



DISCOVER HALIFAX
2020
ANNUAL
REPORT



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MESSAGE FROM THE CHAIR

It would be hard to imagine a more challenging year for tourism than this one. COVID-19 has had a dramatic impact on our organization, on the industry and on the lives of people around the world. Discover Halifax's mandate is to lead the economic recovery of tourism in Halifax, and while we look ahead, we also reflect on and acknowledge the deep loss and impact of COVID-19 on families everywhere and here at home in Nova Scotia.

We aren't looking forward to getting back to normal. We aspire to reimagine the sector and our place within it. The role of the Destination Marketing Organization has changed and we are inspired by our emerging role as destination leaders. We are thinking not only about how to grow tourism as an end in itself, but the need to rethink tourism and destination leadership as a means to help our communities thrive.

Since the beginning of the pandemic, Discover Halifax has been working to support a broad approach to harm reduction in our region arising from COVID-19. This means that we have supported public measures to protect Nova Scotians while we plan for economic recovery. It has been our objective from the onset that we support the public health objectives and support families and people whose livelihoods depend on the travel industry.

Discover Halifax, as an organization, was not immune to the financial distresses brought on by COVID-19. With 90% of our revenues being self-generated and dependent on the collection of a hotel levy, we witnessed a loss of revenue of 85% from these sources, while at this same time our services were needed more than ever. We would like to recognize the support provided by our many partners, especially ACOA and the Halifax Regional Municipality, for their support in keeping our doors open. As chair of the board, I would also like to recognize the extraordinary efforts and commitment of the team of Discover Halifax during this past year, and the inspiring resilience of tourism operators across the region.

As we move through reopening, we are focused on building consumer confidence and social license to welcome visitors again. The momentum in Halifax is palpable and we have never been more confident in our competitive position as one of Canada's leading destinations and our vision of being recognized broadly by visitors, and our own citizens alike, as their Favourite City in Canada.

President & CEO | Develop Nova Scotia



MESSAGE FROM THE PRESIDENT & CEO

Let me start by stating the obvious; it has been a difficult year. And, it would be easy for me to focus this message on just how difficult it has been, but I don't think I would be sharing anything of value by doing so. Instead, I want to reflect on what I believe has gone right since March 17th and focus on our recovery efforts.

So, what went right? First, the global science community found not only one, but multiple vaccines with very positive efficacy rates. Thinking back, it wasn't certain that we would, or at best it wasn't expected that we would so quickly. We also had some serious doubt about getting global production to the levels we needed. Now, I must admit we are doing well in many countries on overall vaccination rates but globally we still have much work to do. These accomplishments are putting us on a clear path to recovery.

Second, this past year we averted a deep collapse of our global, national, and regional economies. Major supports were put in place to keep our broader economies running. While I don't want to understate the real hardships to businesses specifically in the tourism industry, the future customers of our industry are financially secure and there is much evidence that one of their primary intentions for discretionary spending will be travel.

Finally, while we have sustained setbacks and losses in our industry, the fundamentals for future longer-term demand remain strong with evidence supporting that the travel industry will continue to be one of the fastest growing industries globally. The opportunity to rebuild has not been taken away from us. This leads me to our immediate challenge. Starting the rebuild. In my opinion, time is

both our enemy and our friend. Destinations that can recognize when the best "pivot point" happens can have a first-mover advantage, and on all accounts the summer of 2021 will be critical.

The key is that we don't have to wait to be getting ready. At Discover Halifax, we began preparing for the summer restart as soon as the vaccinations were approved, and we are working with our partners to encourage a strong and coordinated reopening. The alignment of public health, businesses, and all partners will be key if we are to get this timing right.

In closing, I would like to recognize the small but mighty team at Discover Halifax and express my gratitude to the Board of Directors and the many people who support our industry. I especially want to thank all of our members and our industry who have borne the brunt of the difficult restrictive measures put in place to protect Nova Scotians.

My resolve for a positive future is strong; we have a great destination, with great experiences delivered by some of the best businesses, leaders and people in the world.

Sincerely,

President & CEO | Discover Halifax

BOARD OF DIRECTORS

JENNIFER ANGEL – CHAIR
President & CEO, Develop Nova Scotia

JEFF RANSOME – PAST CHAIR
General Manager, Halifax Marriott Harbourfront

DOUG TOWNSEND – VICE-CHAIR
Co-Owner, The Canteen on Portland

PAUL BRIGLEY– TREASURER
VP, Finance & CFO
Halifax International Airport Authority

DAVID CLARK - SECRETARY
General Manager, Atlantica Hotel Halifax

DENISE SCHOFIELD
Director, Parks & Recreation Halifax

INA RIVARD
Owner/Operator, Atlantic Splash Adventure

KATHY PERRIER
General Manager, Holiday Inn Express & Suites Halifax-Bedford

KEN BAGNELL
CEO, Canadian Sports Centre Atlantic

LISA BLACKBURN
Councillor, Halifax

MEGAN DELANEY
General Manager,
Cambridge Suites Hotel Halifax

MICHELE SARAN
CEO, Tourism Nova Scotia

MAYOR MIKE SAVAGE
Halifax

PATTY CUTTELL
Councillor, Halifax

ROBERTA DEXTER ROBIDOUX
President, Strategic Meeting Designs

ROSS JEFFERSON (EX OFFICO)
President & CEO, Discover Halifax

RYAN MURPHY
President/Owner, Murphy's Camping on the Ocean

SUSAN WILSON
Director Human Resources, Sutton Place Hotel Halifax

DISCOVER HALIFAX TEAM

ROSS JEFFERSON
President & Chief Executive Officer

ANGELA PETRY
Executive Administrator

ELLIE KIM
Administrative Coordinator

JEFF NEARING
Vice President, Sales

JEFF TURNER
Sales Director, International

TAMI LEBLANC, CMP
Sales Director, Canadian Association & Corporate Markets

MEGAN BARSS
Sales Coordinator

MICHELE BOURGEOIS
Travel Trade & Meeting Services Specialist

PAUL BAILEY
Sales & Marketing Director, Group Sales

BRENDA COUPAR, CMP, PMP
Manager of Events

CHRIS GOSSE
Events Manager, Sports and Culture

FALLON BOURGEOIS
Director of Communications

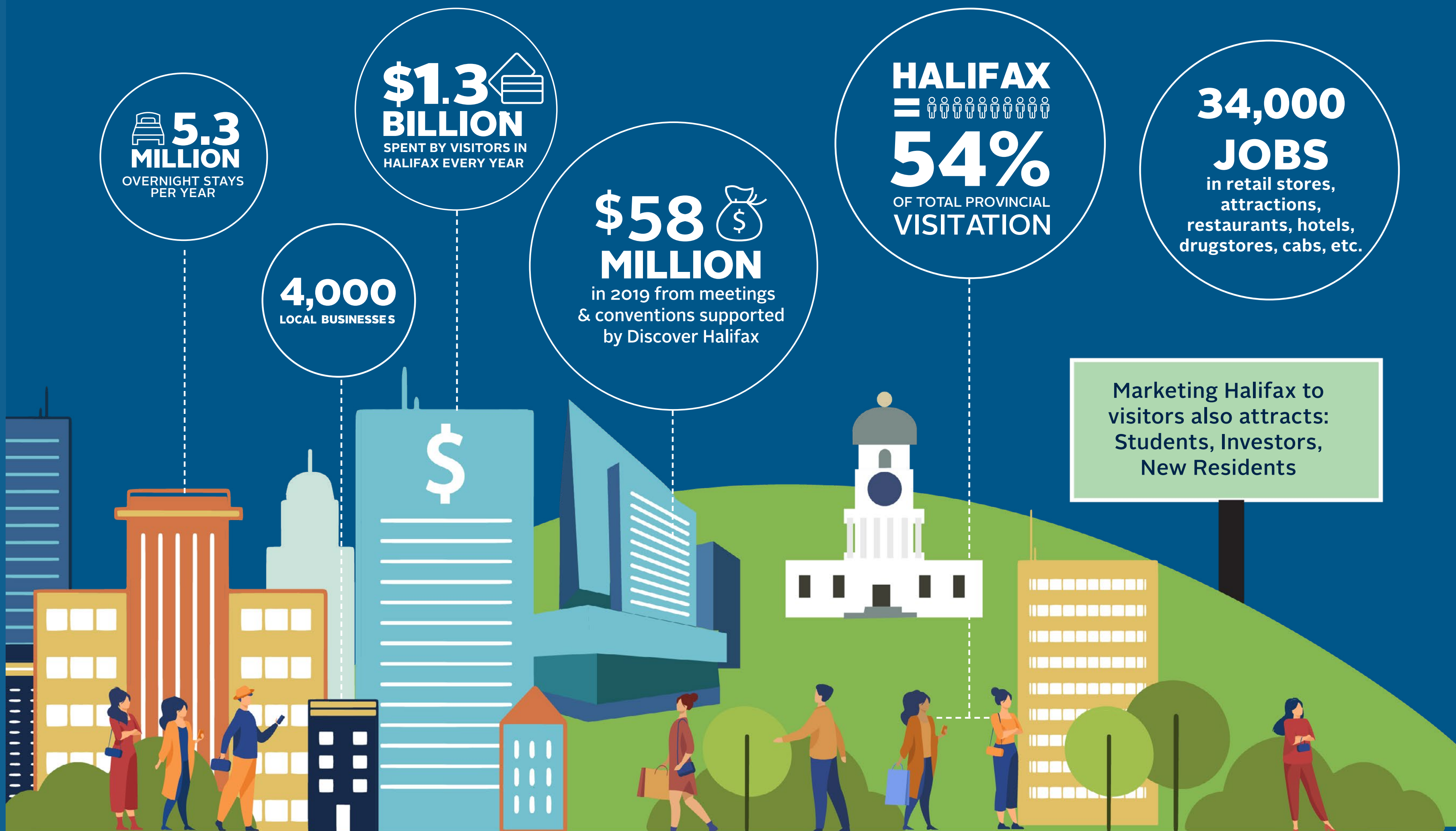
CLARE TIDBY
Vice President, Marketing & Visitor Experience

KATIE CONKLIN
Marketing & Communications Manager

ANNIE RANKMORE
Community Manager

LYNDSAY BELAIR
Senior Graphic Designer

TOURISM INDUSTRY'S LOCAL IMPACT (PRE-COVID)



1[↑]IN 27
PEOPLE IN HALIFAX ARE VISITORS

Tourism businesses and employees pay taxes that support services like public transit, health care and parks.

BALANCED SCORECARD

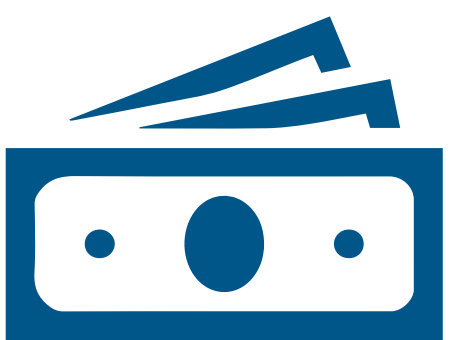


BALANCED SCORECARD FOCUS AREAS



CUSTOMER

- Grow Leisure Visitation
- Grow Group Visitation
- Grow Visitor Spend with Members



FINANCIAL

- Leverage Funding
- Improve ROI
- Grow Investment



INNOVATION

- Align Strategy with Partners
- Invest in Technology
- Improve Processes



PEOPLE

- Right People in Right Roles
- Support Training & Skills
- Manage and Reward



GOAL #1
GROW LEISURE VISITATION

2020

	Previous Year End (2019)	2020 Actual	% Change from Prior Year
Total Impressions from Campaigns ^{*See note 1}	52,809,242	16,339,770	-69%
Total Website Visits ^{*See note 2}	1,275,517	871,950	-32%
Website - Organic Traffic (New for 2020)	New	448,332	N/A
Website - Average Time (mins) on Site (New for 2020)	01:21	01:18	-3%
Social Media Followers ^{*See note 3}	182,873	194,248	+6%
Travel Media Ad Value	\$ 4,089,050	\$ 3,827,528	-2%

Notes

- 1. With a significant decline in advertising spend, impressions from campaigns dropped. The cost per impression (CPI) from advertising rose from <\$0.01 to just over \$0.02, year over year.
- 2. Due to paid media activity and restrictions, website visits came more heavily from Nova Scotia in 2020 (75%) compared to the year prior (62%).
- 3. Discover Halifax is present in 3 social channels, all of which experienced growth in followers in 2020. Instagram grew the most with a 12% YoY increase, followed by Twitter (4%) and Facebook (2%).



GOAL #2
GROW GROUP VISITATION

	Previous Year End (2019)	2020 Actual	% Change from Prior Year
Direct Economic Impact from Confirmed Future Conferences and Groups ^{*See Note 2}	\$ 57,668,403	\$ 53,506,807	-7%
Leads Generated for Future Events	115	294	+156%
# of Future Conferences and Groups Confirming Halifax (Discover Halifax Supported) ^{*See Note 3}	122	96	-21%
Room Nights from Future Confirmed Events (Discover Halifax Supported) ^{*See Note 4}	80,137	58,833	-27%
New Tentative Bids (event count) ^{*See note 5}	250	83	-67%
New Tentative Bids (room nights) ^{* See Note 6}	185,337	56,186	-70%
Client Site Inspections Held	33	15	-55%
Promotional Support for Confirmed Conferences	118	47	-60%

Notes

1. 2020 Group Visitation numbers were greatly affected by the effects of COVID-19.
In many cases (noted) numbers are a combination of rebooked business from 2020 plus new business booked for future years.

2. \$35,757,628 of Economic Impact is from events that were cancelled in 2020 and rebooked to future years. The remaining \$17,749,149 is new confirmed business for future years.

3. 50 events were rebooking of events that cancelled in 2020. The remainder are new events booked in 2020 for future years.
4. 32,171 Room Nights were from events that cancelled in 2020 and rebooked into future years.

5. 35 Tentative Bids were for events that cancelled in 2020 and where Discover Halifax had to rebid for future years. The remainder are new bids for events in future years.

6. 32,171 Tentative Room Nights were for events that cancelled in 2020 and where Discover Halifax had to rebid for future years. The remainder are new room nights for future years.

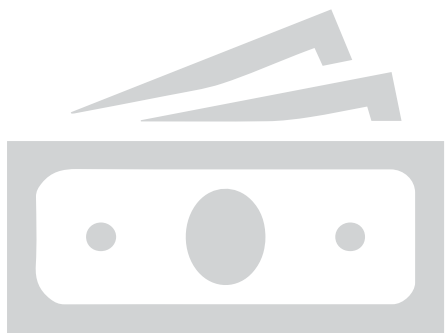


GOAL #3
GROW VISITOR SPEND WITH MEMBERS

	Previous Year End (2019)	2020 Actual	% Change from Prior Year
Membership Count	471	489	+4%
Service Leads Issued to Partners	552	232	-58%
Member Referrals Made to Clients	180	19	-89%
Visitor Guide & Maps Distribution <small>*See Note 1</small>	243,218	7,131	-99%
Kiosk and Wi-Fi Channel Sessions <small>*See Notes 2 & 3</small>	123,231	176,365	+43%

Notes

- 1. While COVID-19 prevented the first print run of our 2020 Visitor Guide from being distributed, the digital version saw 5,489 reads and 6,407 impressions (compared to 33K reads and 47.7K impressions of the 2019 Visitor Guide). 2020 also saw production of two digital inspiration guides associated with Heart Soul Halifax campaign which amounted to an additional 4,514 reads and 10.9K impressions, averaging over 3 minutes per read.
- 2. To help prevent the spread of COVID-19, digital kiosks placed throughout HRM were disabled for 2020.
- 3. While visitation was down significantly in 2020, Wi-Fi usage increased over 40% YoY. There was also an increase in click through rates (1.8% in 2020 vs 1.5% in 2019). This implies that locals were taking advantage of the free Wi-Fi and were compelled to engage with the content Discover Halifax served on this platform.



GOAL #4

LEVERAGE FUNDING & IMPROVE FINANCIAL HEALTH

	Previous Year End (2019)	2020 Actual	% Change from Prior Year
Revenue from Members	\$ 200,776	\$ 213,286	+6%
Revenue from Marketing Partnerships ^{*See Note 3}	\$ 61,665	\$ -	-100%
Revenue from Marketing Partnerships (Non-P&L)	\$ 110,000	\$ 100,000	-9%
Revenue from Sales Partnerships	\$ 130,955	\$ 21,766	-83%
Total Leveraged Revenue (non levy or HRM grant)	\$ 528,220	\$ 1,845,269	+277%
Investment In Tourism Sector - (Per-Room Benchmark - Quartile)	Bottom 10%	Bottom 10%	N/A

Notes

1. The organization is deeply dependent on non-grant revenues. This includes 75% of the overall revenues coming from the hotel levy and an additional 15% generated through membership and pay-to-play programs. COVID-19 had a major impact on these two sources of funding with estimated declines of 85%.
2. The organization relied heavily on several funding and subsidy programs for 2020 including ACOA, Tourism Nova Scotia, HRM, Canada Emergency Wage Subsidy, Canada Emergency Commercial Rent Assistance, Canada Emergency Rent Subsidy and Canada Emergency Business Account.
3. Membership dues were forgiven for 2020 in an effort to support businesses affected by COVID-19.



GOAL #5
INNOVATION, PROCESS IMPROVEMENTS & ALIGN
STRATEGY WITH PARTNERSHIPS

	Previous Year End (2019)	2020 Actual	% Change from Prior Year
Process Improvement, Innovation, or Six-Sigma Projects Completed (2 per dept.)	6	7	17%

Notes

- 1. Restructure of corporate IT environment provided ability for staff to access all corporate files and programs outside of the office
- 2. Implemented virtual meeting platforms (MS Teams and Zoom)
- 3. Implemented electronic expense claim process
- 4. Implemented invoice payments via Electronic Funds Transfer
- 5. Implementation of digital document signatures
- 6. Virtual property tours for client site inspections
- 7. Digital 360o scanning of hotel properties for new Business Events Website



GOAL #6
**RIGHT PEOPLE IN THE RIGHT PLACE, SUPPORT
TRAINING, MANAGE AND REWARD**

	Previous Year End (2019)	2020 Actual	% Change from Prior Year
Employee Absenteeism Rate Average (days/employee)	1.4	2.4	71%
Employee Training & Development (training days/employee)	2.5	0.95	-62%

Notes

- 1. Hired remote, in-market, Ontario Sales Director and filled the newly developed position of Senior Graphic Designer
- 2. Development of staff skills and abilities: IT security awareness, Accessibility training, Mi'kmaw Language training & Communications

INDUSTRY KEY PERFORMANCE INDICATORS

	Previous Year End (2019)	2020 Actual	% Change from Prior Year
Room Nights Sold (Traditional Hotels)	1,464,039	636,408	-57%
Room Nights Sold (Online Sharing Economy)	442,867	272,582	-38%
Combined Overnight Room Sold	1,906,906	908,990	-52%
Daily Hotel Rooms Supply (measuring growth in new traditional hotels)	5,887	6,289	7%
Cruise Visitation	323,709	-	-100%
Airport Enplaned / Deplaned Passengers	4,188,443	995,426	-76%

2020



MARKETING OVERVIEW





MARKETING OVERVIEW

PROMOTING IN A PANDEMIC

The beginning of 2020 was planned as a big year; our core strategy centered around growing leisure visitation by creating increased visitor demand. We kicked things off with our annual **Dine Around** campaign celebrating Halifax's unique foodie culture. The campaign performed exceptionally well, driving over 20,000 visits to the website. When it became evident early in the year that, like all destinations around the world, Halifax would be impacted by the COVID-19 pandemic, we shifted our focus.

In the first phase of the pandemic our communications pivoted from encouraging visitation to crisis management. We used our owned channels to **echo public health guidelines, support local businesses**, and **inspire people to dream of future travel**. Roughly one month after the region went into lockdown, we launched our **Dine & Stay Home** local support campaign to encourage locals to support restaurants by ordering take out or delivery from their favourite restaurants. This was quickly followed by the launch of the **Shop & Stay Home** campaign in support of local retailers.

Once the initial lockdown was lifted and locals were permitted to travel within the region, our objectives shifted again. For the first time we were communicating with a local audience to help support economic recovery in the region. Our local support campaigns shifted from “stay home” messaging to “support local”, becoming **Dine & Support Local** and **Shop & Support Local**.

We repurposed what had previously been the Dine Around landing page on our website to create the **What's Open** page to let people know what businesses were open in the region and what they could safely do around Halifax. The What's Open page became the #1 most-viewed page on our website in 2020, generating nearly 200,000 pageviews. In May we rebranded our annual Halifax Attractions Week campaign to the **See & Stay Home** campaign to share safe ways locals and those from further away could experience Halifax's signature attractions.

Building on local pride of place and a desire to support local businesses, in June we launched the **Heart. Soul. Halifax!** campaign to encourage first locals and later Maritime visitors to safely rediscover all the things they love about Halifax. When the Atlantic travel bubble opened in July, we expanded our audience beyond Nova Scotia to include New Brunswick and PEI and continued to promote safe visitation to help accelerate tourism recovery, encouraging Nova Scotians to staycation in the Halifax region, and providing Maritimers with compelling reasons to visit.

We were pleased to see that the **Heart. Soul. Halifax!** campaign not only performed well, it outperformed our major summer campaign from the previous year, generating **15.6 MM impressions and 83K unique pageviews – 30% more than in 2019**, despite the fact that our total media spend





for summer 2020 was down 32% year over year. The primary difference is that our 2020 campaign target group included locals, a highly engaged audience made up of people looking for accurate, up-to-date information about what's open and things to do. This focus on providing locals with actionable and appropriate activities will continue into the foreseeable future.

Throughout the summer we created more content than ever before to support the **Heart. Soul. Halifax!** Campaign, including **two digital inspiration guides** which generated over **10,000 impressions**, and more than **30 new Halifax itineraries**. We created new **Perfect Weekend Picks** content on social media to promote long weekend visitation and co-created the **Buy Halifax** campaign with the Halifax Chamber of Commerce and Halifax Partnership.

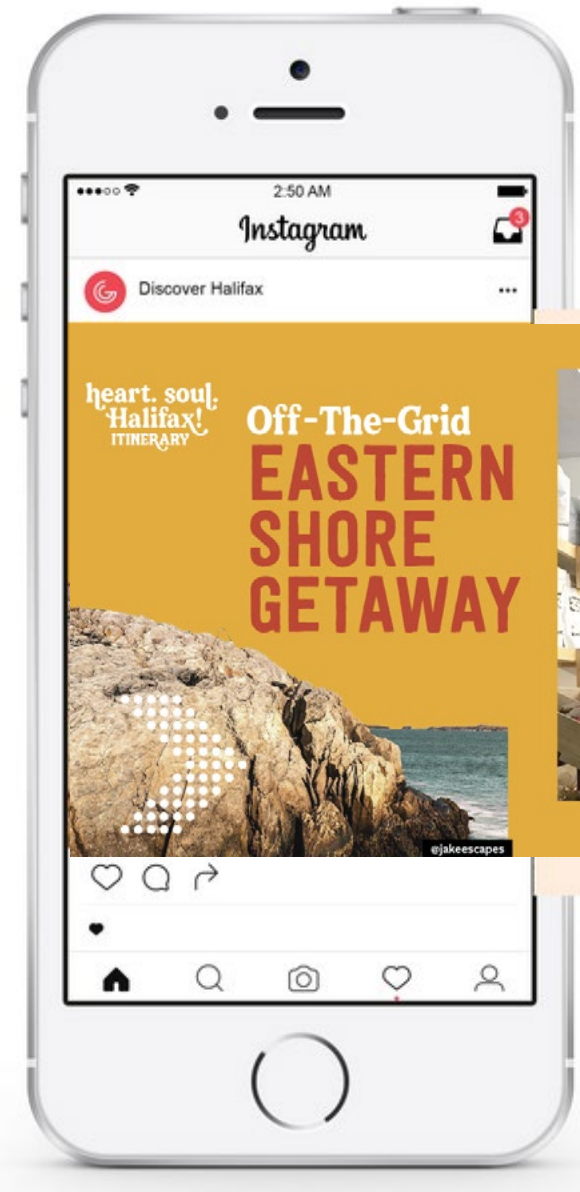
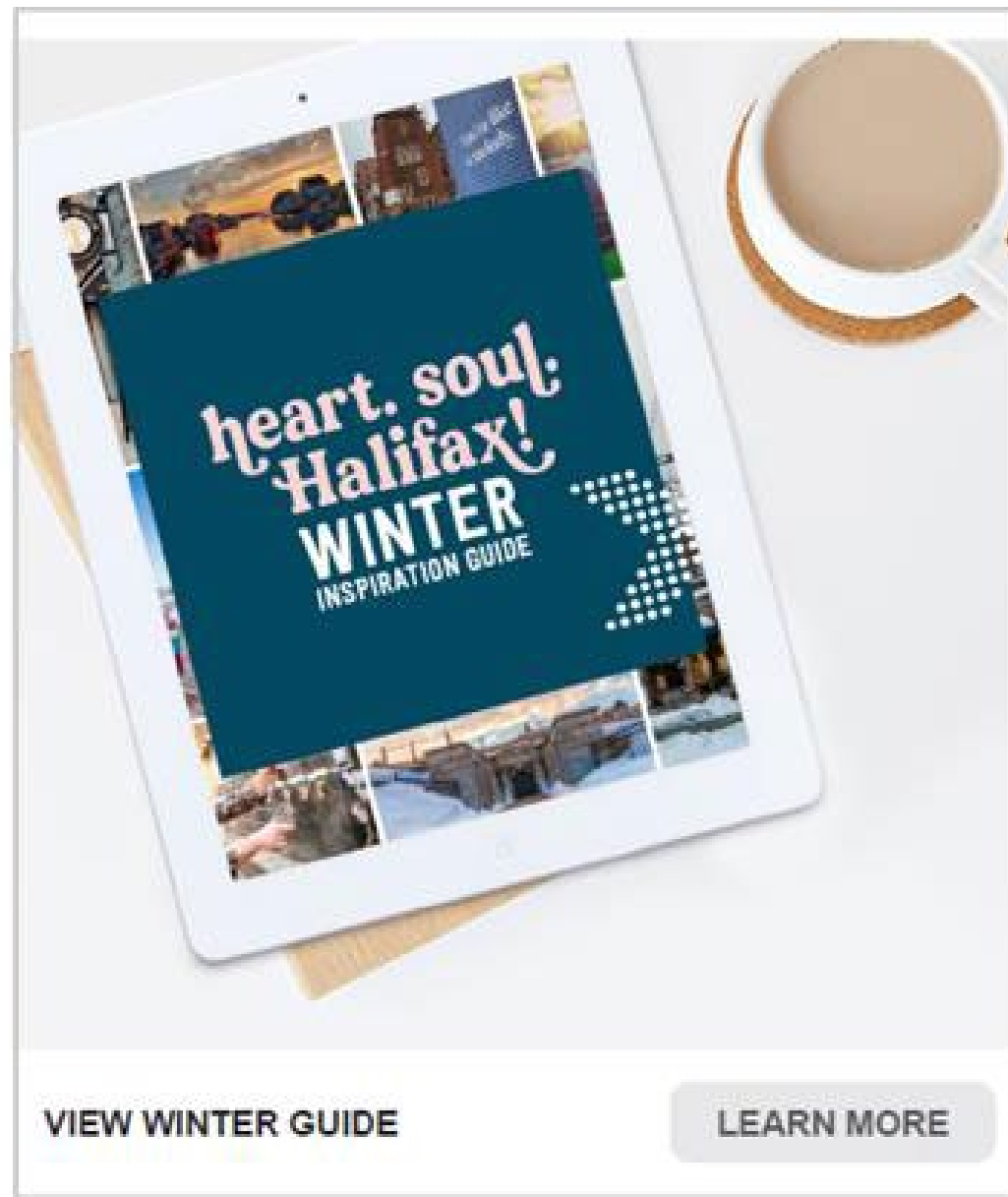
Toward the end of the year, Discover Halifax became the marketing partner for the first ever **Evergreen Festival**, in collaboration with Develop Nova Scotia. Due to a rise in COVID-19 cases immediately following the launch of our paid media campaign, further restrictions were enforced in Atlantic Canada that resulted in the need to adjust all aspects of the festival and its execution – including pausing the paid media campaign. The campaign generated over **2.5 million impressions**.

Wherever and whenever possible, feasible and appropriate, we've sought to support the visitor economy. Our target audience has remained loyal and our owned channels continue to drive high engagement. Our **website generated 82K**

sessions in 2020 and our **social media audience grew by 6%** since the previous year, with **195K followers** across Facebook, Instagram, and Twitter. Mirroring the change in our target markets, the traffic and engagement on our owned channels shifted in 2020 to an audience closer to home. 75% of our website traffic was generated by Nova Scotians and 46% of our traffic came from the HRM (vs 2019 activity in which 62% of website traffic came from Nova Scotia and 16% from HRM). People wanted to know **what was open**, and **what there was to experience safely** in the Halifax region. While in previous years our events calendar has consistently been the most-visited page on our website, this year the most popular content included blogs like "**Best Beaches**" (30K pageviews), "**Top Hikes**" (28K pageviews), and "**Must-See Waterfalls**" (15K pageviews), as well as itineraries like "**Hidden Waterfalls**" (5K pageviews) and "**Off-The-Grid Eastern Shore Getaway**" (3K pageviews).

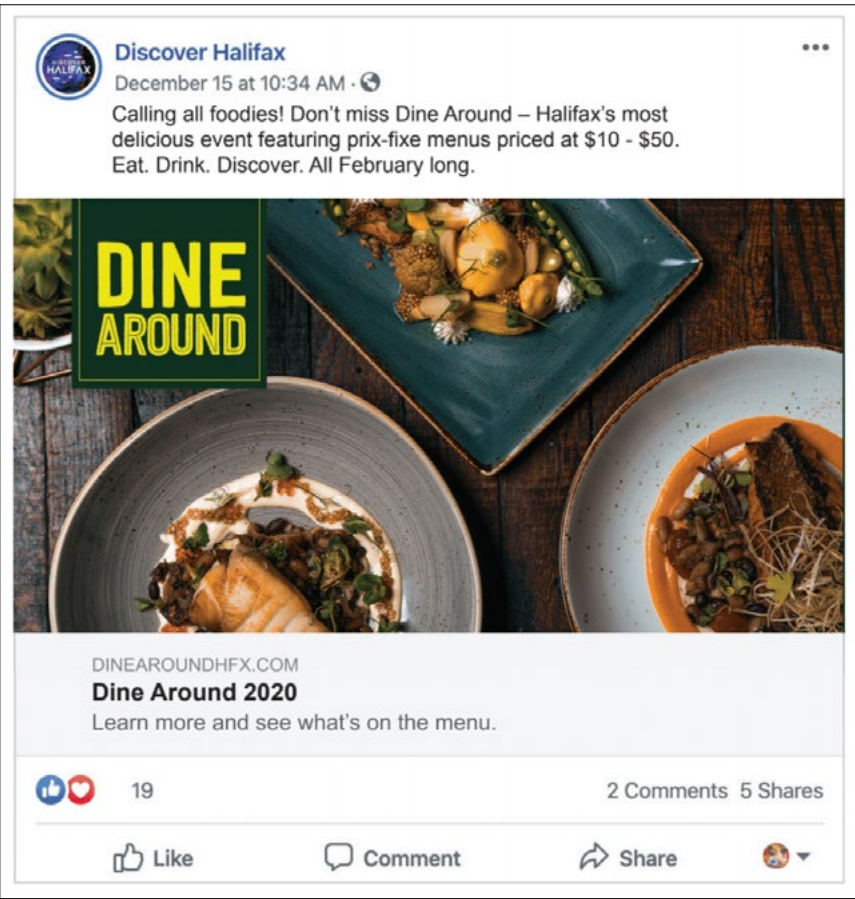
MEMBERSHIP & VISITOR EXPERIENCE

We have been encouraged by the progress that has been made during this difficult period. The team has never lost sight of the desire to position our city as a fantastic destination, driving short-term visitation where possible, and long-term bucket-list desire where more appropriate. Our membership grew in 2020, demonstrating the stalwart dedication and optimism of our industry. We will continue to drive forward to build for a better future for our region, our visitors, and our members.



2020

2020 MARKETING CAMPAIGNS



2020

GROUP SALES OVERVIEW





GROUP SALES OVERVIEW

2020 started as a strong year for the Group Sales program, there were 100 conferences and events confirmed. The Loblaw National Conference was successfully hosted in late January (representing an unprecedented major win in the corporate conference market); as well as many large conferences and events planned throughout the year, including the North American Indigenous Games in summer, and the Canadian Society of Association Executives (CSAE) conference in November. Collectively, 2020 was forecasting to be another record-setting year of event attraction and support for the destination.

EFFECT OF COVID-19

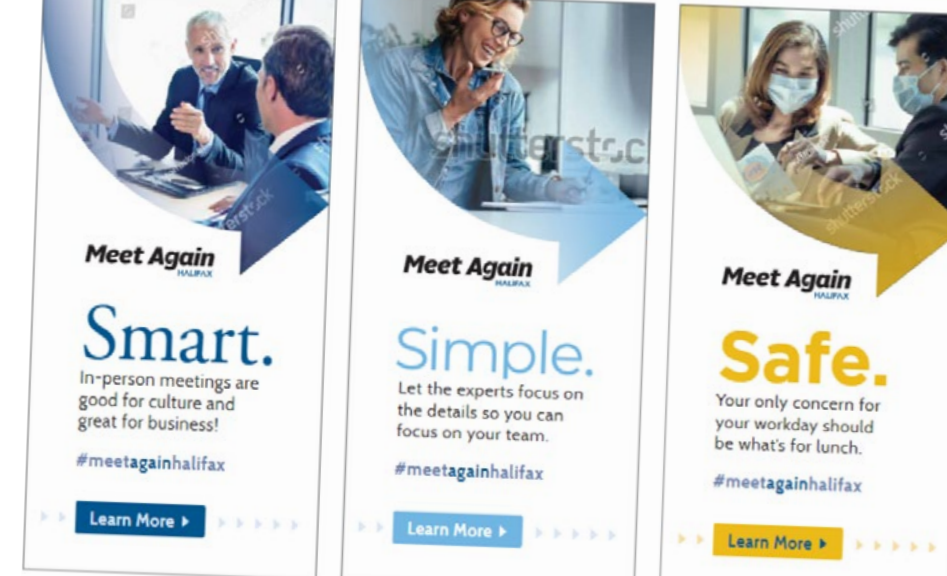
Of the 100 events planned for the year, 98 were eventually cancelled due to COVID-19. These events would have represented over \$63 million in economic impact to the city. There was also an immediate halt in booking new business for future years, as planners switched their focus to rebooking their cancelled 2020 conferences into future dates. Due to travel and distancing restrictions, the sales team was unable to participate in any traditional marketing and sales activities such as tradeshow, client events and sales missions. In all, 18 major sales initiatives were cancelled for the year.



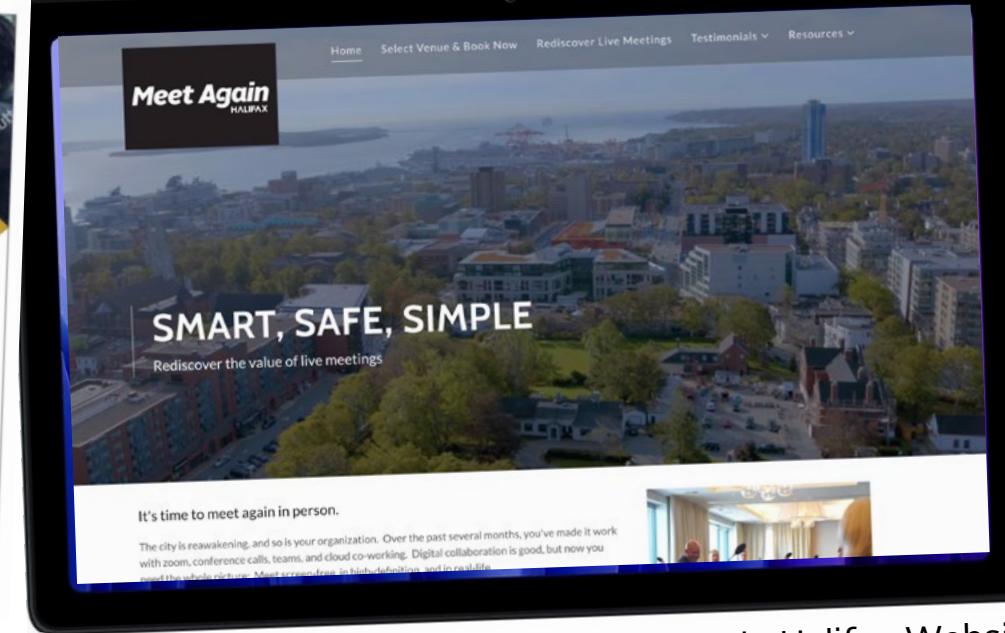
2020



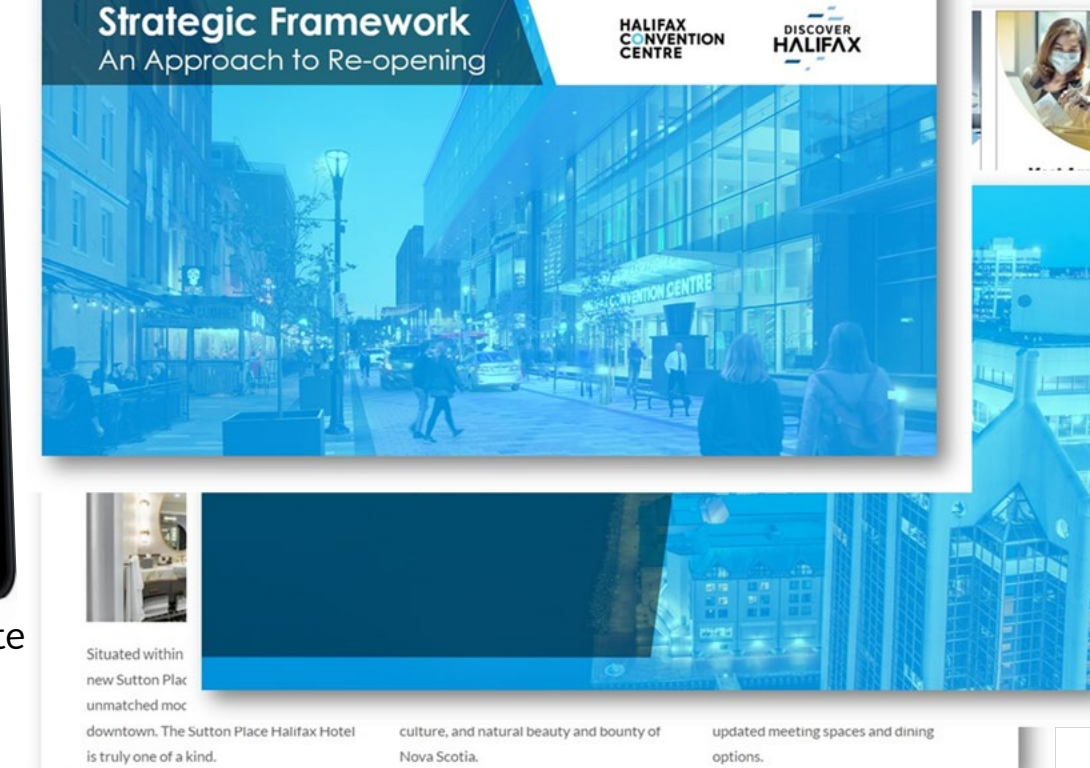
3D Virtual Hotel and Venue Scan



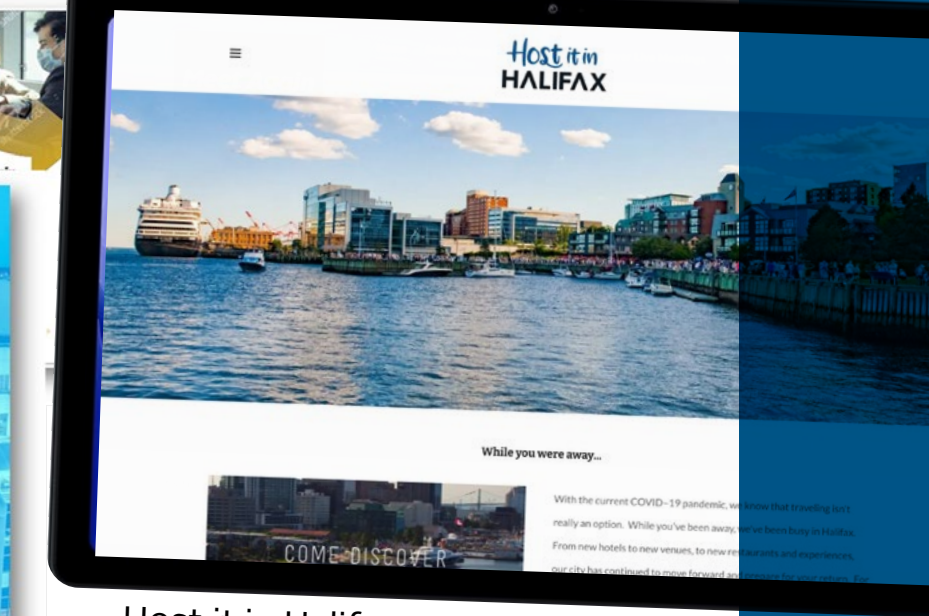
Meet Again Halifax Campaign



Meet Again Halifax Website



Halifax Convention Centre Strategic Framework

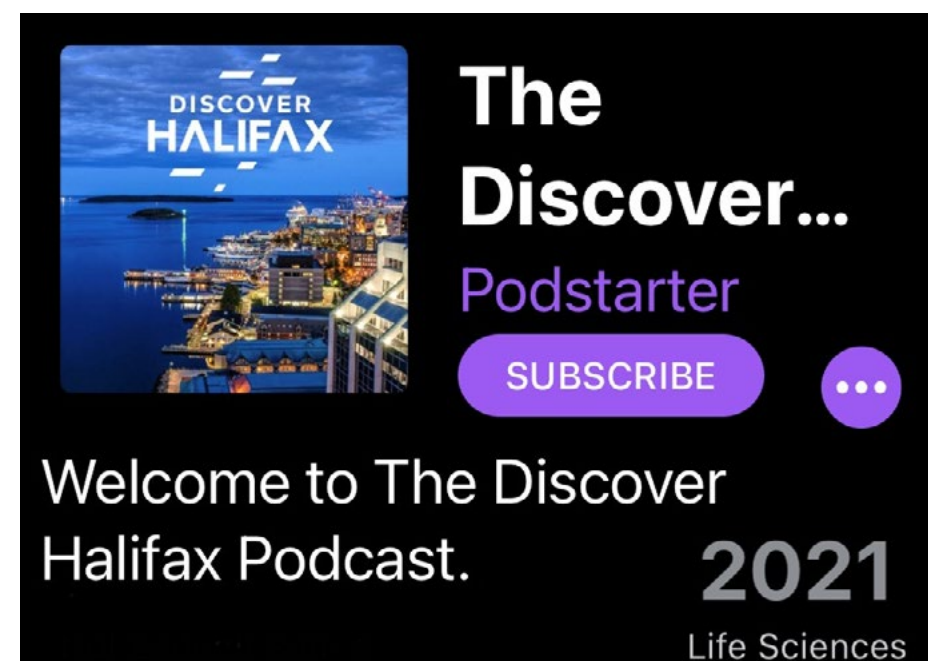


Host it in Halifax Website

RESPONSE TO COVID-19

The Group Sales Team along with its partners responded quickly to the COVID-19 situation. Tactically, the response included:

- 1. Rebooking Cancelled Business:** Supporting clients and partners in rebooking cancelled business into future years
- 2. Continued Sales:** Proactively engaging existing clients and putting a major focus on research and development for future event leads for the destination
- 3. Industry Support and Alignment:** Working in partnership with the Halifax Convention Centre and other industry partners to demonstrate the value of the M&C business; developing strategies to safely re-open for meetings; and creating a public-facing marketing campaign (MeetAgainHalifax.com) to promote safe meeting opportunities as restrictions were lifted
- 4. Sales Tool Development:** The development of strategic content and marketing tools to help better position the destination while in a 'distance selling environment' and beyond. These included:
 - Sector content in Aerospace, Life Sciences, Oceans, Technology and Natural Resources
 - 3D Virtual Scanning of Hotels and Venues
 - Destination Video/Podcasts
 - New Business Events Website: businessseventshalifax.com



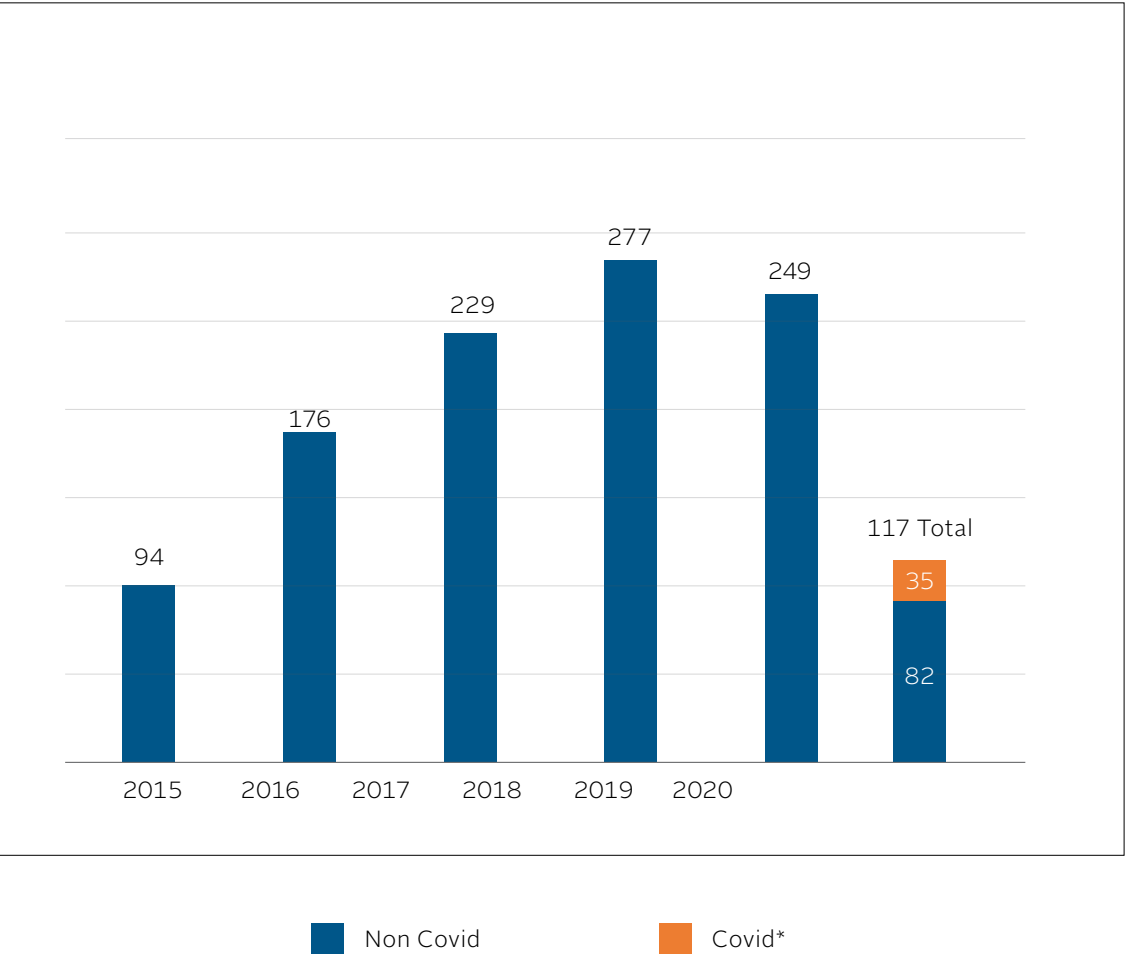
THE DISCOVER HALIFAX PODCAST



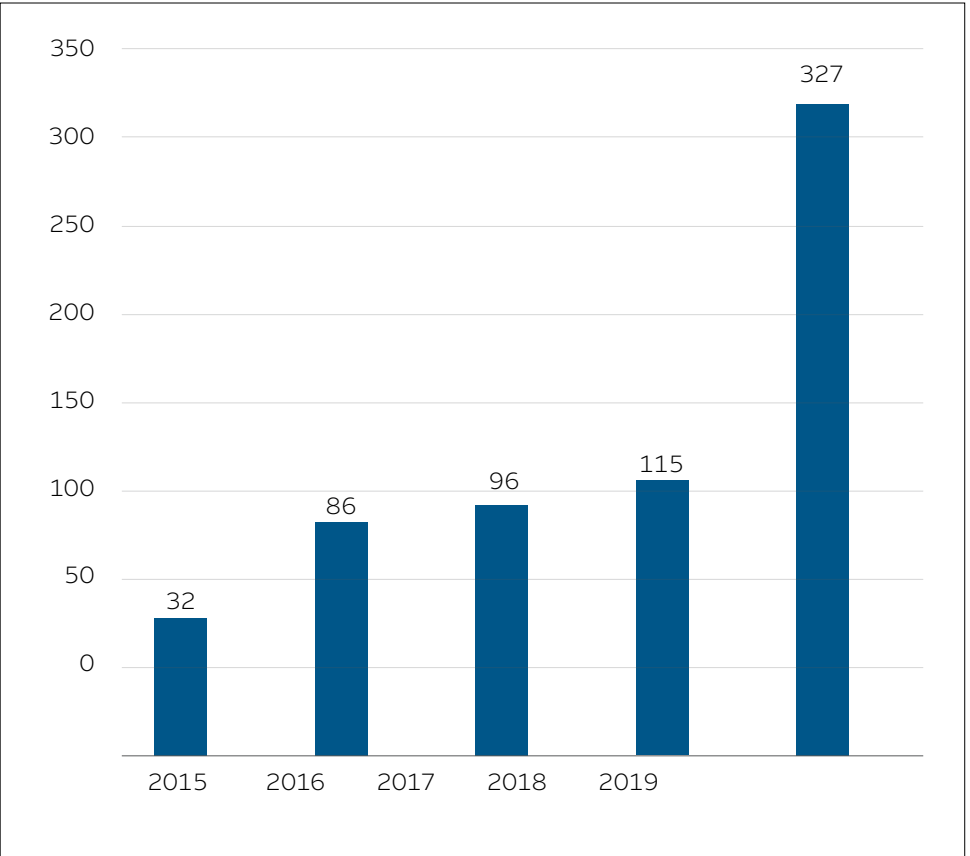
2020 PRODUCTION

Despite this challenging environment, the Group Sales team was able to rebook or rebid on much of the lost business in 2020. As well, there was a major focus placed on prospecting for future opportunities to bid on.

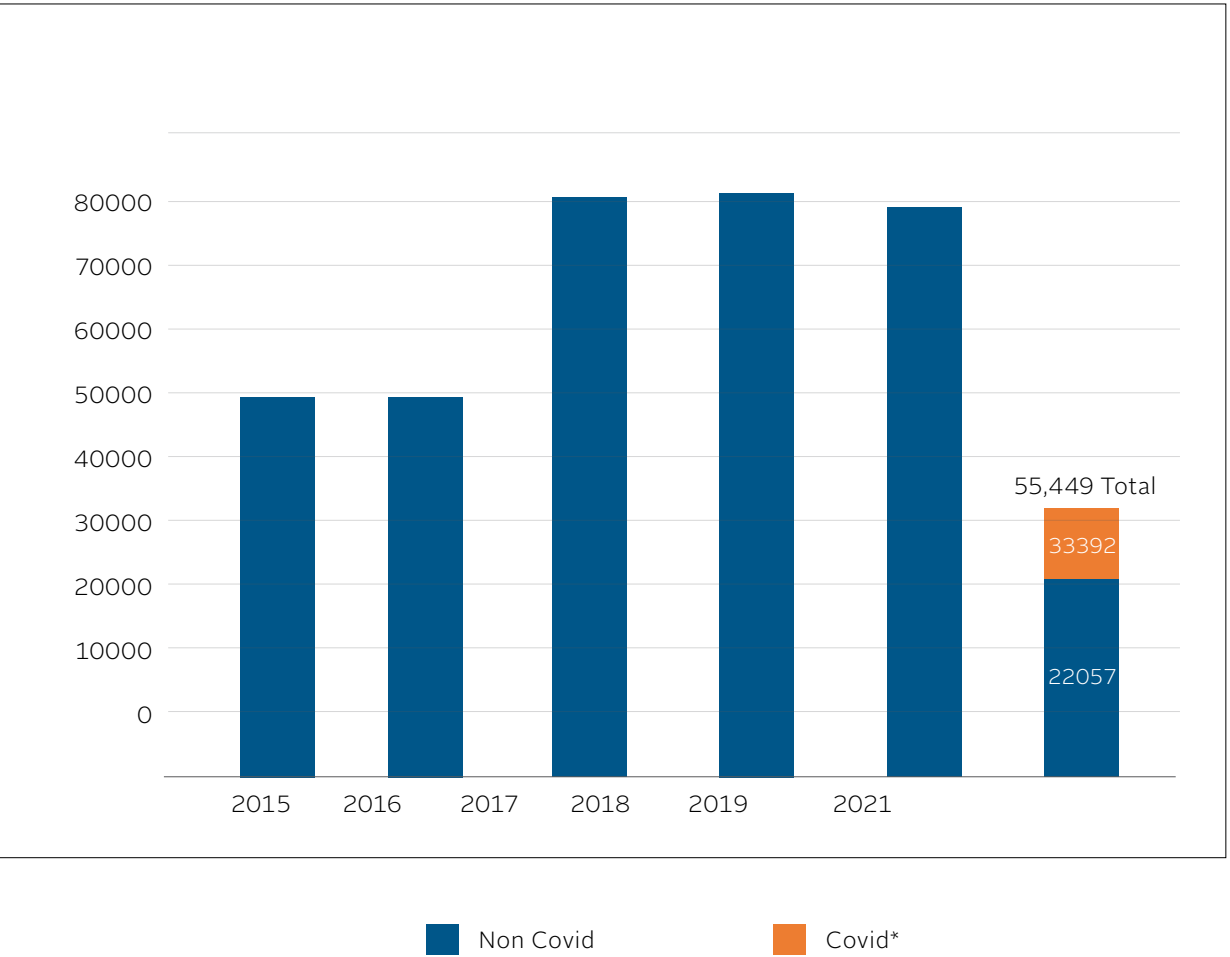
NUMBER OF BIDS SUBMITTED FOR FUTURE YEARS



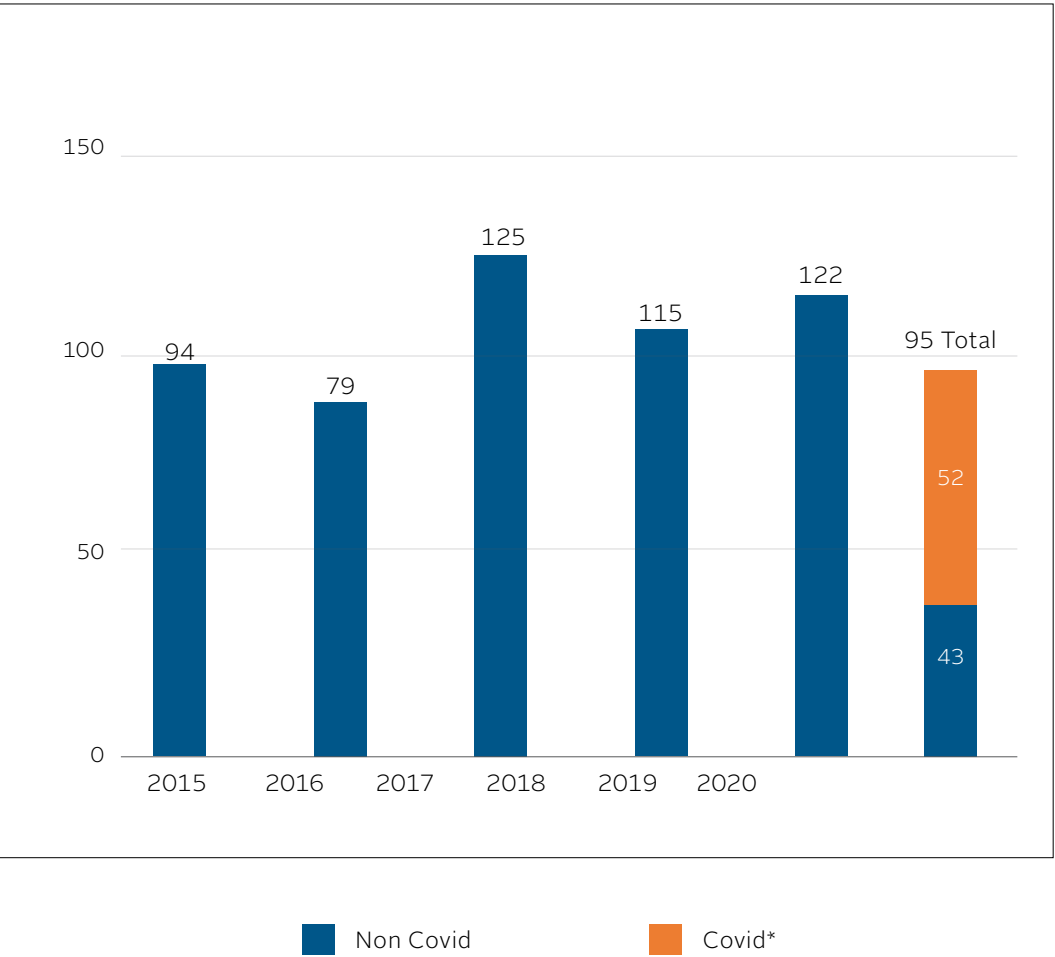
LEADS GENERATED



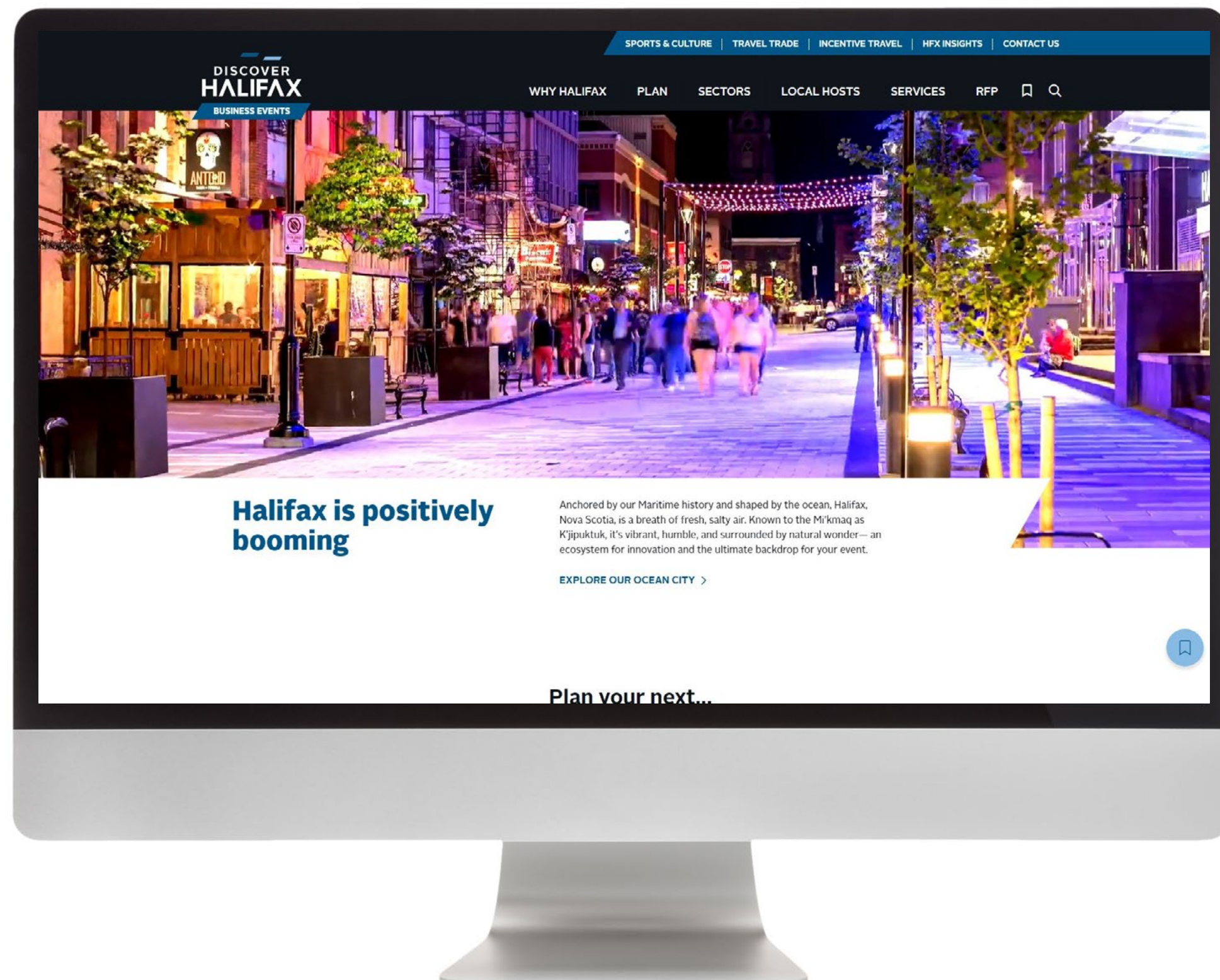
ROOM NIGHTS GENERATED



EVENTS THAT CHOSE HALIFAX



***NOTE:** The orange covid numbers represent events that cancelled for 2020 where we had to 1. submit new bids for future years and 2. Were successful in rebooking which is shown in Room Nights Generated and Events That Chose Halifax.



LOOKING FORWARD

Despite the decimation of business and industry challenges brought on by COVID-19, there is room for optimism. With the rollout of vaccines worldwide we are seeing business confidence grow, and believe that there is a pent-up demand for conferences to move from virtual formats back to in-person events.

In 2021, we continue to adjust our programs and strategies to work within the realities of COVID-19, but we are also keeping an eye to the future, beyond this pandemic and how we want to position our destination for success when national and international conferences can be hosted again. The combination of rebooking, prospecting and marketing development has put our destination in a strong position and we will look to leverage this effort going forward. We will continue with our commitment to improvements in process and service, team development and working in collaborative ways with our valued partners to make Halifax Canada's favorite event destination.



Jeff Nearing
Vice President, Sales

INDUSTRY SUPPORT



DESTINATION DEVELOPMENT & COVID RECOVERY EFFORTS

TOURISM INDUSTRY RECOVERY PLAN

Discover Halifax completed an early Recovery Plan outlining an approach based on three phases of recovery. This plan provided the overarching approach for all of the organization's recovery efforts and a framework for the industry's adoption.

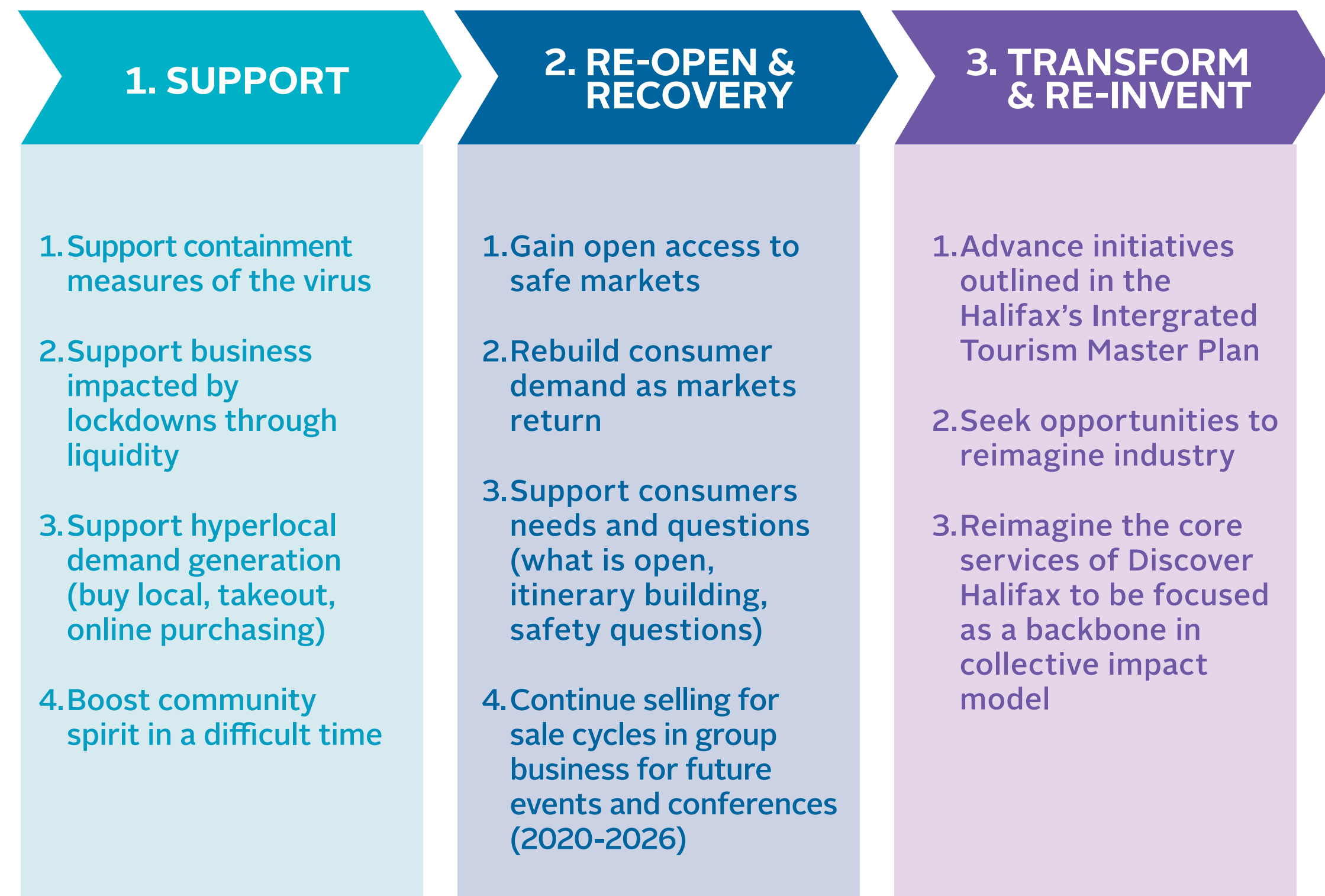
Phase One focused our efforts on supporting businesses affected by lockdowns. In addition to realignment of our marketing and sales activities to help promote buy-at-home awareness for local businesses, we supported many clients with challenges around rebooking conferences and events, we partnered with the MacEachen Institute in development of Scenario Planning, and we undertook efforts to help advocate on behalf of businesses for needed supports.

Phase Two focused efforts on reopening and recovery. This included the preparation and submission of a plan to the provincial government for opening of provincial borders and creation of travel bubbles with similar provinces. The organization completed a full revamp of our marketing campaigns to focus on the Atlantic Bubble, and we continued to advocate for expanding the travel bubble to similar safe markets.

Phase Three focused on long term planning to help our industry build back better than before. This included the launch of the Halifax Integrated Tourism Master Plan and the expedited implementation of identified projects including Georges Island Access Project, Peggy's Cove Master Plan and Implementation, and efforts to support our Event Recovery Framework. Much of the work outlined was completed in close partnership with others with a special mention going to Develop Nova Scotia and ACOA.

RESPONDING TO THE CRISIS

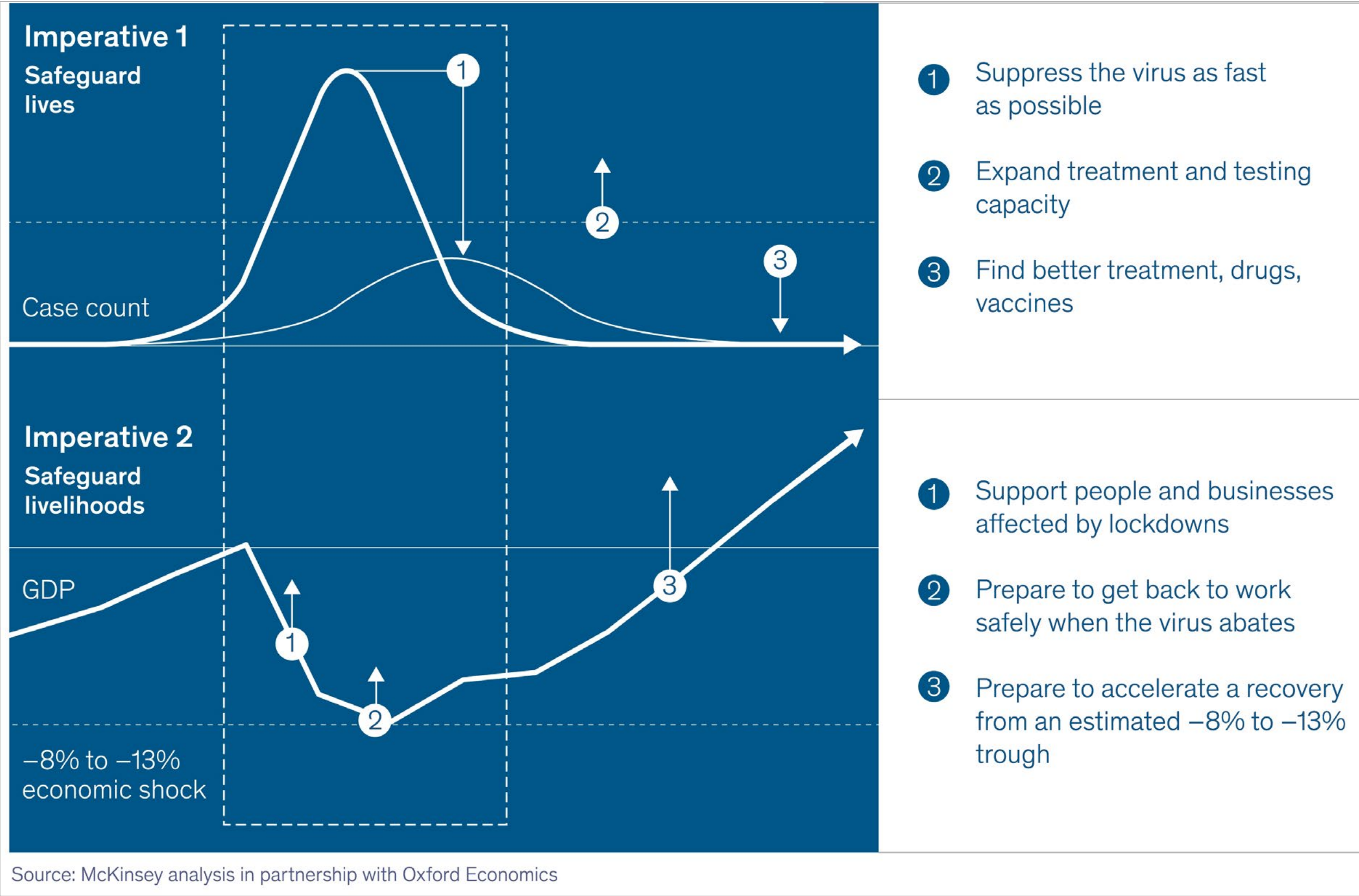
THREE PHASES OF RECOVERY



MACEACHEN INSTITUTE & SCENARIO PLANNING

In June of 2020, Discover Halifax partnered with the MacEachen Institute to develop scenario planning in anticipation of summer 2021. This project, supported by the Change Lab Action Research Initiative (CLARI), involved two scenario planning sessions held at the Westin Nova Scotian Hotel and was one of the first in-person meetings to be scheduled since the start of the pandemic.

Halifax tourism stakeholders came together to identify drivers, challenges, and opportunities for the sector. These plans helped establish action plans for the recovery efforts.



TOURISM OPENING PLAN

The purpose of the Halifax Regional Tourism Opening Plan was to help initiate access to safe markets for the tourism industry. The plan was developed in late spring of 2020 and was submitted to government with the following four objectives:

- 1 To adopt and support public health goals aimed at protecting our community and ensuring safe travel.
- 2 Through the adoption of epidemiological and risk mitigation best practices, to maximize the economic benefits from the travel industry by expediting the reopening of safe travel.
- 3 To fully articulate a process for reestablishing a quarantine-free travel zone between Nova Scotia and other safe markets.
- 4 To instill public confidence that the tourism and travel industry is being proactive as it relates to personal safety and the health of our communities.



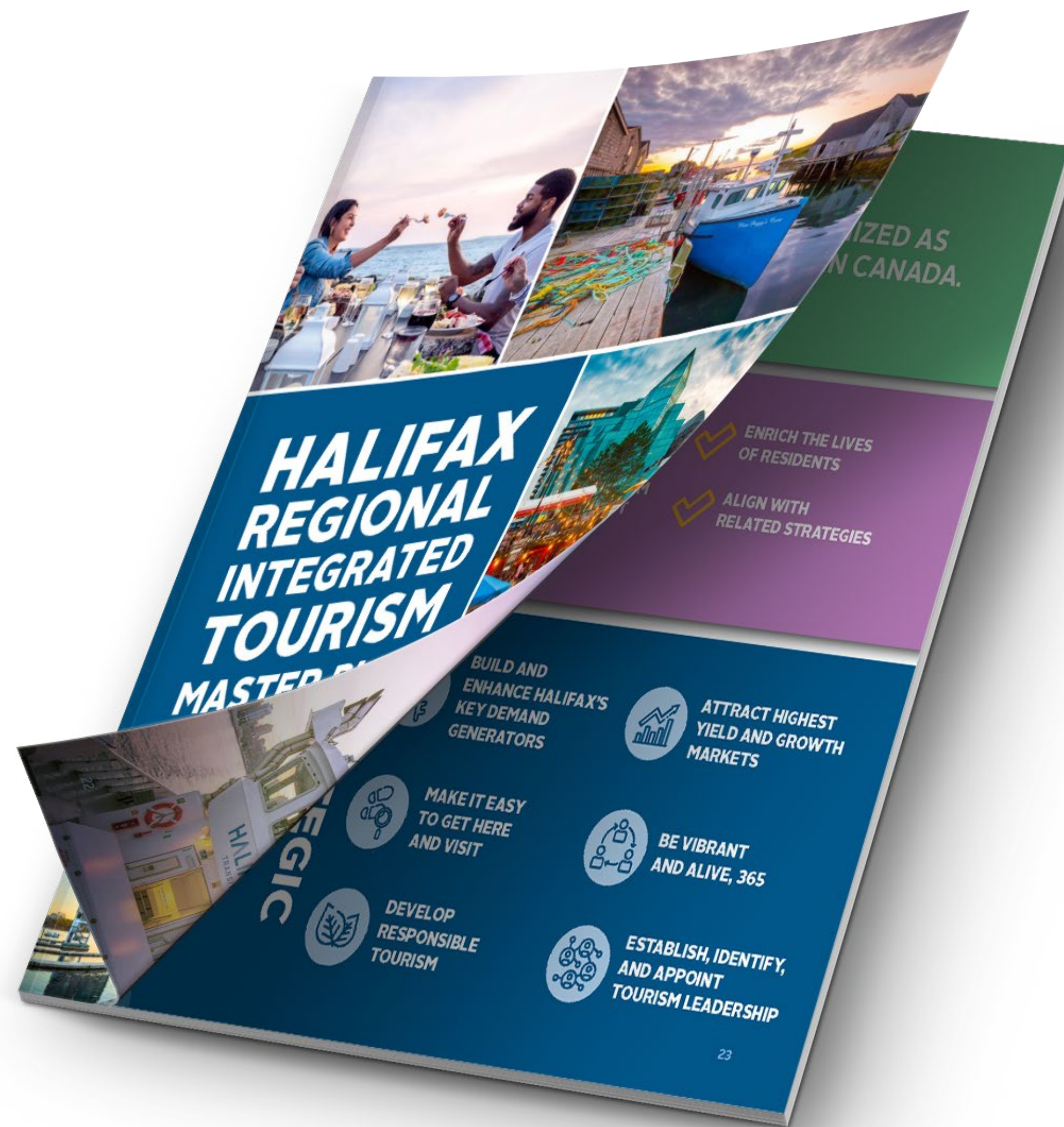
HALIFAX INTEGRATED TOURISM MASTER PLAN

Initiated in the fall of 2019 through extensive consultation, this plan has established the framework for a wholistic approach to advancing community economic goals through the responsible development of tourism.

Although the launch of the plan was postponed due to COVID-19, the plan's framework is as relevant now under the current environment as it was during development.

One of the plan's primary guiding principles was a Community First Approach to developing the tourism industry. This plan has formed the Phase Three recovery planning under the COVID-19 context.

discoverhalifaxdmo.com/integrated-tourism-master-plan



FINANCIALS



LYLE TILLEY DAVIDSON
Chartered Professional Accountants

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, 2020, 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, 2020, 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)

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Independent Auditor's Report to the Members of Destination Halifax Society (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.

Lyle Tilley Davidson

Halifax, Nova Scotia
June 17, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Financial Position
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 758,939	\$ 1,282,322
Term deposits (Note 4)	762,665	509,781
Accounts receivable (Note 5)	182,689	127,957
Other receivables (Note 6)	714,927	428,059
Harmonized sales tax recoverable	-	43,139
Prepaid expenses	55,157	78,554
	2,474,377	2,469,812
CAPITAL ASSETS (Note 7)	67,165	134,680
	\$ 2,541,542	\$ 2,604,492
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 9)	\$ 253,291	\$ 368,483
Harmonized sales tax payable	3,891	-
Deferred revenue (Note 10)	282,178	204,845
	539,360	573,328
LOANS PAYABLE (Note 11)	30,000	-
	569,360	573,328
NET ASSETS		
Unrestricted fund	1,905,018	1,896,484
Invested in capital assets	67,164	134,680
	1,972,182	2,031,164
	\$ 2,541,542	\$ 2,604,492

CONTRACTUAL OBLIGATIONS (Note 12)

ON BEHALF OF THE BOARD

Director

Director

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Revenues and Expenditures
Year Ended December 31, 2020

	2020	2019
REVENUE		
Hotel marketing levy	\$ 788,795	\$ 2,492,679
Halifax Regional Municipality (Note 13)	576,600	386,600
Federal government assistance (Notes 11, 13)	493,722	-
Tourism Nova Scotia (Note 13)	333,000	-
Tourism Master Plan/COVID recovery assistance (Note 13)	289,042	129,160
Evergreen Festival Project	162,831	-
ACOA - administrative support (Note 13)	130,900	-
Membership dues (Note 14)	132,846	147,994
Advertising revenue	78,820	64,296
Group sales partnerships	21,766	130,955
Marketing partnerships	-	61,665
Other income	22,584	30,191
	3,030,906	3,443,540
EXPENDITURES		
MARKETING PROGRAMS AND EXPENDITURES		
Wages and benefits - operations	1,428,027	1,133,958
Advertising	348,518	475,754
Travel and industry development	338,965	211,263
Trade shows	48,715	202,549
Owned and earned media	156,413	190,786
Creative development	152,928	159,201
Familiarity trips and site inspections	3,280	83,899
Web development	63,239	68,171
Continuous improvement	15,953	62,997
Client events and sales trips	-	58,196
Lead development and membership fees	50,849	51,850
Amortization of media assets	50,145	51,781
Sponsorships	2,000	45,718
Research	24,100	39,910
Client development	11,842	33,694
	2,694,974	2,869,727
ADMINISTRATIVE EXPENDITURES (Schedule 1)	394,914	438,646
	3,089,888	3,308,373
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (58,982)	\$ 135,167

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Changes in Net Assets
Year Ended December 31, 2020

	Unrestricted Fund	Invested in Capital Assets	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 1,896,484	\$ 134,680	\$ 2,031,164	\$ 1,895,997
Excess (deficiency) of revenue over expenditures	8,534	(67,516)	(58,982)	135,167
NET ASSETS - END OF YEAR	\$ 1,905,018	\$ 67,164	\$ 1,972,182	\$ 2,031,164

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ (58,982)	\$ 135,167
Items not affecting cash:		
Amortization of tangible assets	17,371	14,604
Amortization of media assets	50,145	51,781
Loan forgiveness	(10,000)	-
	(1,466)	201,552
Changes in non-cash working capital:		
Accounts receivable	(54,732)	15,084
Other receivables	(286,868)	174,687
Accounts payable and accrued liabilities	(115,193)	67,578
Deferred revenue	77,333	(1,309)
Prepaid expenses	23,397	10,915
Harmonized sales tax payable	47,030	(18,750)
	(309,033)	248,205
Cash flow from (used by) operating activities	(310,499)	449,757
INVESTING ACTIVITIES		
Purchase of capital assets	-	(53,167)
Transfer of marketing reserve fund to unrestricted fund	-	202,656
Cash flow from investing activities	-	149,489
FINANCING ACTIVITY		
Proceeds from long term financing	40,000	-
INCREASE (DECREASE) IN CASH FLOW	(270,499)	599,246
Cash - beginning of year	1,792,103	1,192,857
CASH - END OF YEAR	\$ 1,521,604	\$ 1,792,103
CASH CONSISTS OF:		
Cash	\$ 758,939	\$ 1,282,322
Term deposits	762,665	509,781
	\$ 1,521,604	\$ 1,792,103

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2020

PURPOSE OF THE SOCIETY

Destination Halifax Society (operating as Discover Halifax) (the "Society") is a partnership between the Halifax Regional Municipality (HRM), the Hotel Association of Nova Scotia, the Province of Nova Scotia and participating industry members. Its mandate is to dramatically increase tourism activities in the region by promoting HRM as a year-round destination of choice for business and leisure travellers.

The sustainability of the Society was realized on April 1, 2002, with the introduction of a municipality administered marketing levy, currently at 2.0% on occupied rooms for accommodations of 20 rooms or greater within the Halifax Regional Municipality. Destination Halifax receives 60% (formerly 2/3 of 1.5% from inception to March 31, 2006 and 60% of 2% from April 1, 2006 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.

The Society's mission is to optimize the return on investment for its investors and stakeholders by:

- Maximizing revenue per visitor earnings
- Leveraging strategic partnerships
- Providing a platform on which to advance the individual and collective business goals of its investors
- Building and protecting the destination brand

1. IMPACT OF COVID-19 ON THE SOCIETY

The Society's mandate operating within the Destination Marketing sector focuses on attracting business and leisure travel to the Halifax Regional Municipality. The entire tourism sector has been dramatically impacted by COVID-19 as hotel stays, conventions, and related economic activity have declined significantly from historic norms.

The Society experienced material financial impacts during fiscal 2020. The biggest source of annual revenue to the Society is the Hotel Marketing Levy. This revenue stream declined by \$1.7 million, a reduction of almost 70% from 2019 levels. To mitigate the financial impact, the Society was able to access government COVID-19 financial assistance programs implemented by the Government of Canada, as well as receiving support from both Provincial and Municipal government partners. While there were cost reductions, staffing levels have been largely maintained as the organizational resources will be critical in re-starting the tourism sector in the Municipality.

The Society will continue to receive COVID-19 funding in 2021 from all three levels of government. This will be a combination of wage subsidies, rent subsidies, and grants. The combination of reduced costs and COVID-19 financial support has kept the organization on sound financial footing and able to look forward to using those resources to help facilitate an economic recovery in the local tourism sector.

The Society is confident its financial position and funding agreements currently in place will allow it to meet all financial obligations over the coming year and to be instrumental in putting local business and leisure tourism back on the path to economic prosperity.

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2020

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 and cash equivalents

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

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.

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
Server	3 years
Content development	3 years
Tradeshow booth	3 years
Website	3 years
Digital kiosks	5 years

Amortization is calculated at one-half of the normal annual rate in the year of acquisition, with the exception of software; 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.

(continues)

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 expenses 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.

Membership revenue is recognized in revenue over the life of the membership.

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

Advertising 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.

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, accounts payable and accrued liabilities and loans payable. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2020.

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 the 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, long-term debt and accounts payable and accrued liabilities.

(continues)

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2020

3. FINANCIAL INSTRUMENTS (continued)

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 mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating and financing activities. The Society is exposed to interest rate risk primarily through its investments held in a savings account.

4. TERM DEPOSITS

Term deposits consists of a guaranteed investment certificate (GIC) with an interest rate of 2.00% and a maturity date of May 28, 2021. The principal balance of the GIC is \$750,000 with accrued interest of \$12,665 as at December 31, 2020.

5. ACCOUNTS RECEIVABLE

	2020	2019
Accounts receivable	\$ 187,439	\$ 127,957
Allowance for doubtful accounts	(4,750)	-
	\$ 182,689	\$ 127,957

6. OTHER RECEIVABLES

	2020	2019
Hotel marketing levy	\$ 104,479	\$ 298,899
Evergreen Festival Project	162,831	-
ACOA - administration and payroll	130,900	-
ACOA - Tourism Master Plan/COVID Recovery Assistance	265,159	102,801
Halifax Regional Municipality - Tourism Master Plan	-	26,359
Canada Emergency Wage Subsidy	31,598	-
Canada Emergency Rent Subsidy	4,653	-
Other	15,307	-
	\$ 714,927	\$ 428,059

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2020

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 47,079	\$ 35,972	\$ 11,107	\$ 22,246
Furniture and fixtures	99,857	84,279	15,578	21,809
Server	4,325	4,325	-	-
Content development	10,721	10,721	-	1,786
Tradeshaw booth	35,185	30,155	5,030	12,573
Website	86,250	86,250	-	28,756
Digital kiosk	60,299	24,849	35,450	47,510
	<u>\$ 343,716</u>	<u>\$ 276,551</u>	<u>\$ 67,165</u>	<u>\$ 134,680</u>

8. 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 (2019 - \$nil).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020	2019
Trade accounts payable	\$ 114,559	\$ 304,823
Accrued liabilities	138,732	63,660
	<u>\$ 253,291</u>	<u>\$ 368,483</u>

10. DEFERRED REVENUE

As at December 31, 2020 \$282,178 (2019 - \$204,845) was recorded as deferred revenue. Deferred revenue represents funding advances, memberships and trade show fees, as well as advertising revenue and partner contributions for the following fiscal year that have been invoiced in the current year.

11. LOANS PAYABLE

	2020	2019
Canada Emergency Business loan. The loan is interest-free until December 31, 2022. Repaying the balance of the loan on or before December 31, 2022 will result in a loan forgiveness of \$10,000. If the full amount is not paid by December 31, 2022, the remaining balance will be converted to a 3-year loan with an interest rate of 5% per annum.	\$ 40,000	\$ -
Forgivable portion recorded in federal government assistance	(10,000)	-

(continues)

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2020

11. LOANS PAYABLE (continued)

	2020	2019
Amounts payable within one year	-	-
	<u>\$ 30,000</u>	<u>\$ -</u>

Principal repayment terms are approximately:

2022	<u>\$ 30,000</u>
------	------------------

12. 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 2023 .

Contractual obligation repayment schedule:

2021	\$ 117,214
2022	118,337
2023	105,174
	<u>\$ 340,725</u>

13. GOVERNMENT ASSISTANCE

	2020
<u>Municipal</u>	
Halifax Regional Municipality - marketing allocation	\$ 576,600
Tourism Master Plan/COVID recovery assistance	12,622
	<u>589,222</u>
<u>Provincial</u>	
Tourism Nova Scotia	<u>333,000</u>
<u>Federal</u>	
COVID-19 subsidies	
Canada Emergency Wage Subsidy	470,205
Canada Emergency Rent Subsidy	13,517
Loan Forgiveness	10,000
	<u>493,722</u>
ACOA	
Tourism Master Plan/COVID recovery assistance	276,420
Administrative support	130,900
	<u>407,320</u>
	<u>901,042</u>
	<u>\$ 1,823,264</u>

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2020

14. MEMBERSHIP DUES

Commencing in 2021, Discover Halifax will discontinue charging annual dues to its members.

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Administrative Expenditures
(Schedule 1)
Year Ended December 31, 2020

	2020	2019
ADMINISTRATIVE EXPENDITURES		
Wages and benefits - administration	\$ 124,025	\$ 103,896
Rent	71,911	100,379
Information and communication technology	70,683	81,753
Professional fees	62,277	72,366
Office	16,185	19,423
Amortization of tangible assets	17,371	14,604
Corporate communication	869	13,581
Staff development	6,772	12,485
Board expense	9,078	9,073
Insurance	3,984	5,550
Interest and bank charges	3,114	5,071
Bad debts	4,750	300
Miscellaneous	3,895	165
TOTAL ADMINISTRATIVE EXPENDITURES	\$ 394,914	\$ 438,646

DISCOVER
HALIFAX

