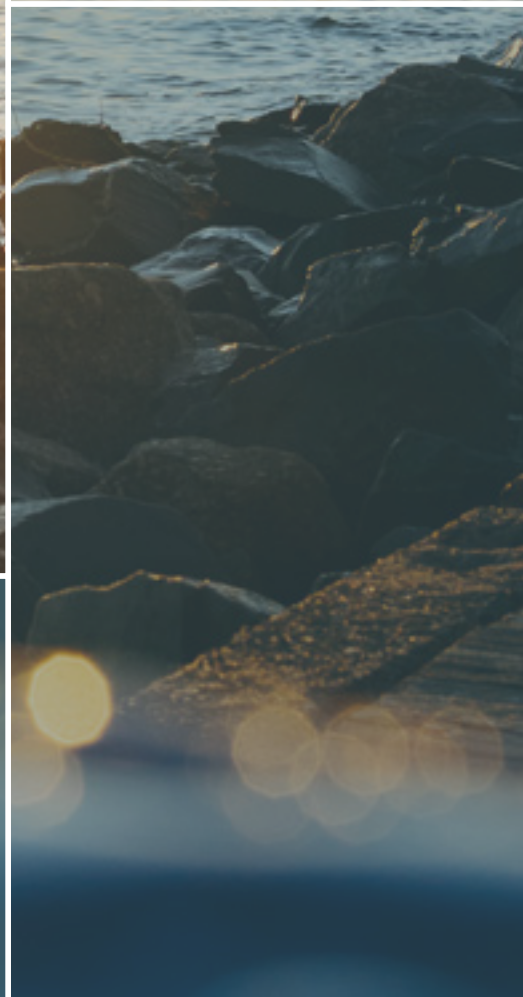


DISCOVER HALIFAX

2023

Annual Report



DISCOVER
HALIFAX



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Messages



Message from the Chair

After years of news headlines focused on COVID-19 and its variations, 2023 felt like a breath of fresh air. Pent up desire to travel led to full flights, road trips, and smooth sailing to Halifax once again. And we were ready. Whether you came for hikes on our scenic, serene coastline, or to experience the nightlife and dine at one of our award-winning restaurants, Halifax had what visitors were looking for.

There are some themes that come to mind as I think back on last year - innovation, sustainability, and collaboration were the building blocks of much success.

In a year dominated by the growth and adoption of artificial intelligence, Discover Halifax also embraced the technology. While there continues to be conversation on the use of AI and how businesses are adapting it to meet their needs, the team has taken the plunge towards innovation. From my role at the governance level, it's been an eye-opening process, and I can't wait to see the possibilities become reality.

As the operator of a neighbourhood restaurant, it's important to me to

promote local products and ensure our practices remain sustainable. Driving the economic growth of tourism is necessary to ensure future successes, but it's with pride that Discover Halifax is also committed to growing the social benefits of the industry. By promoting sustainability and responsible tourism practices, we not only support local businesses, but ensure Halifax remains a destination for future generations to enjoy.

One thing I love most about my role is seeing how all our stakeholders and partners involved in the tourism industry work together to support each other. One of those key partnerships is between the Hotel Association of Nova Scotia and the Halifax Regional Municipality. Because of their cooperation and collaboration, Discover Halifax has been able to build on successes, and grow and innovate as a Destination Management Organization.

I congratulate everyone involved in the historic development of the new service agreement that will allow Discover Halifax to increase competitiveness and profile of the destination. This alignment allows for a comprehensive approach to destination

management, and I'm excited for the future.

As I reflect on my first year serving as Chair, I am filled with appreciation for the opportunity to lead such a dynamic and impressive group of community champions that make up the Board of Directors of Discover Halifax. I am proud of the collective achievements of our Board, and the diverse expertise and leadership we have around the table.

Looking ahead, I am excited about the possibilities that the future holds for Discover Halifax and our region. As we continue to navigate the ever-changing landscape of the tourism industry, I am confident that our team will rise to the challenge and continue to position Halifax as a world-class destination.

Doug Townsend
Co-Owner and Operator |
The Canteen on Portland



Message from the President and CEO

2023 was another banner year for tourism in the Halifax Regional Municipality, beating our previous high in 2022 with a 5.4 per cent increase in total room nights sold.

As an industry, we all pull together to achieve these successes, and I want to thank our partners and stakeholders for their invaluable contributions to making sure our region remains a top destination for visitors.

One of our proudest accomplishments of 2023 was the launch of two new business units at Discover Halifax. We took on new responsibilities and expanded the team to include a focus on the strategic planning of tourism-related developments in HRM, as well as a team that works closely with regional event bidding activities and rights holders to improve the overall system for festivals and events.

The new roles of Vice President, Destination Development and Vice President, Festivals and Events are critical to the continued and responsible growth of the tourism industry, and to further implementation of the Integrated Tourism Master Plan, which is now well into its third year of progress.

And as we continue to expand our impact, reach, and offerings as a destination, these two new strategic appointments will continue to strengthen the economic and social benefits of the tourism industry for people who live, visit, and invest in our region.

We've embraced new technology that will help us work smarter, and we recognize the power of that technology in shaping the future of tourism. Through the development of virtual experiences at trade shows, and data-driven, targeted outreach and campaigns, we have been able to connect with visitors (and potential visitors) on a deeper level. We're laying the foundation for a more connected and accessible tourism landscape, where visitors can see what there is to discover in Halifax from anywhere in the world.

We've started research into how we can leverage our efforts to ensure our region is an environmentally friendly, sustainable destination for visitors. The economic benefits of a sustainable tourism industry are significant, and we will thoughtfully continue to encourage growth and development in this emerging sector of the industry.

Looking ahead, I am excited to share our vision for Discover Halifax. Building upon the momentum of 2023, we are committed to fostering growth and resilience in the tourism sector, while preserving the unique character and authenticity of our destination. Community-focused planning will take a centre stage in the months to come as we embark on an update to the Integrated Tourism Master Plan, and we will continue to invest in strategic partnerships, innovative marketing campaigns, and destination management projects that showcase the best of Halifax.

Thank you to the dedicated team, our passionate Board of Directors, and supportive stakeholders and partners for your commitment to the continued success of Discover Halifax.

I am confident that with our collective vision and determination, we will continue to elevate Halifax as a world-class destination for generations to come.

Ross Jefferson
President and CEO | Discover Halifax

Our Vision

Globally recognized as the favourite city in Canada.

Our Mission

We seek to maximize economic and social benefits derived from the tourism industry for the benefit of the people who live, visit, and invest in our region.

We do this by showcasing the best of our region to the world, and through collective impact, we seek to shape the future of our industry through good planning, investment, and design.

Our Values

We are passionate.

We care about the future.

We are collaborators and connectors.

We aspire to be curious and innovative.

We are entrepreneurial and pioneering.

We care about people.

2023 Board of Directors

Ken Bagnell

CEO, Canadian Sport Institute Atlantic

Paul Brigley, Treasurer

VP, Finance and CFO, Halifax International Airport Authority

Patty Cuttell

Councillor, Halifax Regional Municipality

Megan Delaney, Secretary

Director of People and Culture, Events East Group

Ifeanyi Emesih

Founder and CEO, My East Coast Experience Media

Tareq Hadhad

Founder and CEO, Peace by Chocolate

Emily Haynes, Vice-Chair

Executive Director, Taste of Nova Scotia

Ross Jefferson, Ex Officio

President and CEO, Discover Halifax

Talha Khan

General Manager, Delta Hotels by Marriott Dartmouth

Maggie MacDonald

Executive Director - Parks and Recreation,
Halifax Regional Municipality

Ryan Murphy

President/Owner, Murphy's Camping on the Ocean

Chirag Patel

Director of Operations, Comfort Inn Halifax

Carey Power

General Manager, Hotel Halifax and Barrington Hotel

Mayor Mike Savage

Halifax Regional Municipality

Doug Townsend, Chair

Co-Owner, The Canteen on Portland

Discover Halifax Team

Paul Bailey

Sales and Marketing Director, Group Sales

Lyndsay Belair

Senior Graphic Designer

Michele Bourgeois

Travel Trade and Meeting Services Specialist

Annie Cameron

Senior Manager, Marketing Content

Holly Chessman

Director, Marketing and Member Services

Katie Conklin

Senior Marketing Project Manager

Maggie Duffy

Manager, Marketing Content

Ashley Fraser

Reception and Administrative Clerk

Lisa Goguen

Business Development Manager

Chris Gosse

Events Manager, Sports and Culture

Mallori Inzinga

Account Executive, Rural Tourism

Ross Jefferson

President and CEO

Tami LeBlanc

Sales Director, Canadian Association and Corporate Markets

Morgan MacKinnon

Events and Marketing Manager

Stacey Mungur

Senior Coordinator, Marketing and Visitor Experience

Amy Myatt

Sales Support Manager

Jeff Nearing

Vice President, Sales

Angela Petry

Executive Administrator

Sarah Reeves

Director, Communications

Michael Regular

Senior Director, Innovation and Emerging Technology

Adriana Santiago

Manager, Marketing and Business Development

Mark Teeple

Vice President, Festivals and Events

Clare Tidby

Vice President, Marketing and Visitor Experience

Molly Vail

Sales Manager, Canadian Business Events

Brian White

Vice President, Destination Development



Operational Highlights

Operational Highlights

With the development of a historic agreement between the Halifax Regional Municipality (HRM) and the Hotel Association of Nova Scotia, Discover Halifax was able to realize a major milestone in 2023 when we entered into a new service agreement with HRM that was eight years in the making.

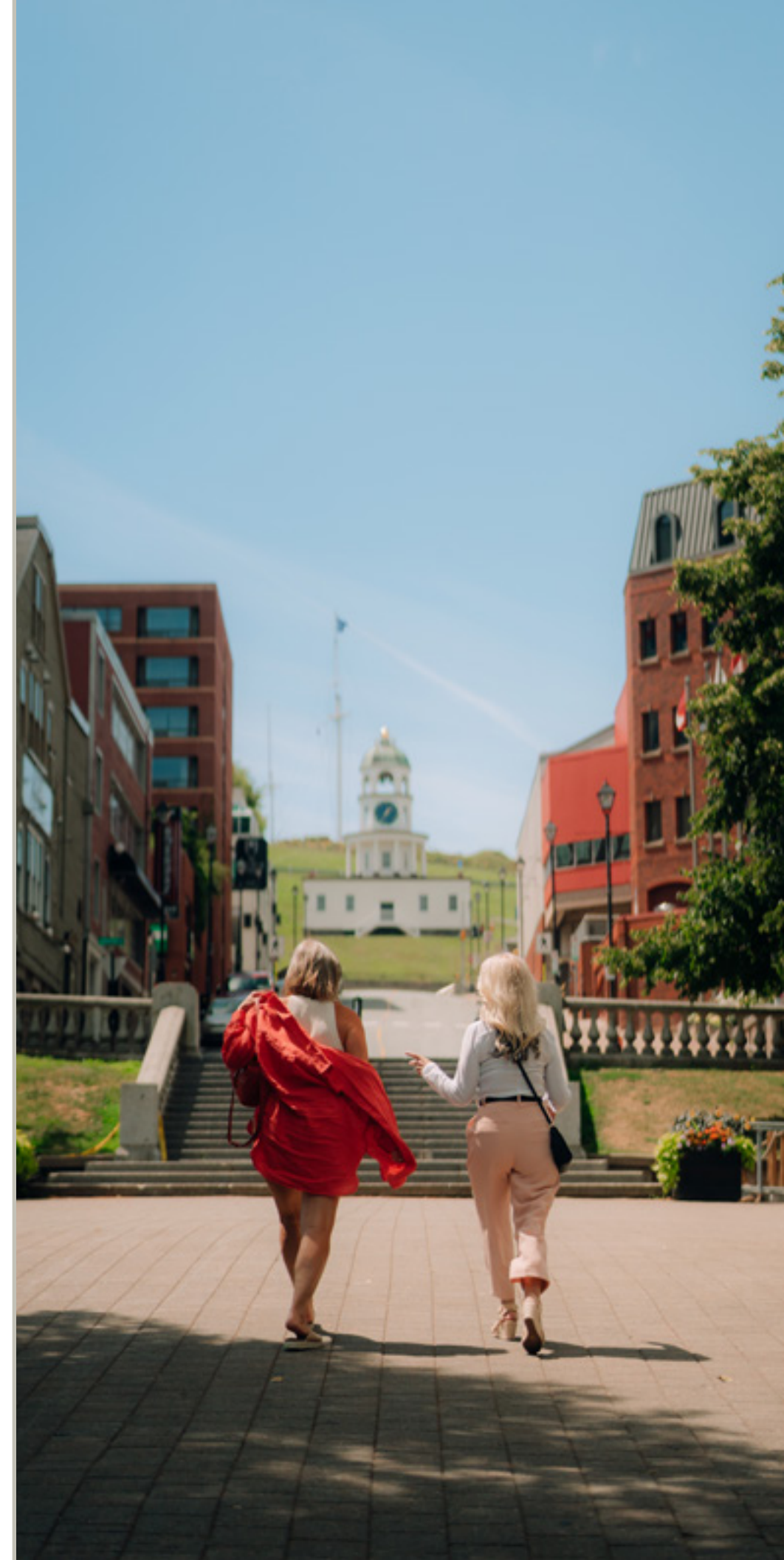
The new agreement not only increases investment from the municipality, it also increases revenue to the *Special Events Reserve Grant Program* administered by HRM, and changes the marketing levy, taking it from two per cent to three per cent, and expanding it to include all registered tourism accommodations.

Thanks to the new agreement, we have been able to take on several significant initiatives that will elevate the competitiveness and profile of our destination:

- For the first time, we have made a permanent commitment to market Halifax to national and select international audiences. This sustained effort will raise awareness of our region as a premier destination, attracting new visitors from far and wide.
- The new agreement will facilitate the expansion of meetings and conventions sales efforts, allowing us to invest directly in conferences that occur during months of low demand (November through May), and in areas of strategic importance, such as oceans, life and science, and technology.
- Discover Halifax has established a business unit dedicated to festivals and events, which will further support a vibrant calendar of events in our region, and economic activity, while working collaboratively with industry partners and stakeholders.
- The creation of destination development services in our organization signifies a strategic investment that will enrich the visitor experience, ensure long-term sustainability, and support a community-first approach to growth in the tourism sector.

The new agreement is key to the growth of the tourism economy in HRM, and will support our continued efforts to maximize the economic and social benefits of tourism for those that live, work, and invest here. It also marks a milestone toward achieving a more balanced and competitive landscape for the local hospitality industry.

By leveraging increased funding and strategic initiatives, we are ready to unlock the full potential of our destination. Many of our successes and achievements in 2023 would not have been possible without the new service agreement.





Group Sales

Group Sales

2023 was a year marked by continued growth, innovation, and collaboration. Alongside our meetings and conventions partners, we were successful in attracting even more business events to the destination, following a previous high in 2022.

Halifax hosted over 100 national and international business events. These events included major association and corporate clients such as Bell Canada, Assembly of First Nations, the Canadian Alliance to End Homelessness, the Royal College of Physicians, and many more.

Our team also planned and executed activities aimed at attracting events to Halifax, with some notable highlights:

- **Familiarization tours:** Otherwise known as a FAM tour, the team and our member partners hosted 40 national and international clients and industry representatives. These tours focused on Halifax's conference-hosting suitability, local expertise, and unique HRM experiences.
- **Domestic trade shows and client events:** Our team and member partners attended four major trade shows and client events, at which we engaged with hundreds of national associations and corporate clients.
- **International trade shows and client events:** We attended three trade shows and client events which allowed us the opportunity to meet 60 potential international event clients.
- **Take the Lead:** Our Take the Lead program celebrates individuals (non-event planners) who bring major events to Halifax. In 2023, we celebrated five champions, and hopefully inspired others to reach out about an event or conference they would like to see hosted in Halifax.
- **Innovation:** There was investment and education in learning and utilizing emerging Artificial Intelligence technology, including training and courses for the team, and the successful implementation of AI in creating workflow efficiencies.

There were 122 events that selected Halifax for their future business needs in 2023, representing a 20 per cent increase over 2022, and generating \$50 million of future economic benefit, nine per cent more than 2022.

There are many priority markets reflected in those numbers as well. The Canadian association market, the dominant source of large business events for Halifax, booked 72 events that will bring \$33 million in economic benefit.

The Canadian corporate market also did very well for the destination, securing 30 events with \$9 million in economic benefit. Prior to the pandemic, this segment of the market accounted for four per cent of national business events for Halifax. We're pleased to share that thanks to the hard work of our team and our many partners, that percentage has increased to nearly 20 in 2023.

International events were also booming, with Halifax securing 20 business events for future years with \$8 million in economic benefit. This was a 10 per cent improvement over 2022.

Through collaboration with our meetings and conventions partners, our method going forward will continue to revolve around a blend of both internal and external strategies. Internally, we will

focus on growing and optimizing our team, to excel in client approach and services, and we will continue to leverage AI to enhance efficiency and drive higher return on investment.

Externally, we'll maintain our strong presence in the Canadian market, emphasizing the vibrancy and hosting capabilities of the region. Internationally, we will remain focused on the potential for high value clients within sectors of our expertise. We will proactively bring international clients to our destination, so they better understand our strengths and suitability to raise conversions.

Our team will also place a large focus on building content and assets that position Halifax favourably from a sustainability perspective. With sustainability growing as a major decision criterion for planners, highlighting and promoting sustainable practices in Halifax will be essential.





Festivals and Events

Festivals and Events

In recent years, Halifax has established itself as a premier destination for national and international events, demonstrating its capability to host large-scale, diverse gatherings that attract participants and spectators from across the globe.

And to take the destination to the next level, in the latter half of the year, we established a dedicated business unit on our team dedicated to festivals and events.

HRM is home to numerous annual festivals and events that span a wide array of sizes and themes, and in 2023, we celebrated several significant achievements.

- The year began on a high note as Halifax supported Team Canada in the IIHF World Junior Championship at the Scotiabank Centre. The accolades from the hockey community affirmed Halifax's exceptional ability as a host city.
- The largest multi-sport event to ever come to Atlantic Canada also paid Halifax a visit. More than 5,000 athletes, coaches, and team staff, from more than 756 nations, participated in the North American Indigenous Games (NAIG). This event electrified communities to come together, support, and celebrate athletes from across Turtle Island. The NAIG legacy will live on for years to come.
- Halifax welcomed the Great Outdoor Comedy Festival for the first time east of Montreal. Held over three nights in August at the Garrison Grounds, the festival was a resounding success, drawing sold-out crowds and securing its return.
- September saw the inaugural Halifax International Fleet Week, which brought together members of the Royal Canadian Navy and Canadian Armed Forces, visiting North Atlantic Treaty Organization allies, and the community. The memory of event conclusion, the Parade of Ships, ensures Fleet Week is sure to become a calendar highlight.

Building on that momentum, Halifax won hosting rights for several upcoming prestigious events, reinforcing our reputation as a dynamic host region:

- Rockwool Canada Sail Grand Prix from 2024 to 2026;
- 2024 Pickleball Canada National Tournament;
- 2025 Canadian Olympic Curling Trials; and
- 2028 Canada-Wide Science Fair, hosted by Youth Science Canada.

Collaborating closely with our partners, we have set out on a strategic development journey for festivals and events within HRM. This multi-stage project aims to enhance the local event ecosystem for both hosting and recurring events, ensuring alignment with the aspirations and values of the community.





Marketing and Visitor Experience

Marketing and Visitor Experience

With Agencies of Record for creative campaigns and website development confirmed, our brand personality established, and our strategies and budgets approved, our team was excited and ready to go in 2023. And with these foundations set, we came out swinging for the fences.

The first week of January was marked with initiation of work on a brand-new website, a project that would take only five, very dense months of effort, despite the size of scope. Congratulations to our partner, Bellweather Agency, who won an internationally coveted Webby Award for their work with us on it.

In a new out-of-region campaign, we found our tone and placed the viewer and their needs at the centre of the story, positioning Halifax as the elixir to the stresses of big city living. It was brought to life with long-form storytelling, encouraging Canadians to come rub salt in their wounds. The campaign won the hearts of potential visitors, pushed large increases in website traffic, and received award-winning acclaim.

The unlocking of resources through the new service agreement allowed for campaign investment in non-traditional markets, including urban Ontario and Alberta, and Newfoundland and Labrador. Compared to 2019, website traffic growth from these new markets saw large increases: 79 per cent in Alberta, 178 per

cent in Ontario, and a whopping 1,775 per cent in Newfoundland and Labrador. Out-of-region provinces with minimal investment received only an eight per cent lift in the same period.

We also created and published a visitor guide, a kid's guide, and three maps, with readership over three times higher than was achieved in 2019.

With a change in mission from simply maximizing visitation, to maximizing the social and economic benefits from visitation, we leaned into projects that make our region better. This focus gave our team pride, and includes some amazing initiatives, such as:

- Partnership with NAIG to promote the largest multi-sport event to come to the region, celebrating Mi'kmaw and pan-Indigenous athletes from across Turtle Island.
- Partnering with the Nova Scotia Indigenous Tourism Network in the creation of Welcome videos and content for our visitor guides and website.
- We partnered with the Canada 2SLGBTQI+ Chamber of Commerce to carry out a full audit of our practices. The audit resulted in a few recommendations, including Discover Halifax becoming Rainbow Registered, and also encouraging our members to sign-up to be Rainbow Registered.
- The hiring of a Clean Nova Scotia intern, leveraging their work in the creation of a sustainability campaign and content.
- Partnering with ByBlacks Restaurant Week, promoting two separate culinary events for our members from the African or Caribbean diaspora.
- Working alongside HRM and the Halifax Partnership to support our members who were affected by the wildfires.
- The promotion of programs that help keep the visitor economy of our region viable. Working with the Restaurant Association of Nova Scotia, we marketed Dine Around, driving restaurant visits in a typically low season, and alongside the Hotel Association of Nova Scotia, we promoted the Hospitality Hiring Fair, driving interested job-seekers to careers in the industry.

So much happens in the days and weeks that make up the year. From social media content (regularly reaching over 240,000 users), over 15 campaigns, and our leisure newsletter, to programs that support members to improve their own digital footprint, and our travel media outreach and support, there are a lot of initiatives our team is

involved in. And most of our marketing efforts aren't visible to Haligonians, or to our members, as investments are made outside the borders of HRM.

Our team has increased membership by roughly 25 per cent to an all-time high of 740, and we aim to keep all our members informed. To do that, we held five community meetings, have a growing member base on our Facebook group, and, in partnership with the Communications team, 12 member-focused newsletters were created and sent, which we're pleased to say consistently have an open rate of more than 55 per cent.

In the January/February 2023 survey of members, we received an almost identical year-over-year average answer to the question, "How likely are you to recommend membership to Discover Halifax to another business", despite the major growth in membership: 7.95 out of 10.

Our team pushed boundaries on campaigns and content in 2023. We were changing, and not for the sake of change, but because we knew it would work. Change can be scary though, and new approaches can take time to catch on. The reception and the success of our new ideas and initiatives has been encouraging though, we know we can push and reach further into 2024.





Destination Development

Destination Development

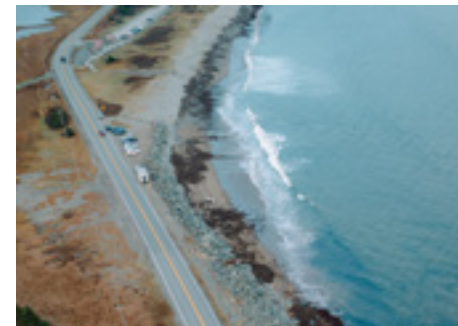
With the creation of destination development services within our organization, Discover Halifax is making strategic investments that will support our continued efforts to maximize the economic and social benefits of tourism for those that live, work, and invest here.

The newest business unit started from scratch in September 2023 and spent the last quarter of the year starting up many proposals and projects, the most anticipated being the refresh of 2021's Integrated Tourism Master Plan (ITMP).

The ITMP was innovative, bringing hundreds of tourism-related businesses and organizations to work together to achieve success for the sector in HRM. Everyone had a role to play, and the community stepped up to have their say. In the end, 28 initiatives were identified, and almost half are either complete or near completion.

Now is the time to look critically at the ITMP and determine what destination management looks like in HRM for the next five years. While the tough questions and community-driven conversation will take place in the months to come, 2023 marked the start of changing the conversation on tourism planning, laying the groundwork for meaningful and community-focused goals for the future.

And as we think about that future, we will continue to work toward improving sustainability and environmentally conscious tourism offerings in HRM. In 2023, the Global Destination Sustainability (GDS) Index benchmarked and assessed HRM's performance in almost 70 criteria. The region performed well in some areas, like in social progress, and the evaluation showed areas for improvement. Discover Halifax is up to the task, so stay tuned for news of progress as we continue to work with the GDS Index to improve performance going forward.





Balanced Scorecard

Balanced Scorecard

Focus Areas



Customer

- Grow leisure visitation
- Grow conventions and events
- Grow visitor spend with members
- Improve experiences for residents and visitors



People

- Be recognized as a haven for high performers
- Be a leader in performance management
- Create a culture of living our values



Financial

- Grow member revenue
- Leverage investments
- Maximize return on investment




Innovation

- Work with partners to achieve goals together
- Achieve best-in-class information services
- Be the go-to source for tourism intelligence
- Be a leader in sustainable travel


Focus Area: Customer

Grow meetings and conventions

	2023 year end	2022 year end *	% change
Number of bid proposals submitted	283	200	41.5%
Economic impact of bid proposals submitted	\$153,398,864	\$128,504,216	19.4%
Successful number of bids	122	76	60.5%
Successful bids, economic impact	\$50,480,095	\$43,691,900	15.5%


*2023 numbers include all events, regardless of room-night demand.

Grow festivals and events

	2023 year end	2022 year end	% change
Number of event proposals submitted	15	37	-59.4%
Economic impact of event proposals submitted	\$22,492,028	\$61,903,510	-63.6%
Successful number of bids	17	12	41.6%
Successful bids, economic impact	\$43,962,491	\$23,939,141	83.6%

Focus Area: Customer


Grow leisure visitation

	2023 year end	2022 year end	% change
Total impression from campaigns	119,234,458 *	117,296,827	1.6%
Total website visits	1,536,894	1,276,207	20.4%
Social media followers	241,349 **	223,037	8.2%

* These do not include the Times Square presence as it would skew the numbers with low-value impressions.

**This follower count includes Facebook, Instagram, Twitter, and TikTok.


Grow visitor spend with members

	2023 year end	2022 year end	% change
Member page views	60,249*	40,037	50.5%
Visitor guide and map distribution	577,437	415,846	38.8%
Membership count	741	596	24.3%
Member satisfaction (rating out of 10)	7.98	7.95	0.4%

*In August, the method used to track this KPI was changed from Universal Analytics to Google Analytics 4. We will monitor how this impacts our measurement of this KPI.

Focus Area: Customer


Improve the quality of experience for both residents and visitors of HRM

	2023 year end	2022 year end	% change
To what degree do you, HRM resident, see the tourism industry as adding to the community you work and live in? *	80%	New for 2023	n/a

* Residents of HRM were asked about the net impact of tourism on the region via digital survey, conducted by Thinkwell Research, and the result includes all “very positive” or “somewhat positive” responses

Focus Area: People

Be recognized as a haven for high performers, be a leader in performance management, create a culture of living our values

	2023 year end	2022 year end	% change
To what degree would you recommend a job at Discover Halifax to others? *	91%	New for 2023	n/a
Employee retention (non-voluntary loss)	3	New for 2023	n/a
Employee absenteeism	3.4	2.3	47.8%
Employee training and development (training days/employee)	2.5	1.4	78.6%

* This question was posed to Discover Halifax employees in an annual staff survey for the first time in Q1 2023, and the result was rated out of 100


Focus Area: Financial

Grow member revenue, leverage investments, maximize return on investment

	2023 year end	2022 year end	% change
Revenue from members (all sources)	\$216,280	\$202,390	6.9%
Revenue from marketing partnerships	\$160,750	\$180,590	-11.0%
Revenue from sales partnerships	\$60,632	\$51,570	17.6%
Total leveraged revenue (non-levy or HRM grant)	\$915,945	\$1,356,890	-32.5%

Focus Area: Innovation

Align with and promote partners, achieve best-in-class information services for tourism business intelligence, be a leading DMO in sustainable travel

	2023 year end	2022 year end	% change
Number of innovation projects implemented	6	2	200%

Key Indicators

Industry goals and KPIs

	2023 year end	2022 year end	% change
Room nights sold (traditional hotels)	1,588,921	1,524,014	4.3%
Room nights sold (short-term rentals)	280,500	249,276 *	12.5%
Combined room nights sold	1,869,421	1,773,290	5.4%
Hotel room supply	6,051	6,299	-3.9%
Cruise passenger count	300,005	269,243 **	11.4%
Airplane enplaned/deplaned passengers	3,579,293	3,107,119	15.2%

*Mid-2023, there was a change in AirDNA data reporting methods. Although different from previously-reported year end 2022 figures, the figure above is an apples to apples comparison to the 2023 data set.

**A previous count resulted in reporting an incorrect figure for 2022 actual cruise passenger count. The figure above for 2022 is correct.



Financials

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Financial Statements
Year Ended December 31, 2023

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Index to Financial Statements
Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members of Destination Halifax Society (operating as Discover Halifax)

Opinion

We have audited the financial statements of Destination Halifax Society, operating as Discover Halifax, (the "Society"), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 Society in accordance with 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 ASNPO, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

(continues)

Independent Auditor's Report to the Members of Destination Halifax Society (operating as Discover Halifax) (continued)

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 Society'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 Society'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 Society 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.



Halifax, Nova Scotia
May 30, 2024

CHARTERED PROFESSIONAL ACCOUNTANTS

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,457,245	\$ 938,591
Term deposits (Note 4)	130,581	-
Accounts receivable	128,705	373,753
Other receivables (Note 5)	1,744,514	1,464,869
Harmonized sales tax recoverable	65,661	39,453
Prepaid expenses	151,295	124,931
	<u>3,678,001</u>	<u>2,941,597</u>
LONG TERM PORTION OF TERM DEPOSITS (Note 4)	25,210	-
CAPITAL ASSETS (Note 6)	204,031	31,946
	<u>\$ 3,907,242</u>	<u>\$ 2,973,543</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 550,017	\$ 366,234
Deferred revenue (Note 9)	79,092	374,137
	<u>629,109</u>	<u>740,371</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	53,333	12,728
	<u>682,442</u>	<u>753,099</u>
NET ASSETS		
Unrestricted fund	2,980,995	2,201,226
Invested in capital assets	150,698	19,218
Conference development fund (Note 13)	93,107	-
	<u>3,224,800</u>	<u>2,220,444</u>
	<u>\$ 3,907,242</u>	<u>\$ 2,973,543</u>

CONTRACTUAL OBLIGATIONS (Note 11)

ON BEHALF OF THE BOARD

Director

Director

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Revenues and Expenditures
Year Ended December 31, 2023

	2023	2022
REVENUES		
Hotel marketing levy	\$ 5,065,533	\$ 2,717,909
Halifax Regional Municipality (Note 12)	1,074,100	824,100
Communities, Culture, Tourism and Heritage (Note 12)	247,738	407,000
Other income (Note 12)	183,863	119,180
Marketing partnerships	160,750	180,590
Advertising revenue memberships (Note 12)	152,156	141,905
Group sales partnerships	123,201	111,655
Evergreen Festival Project (Note 12)	-	233,988
Federal government assistance (Note 12)	-	82,572
	<u>7,007,341</u>	<u>4,818,899</u>
MARKETING PROGRAMS AND EXPENDITURES		
Wages and benefits - operations	1,886,541	1,570,656
Advertising	1,465,034	1,023,115
Owned and earned media	722,775	361,066
Creative development	355,424	329,373
Familiarity trips and site inspections	132,807	56,522
Trade shows	128,003	226,558
Sponsorships	115,360	10,500
Travel and industry development	105,825	289,999
Web development	101,059	35,767
Client development (Note 13)	91,263	44,441
Research	85,988	57,393
Lead development and membership fees	65,196	42,427
Professional fees	37,846	54,716
Continuous improvement	37,434	17,415
Amortization of media assets	20,513	13,740
Client events and sales trips	11,529	16,323
	<u>5,362,597</u>	<u>4,150,011</u>
ADMINISTRATIVE EXPENDITURES (Schedule 1)	640,388	468,109
	<u>6,002,985</u>	<u>4,618,120</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 1,004,356	\$ 200,779

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Changes in Net Assets
Year Ended December 31, 2023

	Unrestricted Fund	Invested in Capital Assets	Conference Development Fund	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 2,201,226	\$ 19,218	\$ -	\$ 2,220,444	\$ 2,019,665
Excess (deficiency) of revenues over expenditures	1,062,935	(26,686)	(31,893)	1,004,356	200,779
Fund transfers (Note 13)	(283,166)	158,166	125,000	-	-
NET ASSETS - END OF YEAR	\$ 2,980,995	\$ 150,698	\$ 93,107	\$ 3,224,800	\$ 2,220,444

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Cash Flows
Year Ended December 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 1,004,356	\$ 200,779
Items not affecting cash:		
Amortization of tangible assets	6,173	8,997
Amortization of media assets	20,513	13,740
	<u>1,031,042</u>	<u>223,516</u>
Changes in non-cash working capital:		
Accounts receivable	245,048	17,164
Other receivables	(279,645)	(1,208,511)
Accounts payable and accrued liabilities	183,784	41,040
Deferred revenue	(295,045)	200,296
Prepaid expenses	(26,364)	(18,354)
Harmonized sales tax recoverable	(26,208)	(9,822)
	<u>(198,430)</u>	<u>(978,187)</u>
Cash flow from (used by) operating activities	<u>832,612</u>	<u>(754,671)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(209,439)</u>	<u>(17,500)</u>
FINANCING ACTIVITIES		
Repayment of long term debt	-	(30,000)
Deferred capital contributions	51,272	12,728
Cash flow from (used by) financing activities	<u>51,272</u>	<u>(17,272)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>674,445</u>	<u>(789,443)</u>
Cash - beginning of year	<u>938,591</u>	<u>1,728,034</u>
CASH - END OF YEAR	<u>\$ 1,613,036</u>	<u>\$ 938,591</u>
CASH CONSISTS OF:		
Cash	\$ 1,457,245	\$ 938,591
Term deposits	130,581	-
Long term portion of term deposits	25,210	-
	<u>\$ 1,613,036</u>	<u>\$ 938,591</u>

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2023

1. PURPOSE OF THE SOCIETY

Since 2002, Destination Halifax Society's (operating as Discover Halifax) (the "Society") goal has been to promote the Halifax Regional Municipality (HRM) as a destination of choice for leisure and business travellers.

They aim to maximize economic and social benefits resulting from the tourism industry for the benefit of the people who live, visit, and invest in their region. They showcase the best of the region to the world and, alongside their industry partners, seek to shape the future of tourism through good planning, investment, and design. For Canadian income tax purposes the Society qualifies as a non-profit organization which is exempt from income tax under the Income Tax Act.

Their vision is to be globally recognized as the favourite city in Canada.

The sustainability of the Society was realized on April 1, 2002, with the introduction of a municipality administered marketing levy, currently at 3.0% on occupied rooms within the Halifax Regional Municipality. Destination Halifax receives 65% (formerly 2/3 of 1.5% from inception to March 31, 2006, 60% of 2% from April 1, 2006 to September 30, 2023, and 65% of 3% from October 1, 2023 to present) of the levy to carry out the objectives of the Society.

The Society registered the operating name Discover Halifax, effective May 25, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Cash

Cash consists of deposits within Canadian financial institutions, net of any outstanding transactions.

Term deposits

Term deposits, which consist primarily of guaranteed investment certificates are carried at cost plus accrued interest.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, except for transactions with related parties which are recorded at the exchange amount. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

(continues)

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates:

Computer equipment	3 years
Furniture and fixtures	5 years
Tradeshaw booth	3 years
Website	3 years
Digital kiosk	5 years

Amortization is calculated at one-half of the normal annual rate in the year of acquisition; no amortization is recorded in the year of disposal.

The Society regularly reviews its capital assets to eliminate obsolete items. Government assistance received related to assets is deferred and amortized on the same basis as the related asset.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The most significant estimates in these financial statements is the allowance for doubtful accounts, the useful lives of capital assets, deferred revenue and accrued liabilities.

Revenue recognition

Destination Halifax Society 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.

Kiosk rental revenue is recognized in revenue over the term of the lease.

Advertising and marketing revenue is recognized in revenue over the term of the contract.

Group sales partnership revenue is recognized in revenue over the life of the partnership.

(continues)

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government assistance

Government assistance is recorded when there is a reasonable assurance that the Society had complied with and will continue to comply with, all the necessary conditions to obtain the assistance.

Government assistance related to expenses is recorded as deferred government assistance and is amortized into income as eligible expenditures are incurred. Government assistance for current expenses is recorded as income. Government assistance received related to assets is deferred and amortized on the same basis as the related asset.

3. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The Society's financial instruments consist of cash, term deposits, accounts receivable, other receivables, and accounts payable and accrued liabilities. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2023.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from funders and members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. Credit risk is minimized due to the nature of revenue.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources and accounts payable.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is not exposed to significant market risk.

4. TERM DEPOSITS

	2023
<u>Current</u>	
Bank of Nova Scotia, non-redeemable guaranteed investment certificate (GIC) with a cost of \$125,000 bearing interest at 4.85%, maturing July 30, 2024	\$ 130,581
<u>Long term</u>	
Bank of Nova Scotia non-redeemable guaranteed investment certificate (GIC) with a cost of \$25,000 bearing interest at 5.80%, maturing May 9, 2025	25,210
	\$ 155,791

The GICs are being held as collateral for credit cards held by the Society.

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2023

5. OTHER RECEIVABLES

	2023	2022
Hotel marketing levy	\$ 1,740,847	\$ 1,388,026
Graduate to Opportunity	3,667	8,167
Evergreen Festival Project	-	50,225
Atlantic Canada Opportunities Agency - Rediscover Mainstreets	-	18,451
	\$ 1,744,514	\$ 1,464,869

6. CAPITAL ASSETS

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Computer equipment	\$ 33,422	\$ 33,422	\$ -	\$ -
Furniture and fixtures	123,335	102,205	21,130	3,116
Leasehold improvements	10,650	710	9,940	-
Tradeshow booth	77,486	35,185	42,301	-
Website	135,000	22,500	112,500	17,500
Digital kiosk	75,809	57,649	18,160	11,330
	\$ 455,702	\$ 251,671	\$ 204,031	\$ 31,946

7. BANK INDEBTEDNESS

The Society has access to a \$100,000 line of credit with interest of prime plus 2.5%, none of which was outstanding at year end (2022 - \$nil).

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade accounts payable	\$ 416,126	\$ 260,775
Accrued liabilities	133,891	105,459
	\$ 550,017	\$ 366,234

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2023

9. DEFERRED REVENUE

	Opening	Received	Recognized	Ending
CCTH Culture Innovation Fund	\$ 50,000	\$ -	\$ 50,000	\$ -
CCTH Tourism Marketing Assistance Program	197,738	-	197,738	-
Parks Canada	3,450	24,800	24,850	3,400
Halifax Partnership	51,579	-	51,579	-
Other deferred revenue	71,370	212,277	207,955	75,692
	<u>\$ 374,137</u>	<u>\$ 237,077</u>	<u>\$ 532,122</u>	<u>\$ 79,092</u>

Other deferred revenue represents advertising revenue and partner contributions for the following fiscal year that have been invoiced in the current year.

10. DEFERRED CAPITAL CONTRIBUTIONS

	Opening	Deferred Capital Contributions	Amortization	Ending
Website	\$ 12,728	\$ 51,272	\$ 10,667	\$ 53,333

11. CONTRACTUAL OBLIGATIONS

The Society has leases under various agreements for office equipment and premises (includes base rent and additional rent for property taxes and common area costs), expiring in August 2028.

Contractual obligation repayment schedule:

2024	\$ 136,087
2025	136,435
2026	138,060
2027	139,917
2028	97,115
	<u>\$ 647,614</u>

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2023

12. GOVERNMENT ASSISTANCE

	2023	2022
<u>Municipal</u>		
Halifax Regional Municipality	\$ 1,074,100	\$ 824,100
<u>Provincial</u>		
Communities, Culture, Tourism and Heritage (CCTH)	247,738	407,000
Graduate to Opportunity (Other income)	9,500	8,167
Evergreen Festival	-	233,988
	<u>257,238</u>	<u>649,155</u>
<u>Federal</u>		
COVID-19 subsidies		
Canada Emergency Wage Subsidy	-	73,482
Canada Emergency Rent Subsidy	-	9,091
	-	82,573
ACOA		
Rediscover Mainstreets (Other income)	46,911	49,090
Other		
Parks Canada (Advertising revenue)	24,850	20,550
	<u>71,761</u>	<u>152,213</u>
	<u>\$ 1,403,099</u>	<u>\$ 1,625,468</u>

13. CONFERENCE DEVELOPMENT FUND

The Board has approved the establishment of a Conference Development Fund for the purpose of providing incentives to select organizations who are considering Halifax as their event destination. Disbursements from this fund result from negotiated agreements only payable upon completion of the event. Transfers from the Unrestricted Fund commenced with the 2023 fiscal year based on the estimated future payments. During the year, \$125,000 was transferred to the fund and \$31,893 was disbursed bringing the year end fund balance to \$93,107.

The estimate of future payments based on existing event contracts are as follows:

2024	\$ 8,000
2025	17,000
2026	5,000
2027	5,000
	<u>\$ 35,000</u>

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2023

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Administrative Expenditures *(Schedule 1)*
Year Ended December 31, 2023

14. ECONOMIC DEPENDENCE

The Society derives a significant portion of revenues (2023 - 72%; 2022 - 56%) from the Hotel marketing levy which is dependent on the continuance of the legislation described in Note 1. Should the levy cease to be provided to the Society, an adequate replacement revenue source could not likely be found.

	2023	2022
ADMINISTRATIVE EXPENDITURES		
Wages and benefits - administration	\$ 254,031	\$ 157,924
Information and communication technology	127,925	87,189
Rent	115,346	114,774
Professional fees	45,476	25,075
Office	26,028	24,904
Staff development	24,420	15,585
Insurance	14,262	7,469
Corporate communication	10,815	14,431
Board expense	7,796	6,018
Amortization of tangible assets	6,173	8,997
Interest and bank charges	4,852	4,565
Miscellaneous	3,264	1,178
TOTAL ADMINISTRATIVE EXPENDITURES	\$ 640,388	\$ 468,109

The logo features the text "DISCOVER HALIFAX" in a white, sans-serif font. The word "DISCOVER" is positioned above "HALIFAX". The text is centered and surrounded by several white, slanted rectangular bars of varying lengths, some above and some below the text, creating a dynamic, fragmented effect.

DISCOVER
HALIFAX