourism Convention

Sunrise Barbershop Harmony Conference

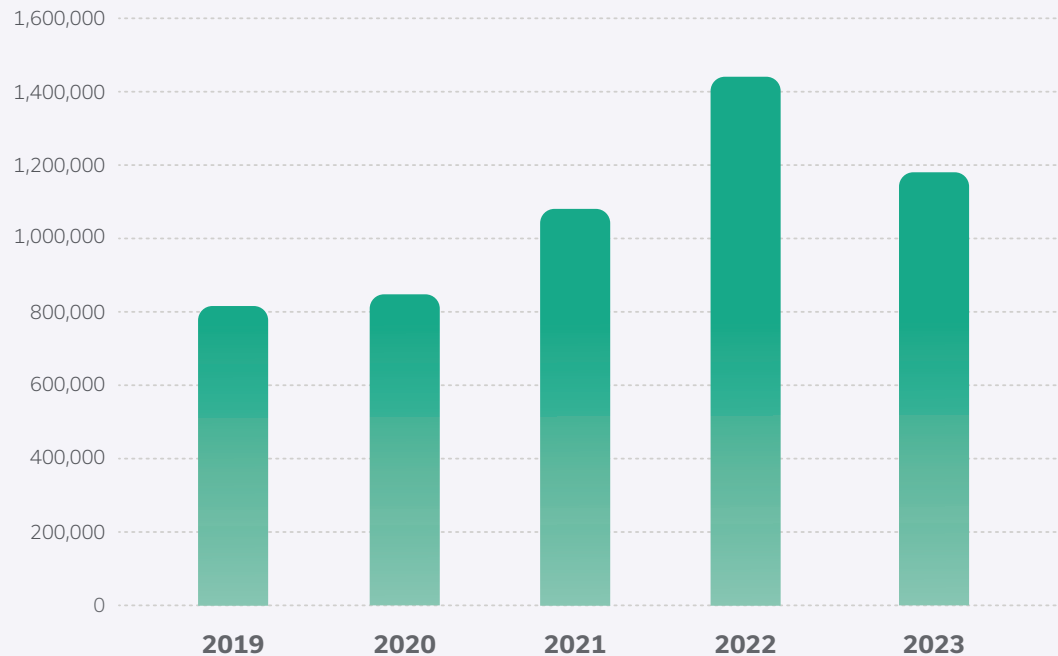
National Campus & Community Radio Conferences

"The 2024 BKT Tires World Women's Curling Championships exceeded expectations with an economic impact of \$13.7 million generated within Nova Scotia."



Key Performance Indicators

Website Sessions (Five-year Trend: 2019-2023)



Source: Google Analytics

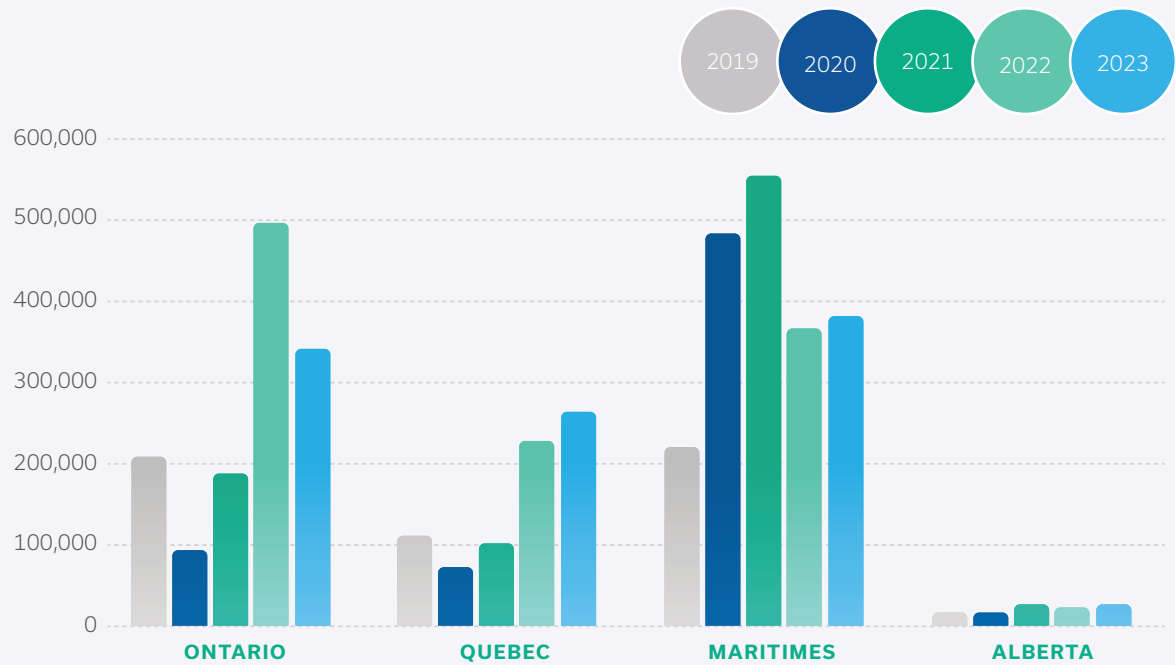
The vast majority of Destination Cape Breton's marketing efforts are designed to drive traffic to visitcapebreton.com. Sessions in 2022 hit a record, eclipsing 1.43 million, a 32% increase over 2021. This was driven primarily by domestic traffic. In 2023, the second highest year for sessions was recorded, but was down 17% from 2022. Much of this was attributed to a 40% higher cost per click for digital advertising. Despite the decrease, a shift in focus to increased engagement resulted in leads (clicks from visitcapebreton.com to operator websites), being up 120% over 2022.

► Customs House, Port Hawkesbury

▼ Wagmatcook First Nation



Website Sessions by Market

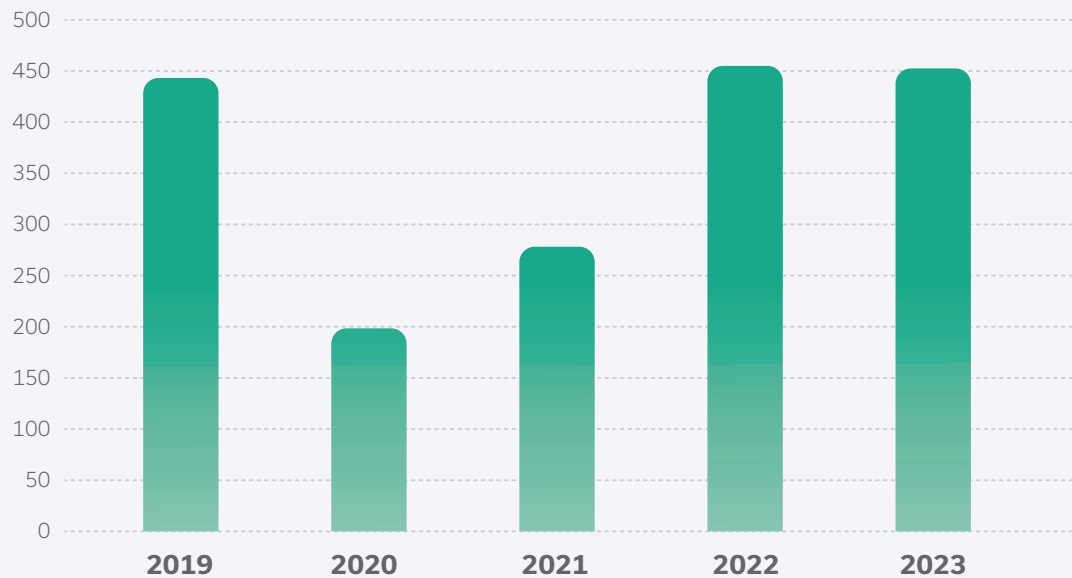


Source: Google Analytics

In looking at the three main geographic markets for Cape Breton Island – Unama’ki, Ontario has been the largest source of sessions, with the exception of the pandemic years. The increases in the Maritimes market in 2020 and 2021 coincided with a much larger investment, as it was a foundation for travel demand in an uncertain time. In 2023, sessions increased in every market, except Ontario, where costs per click rose most significantly. Quebec was up 17% and the Maritimes were up 5%. A pilot campaign in Alberta was up 21%.



Room Nights Sold (Five-year Trend: 2019-2023)



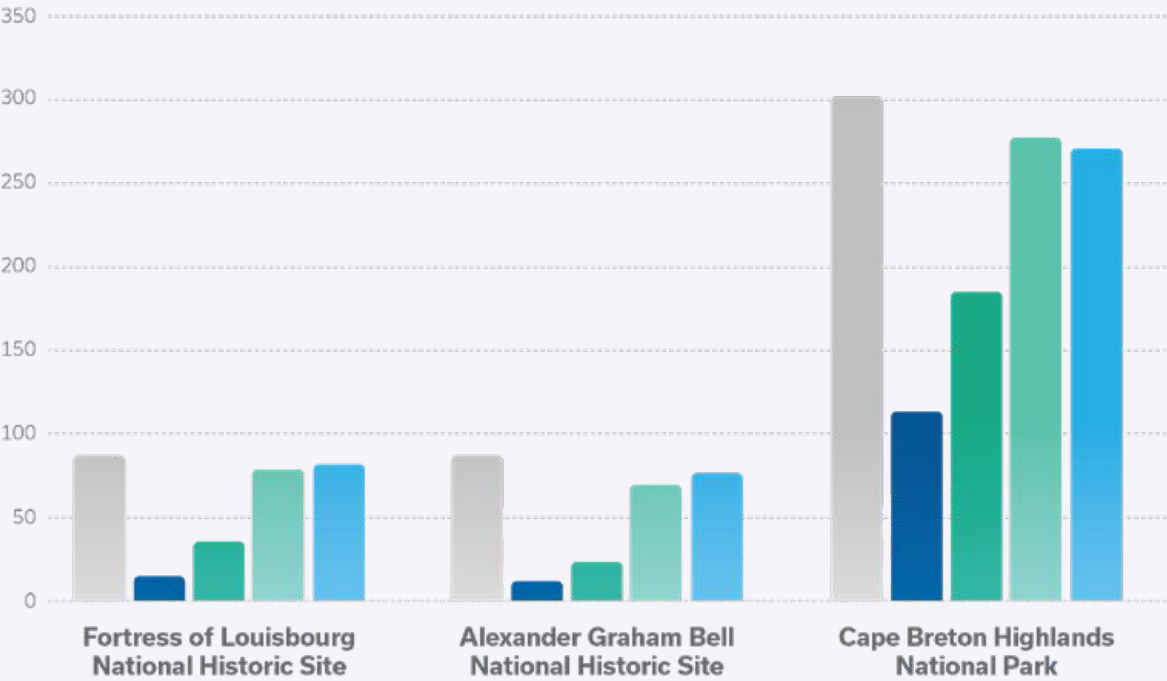
Source: Google Analytics

Conversions are measured mainly through registered room nights sold. The chart indicates the pre-pandemic level in 2019 and the pandemic impact in 2020 (down 55% from 2019) and 2021 (down 36% from 2019). Room nights sold in 2022 were up 5% over 2019, indicating a strong recovery year. In 2023, nights sold were down 1% from 2022. To the end of June 2023, room nights were up 13%, but bookings during the summer months across all of the Maritimes were impacted by media coverage of wildfires and flooding in mainland Nova Scotia and eroded disposable incomes due to inflation and higher interest rates. The summer for most of Cape Breton Island was also the wettest on record, which impacted weather-influenced regional travellers.

▼ Celtic Shores Coastal Trail



Parks Canada Visitation (Five-year Trend: 2019-2023)



Visits to Parks Canada sites on Cape Breton Island – Unama’ki continued to be in recovery mode following the pandemic. Both the Fortress of Louisbourg (+4%) and the Alexander Graham Bell (+11%) National Historic Sites were up over 2022, but still had not recovered to 2019 levels. Both sites benefited from a very strong cruise season in 2023. Cape Breton Highlands National Park was down 2% in 2023 compared to 2022, and down 10% from 2019. The spring and fall were up for the National Park, but July and August were down due to the same reasons that impacted room nights sold.



Independent Auditor's Report

To the Board of Directors of Destination Cape Breton Association:

Opinion

We have audited the financial statements of Destination Cape Breton Association (the "Association"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets, cash flows and the related schedules for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Sydney, Nova Scotia
August 28, 2024

The logo for MNP LLP, featuring the letters 'MNP' in a large, bold, handwritten-style font, followed by 'LLP' in a smaller, all-caps, sans-serif font.

Chartered Professional Accountants

Destination Cape Breton Association Statement of Financial Position

As at March 31, 2024

	2024	2023
Assets		
Current		
Cash	91,538	279,592
Accounts receivable (Note 3)	279,865	298,248
Investments (Note 4)	162,022	155,157
Prepaid expenses	251,909	202,336
	785,334	935,333
Capital assets (Note 5)	47,048	58,836
	832,382	994,169
Liabilities		
Current		
Accounts payable and accruals	278,365	296,918
Deferred revenue	119,648	101,370
Loan payable	-	40,000
	398,013	438,288
Deferred contributions (Note 6)	9,116	12,132
	407,129	450,420
Commitments (Note 10)		
Net Assets		
Net assets invested in capital assets (Note 7)	37,932	46,704
Contingencies reserve (Note 8)	152,816	152,816
Opportunities reserve (Note 8)	102,997	102,997
Unrestricted	131,508	241,232
	425,253	543,749
	832,382	994,169
Approved on behalf of the Board		
(Signature 1 Signature 2 Signature 3)	(Signature 2 Signature 3 Signature 4)	
Director	Director	

The accompanying notes are an integral part of these financial statements

Destination Cape Breton Association Statement of Operations

For the year ended March 31, 2024

	2024	2023
Revenue		
Funding (Schedule A)	525,030	998,499
Municipal marketing levy	1,151,753	1,014,126
Province of Nova Scotia employment subsidy	10,500	14,400
Federal marketing assistance	345,600	440,000
	2,032,883	2,467,025
Expenses		
Marketing (Schedule B)	898,516	1,338,123
Salaries and benefits (Schedule B)	640,276	571,902
Office supplies and administration	121,006	103,416
Non-refundable portion of HST	82,062	104,724
Other projects	192,195	111,454
Meetings and travel	50,042	31,644
Visitor information centres	49,848	42,733
Training and education	40,268	45,369
Professional fees	25,954	19,942
Telephone	17,114	14,773
Amortization	14,488	16,186
Repairs and maintenance	12,593	12,757
Insurance	4,748	4,570
Bank charges and interest	2,269	3,120
COI Celtic Gaelic Culture	-	40,254
	2,151,379	2,460,967
Excess (deficiency) of revenue over expenses	(118,496)	6,058

Destination Cape Breton Association Statement of Changes in Net Assets

For the year ended March 31, 2024

	<i>Invested in capital assets</i>	<i>Contingencies reserve</i>	<i>Opportunities reserve</i>	<i>Unrestricted</i>	2024	2023
Balance, beginning of year	46,704	152,816	102,997	241,232	543,749	537,691
Excess (deficiency) of revenue over expenses	(11,472)	-	-	(107,024)	(118,496)	6,058
Acquisition and financing of capital assets (Note 7)	2,700	-	-	(2,700)	-	-
Net assets, end of year	37,932	152,816	102,997	131,508	425,253	543,749

The accompanying notes are an integral part of these financial statements

Destination Cape Breton Association

Statement of Cash Flows

For the year ended March 31, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	(118,496)	6,058
Amortization	14,488	16,186
Amortization of deferred contributions	(3,016)	(4,253)
	(107,024)	17,991
Changes in working capital accounts		
Accounts receivable	18,383	(178,401)
Prepaid expenses	(49,573)	(89,859)
Accounts payable and accruals	(18,553)	96,842
Deferred revenue	18,278	91,961
	(138,489)	(61,466)
Financing		
Repayment of loan payable	(40,000)	-
Investing		
Purchases of capital assets and intangible assets	(2,700)	(4,531)
Increase in investments	(6,865)	(64)
	(9,565)	(4,595)
Decrease in cash resources	(188,054)	(66,061)
Cash resources, beginning of year	279,592	345,653
Cash resources, end of year	91,538	279,592

Destination Cape Breton Association Notes to the Financial Statements

For the year ended March 31, 2024

1. Incorporation and nature of the organization

Destination Cape Breton Association Inc. (the "Association") is a not-for-profit organization, incorporated under the Societies Act of Nova Scotia, and is primarily involved in enhancing the tourism industry on Cape Breton Island. The Association is exempt from tax under Section 149(1) of the Income Tax Act.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the declining balance and straight-line methods at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	10 years
Computer equipment	declining balance	30 %
Computer software	declining balance	100 %
Office equipment	declining balance	20 %

Contributed services

Volunteer contributions are an integral component to the Association in carrying out its' activities. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

Marketing levies are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured from various Cape Breton municipal units.

Other sources of revenue are recognized as revenue when invoiced.

Destination Cape Breton Association

Notes to the Financial Statements

For the year ended March 31, 2024

2. Significant accounting policies (Continued from previous page)

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 financial statements, and the reported amounts of revenues and expenses during the reporting period.

Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Financial instruments

The Association recognizes financial instruments when the Association becomes party to the contractual provisions of the financial instrument.

Measurement of financial instruments

Financial instruments are initially recorded at their fair value. The Association subsequently measures all of its financial assets and liabilities are subsequently measured at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accruals.

Impairment

Financial assets measured at cost and amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in income. A previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not be recognized previously. The amount of the reversal is recognized in income.

Unless otherwise noted, the Association is not exposed to significant credit, market or liquidity risks arising from these instruments.

Government assistance

The Association recognizes government subsidies when there is reasonable assurance that it will comply with the conditions required for the subsidy and that it will be received. Government subsidies are recognized as income in the Statement of Operations.

3. Accounts receivable

	2024	2023
Trade receivables	257,707	283,402
HST receivable	22,158	14,846
	279,865	298,248

4. Investments

Investments are comprised of term deposits that the Association has internally restricted for its Contingencies reserve and Opportunities reserve.

Destination Cape Breton Association Notes to the Financial Statements

For the year ended March 31, 2024

5. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Buildings	48,280	33,943	14,337	19,397
Computer equipment	107,516	97,274	10,242	11,353
Computer software	10,069	10,069	-	-
Office equipment	73,603	51,134	22,469	28,086
	239,468	192,420	47,048	58,836

6. Deferred contributions

	2024	2023
Balance, beginning of year	12,132	16,385
Amortization of deferred contributions	(3,016)	(4,253)
Balance, end of year	9,116	12,132

Deferred contributions represent the unamortized amount of grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the year are consistent with the amortization of capital assets.

7. Investment in capital assets

a) Investment in capital assets is calculated as follows:

	2024	2023
Carrying value of capital assets	47,048	58,836
Deferred contributions	(9,116)	(12,132)
	37,932	46,704

b) Change in net assets invested in capital assets is as follows:

	2024	2023
Deficiency of revenue over expenses		
Amortization of deferred contributions related to capital assets	3,016	4,253
Amortization of capital assets	(14,488)	(16,186)
	(11,472)	(11,933)
Acquisition and financing of capital assets		
Acquisition of capital assets	2,700	4,531
Net change in investment in capital assets	(8,772)	(7,402)

Destination Cape Breton Association

Notes to the Financial Statements

For the year ended March 31, 2024

8. Reserves

The Association has two internally restricted reserves, the Contingencies reserve established to fund unforeseen events or circumstances that may adversely affect the Association and the Opportunities reserve to fund opportunities that may benefit the Association in the future. The contribution to and from these funds are at the discretion of the Board of Directors.

9. Financial instruments

The Association is exposed to various risks through its financial instruments and includes the following significant risks at March 31, 2024.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risks relate to accounts receivable. Credit risk associated with accounts receivable for the Association is minimal due to the fact that the majority of the receivables are due from different levels of government or their agencies. The Association's other revenue is dependent on a wide customer base and bad debts are not significant. As such, concentrations of credit risk are considered to be minimal.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flow.

10. Commitments

The Association entered into a ten-year land lease agreement with the Province of Nova Scotia, Department of Transportation and Infrastructure Renewal, for the land located on 20 Keltic Drive, Sydney, Nova Scotia. The lease amount is \$150 for the ten-year term of the lease and the agreement expires in January 2027.

11. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.

Destination Cape Breton Association Inc.

Schedule A – Funding

For the year ended March 31, 2024

	2024	2023
FUNDING		
Atlantic Canada Opportunities Agency		
Events and product development	\$ 165,000	\$ 157,467
COI Celtic Gaelic Culture	–	20,063
Other	–	47,490
Year of Music	–	130,000
Municipal		
Other	100,738	100,004
Events and product development	67,500	35,847
Federal		
Partnerships	54,000	50,000
HRSDC Employment Program	–	4,162
Province of Nova Scotia		
Other departments	6,400	2,500
Convention center feasibility	20,000	–
Destination Canada/Tourism Nova Scotia		
Regional Destination Marketing Organizations		
Partnership Program	–	144,996
Year of Music	–	180,000
Music Tourism Conference	–	8,000
Other		
Industry marketing revenue	32,593	31,775
Other	18,949	4,500
Lumina Night Walk	–	16,500
Nova Scotia Music Week	–	40,000
Music Tourism Conference	–	2,139
Canada Games bid opportunity	30,000	–
Administration fees		
Events and product development	20,000	17,668
Amortization of deferred contributions	3,016	4,253
Interest income	6,834	1,135
	\$ 525,030	\$ 998,499

Destination Cape Breton Association Inc.
Schedule B – Marketing and Salary Expenses

For the year ended March 31, 2024

	2024	2023
MARKETING		
Media placement	\$ 370,622	\$ 469,395
Festivals and events	300,018	524,134
Development planning	142,432	240,659
Other	79,954	92,187
Promotional material	5,490	11,748
	\$ 898,516	\$ 1,338,123
SALARIES AND WAGES		
Operations	\$ 283,376	\$ 362,028
Marketing	356,900	209,874
	\$ 640,276	\$ 571,902







Cape Breton
Island
your heart will never leave.