

# 2018 ANNUAL REPORT

DISCOVER  
**HALIFAX**



# TABLE OF CONTENTS

- 1 Message from the Chair
- 2 Message from the President and CEO
- 3 Board of Directors and Discover Halifax Team
- 4 Tourism Industry's Local Impact
- 5 Discover Halifax Balanced Scorecard
- 12 Marketing Overview
- 15 Membership and Visitor Experience
- 16 Group Sales Overview
- 19 Financials



# MESSAGE FROM THE CHAIR

This past year, businesses in the Halifax region welcomed and provided services for approximately 5.3 million overnight stays in addition to the millions of additional day visitors. In total, visitors are estimated to spend over \$1 billion in Halifax each year and this number continues to grow annually.

The benefactors of a strong tourism industry include many of the obvious businesses like restaurants, shops and hotels but also with many less obvious businesses such as dry cleaners, drug stores and retailers. The reality is, 80% of a visitors spend is on products and services not related to accommodations. In total over 4,000 businesses in Halifax benefit from the visitor economy employing more than 23,000 people. Tourism is a critical part of the Halifax economy; not only does it contribute significantly to our GDP, it is an on-ramp for people choosing to go to school here, to relocate here and to invest here.

As the sole municipal agency responsible for development and oversight of the tourism industry for the Halifax Regional Municipality (HRM), three years ago the Board of Directors approved a plan to ensure our programs, services and our governance model aligned with our mandate. Since this time, the organization has undergone many changes and we are delighted to report strong performance

against our goals. In addition to enhancements to our core programs and services, we are very proud to report that membership in our organization has grown by almost 300% in the past year alone with strong representation from all regions of HRM and across all sectors of the visitor economy.

There are a great number of people and partners who have helped support this growth. I would like to express my gratitude to my colleagues on the Board of Directors, who have been steadfast in their commitment to the growth of the Halifax region and to specifically recognize Richard Arnold and Charles Clerk for their longstanding commitments to the board as their term comes to an end this year. I would like to also acknowledge the commitment and vision of the management and staff at Discover Halifax, the leadership, Mayor and Council, and the many partners who contribute to the success of our industry.

Finally, I would like to thank you, our members, for the excellent services, products, and experiences provided to our visitors and for your continued commitment to this industry.

Sincerely,



Jeff Ransome  
Chair, Discover Halifax



# MESSAGE FROM THE PRESIDENT AND CEO



On behalf of the team at Discover Halifax, it is a privilege and honour for us to promote and share the Halifax region's story with the rest of the world. From Hubbards to Ecum Secum our distinct regions and authentic experiences are helping attract visitors in record numbers.

This past year we witnessed many new all-time visitation records for the region. It was also a highly successful year for our marketing and sales teams with several new exciting programs launched and record bookings for sales. Our region is also being recognized abroad, as Halifax was identified as one of the Top 10 Global Destinations on the Rise by Trip Advisor. Trip Advisor's review placed Halifax at #4 in the world based on their own analytics of searches, ratings and reviews of our region.

Growth in our region has been widespread across all our market segments. Rooms sold increased 11% from the previous year and are up 35% over its six-year climb. Likewise, visitation from cruise passengers has hit an all time high, up 8% from the previous year and up 25% from five years ago. Finally, with the opening of our new Convention Center, Halifax hosted the country's largest associations and set new records for convention sales. This broad-based growth is stimulating private investment in the tourism industry, it is helping grow the economy and our tax base, and it is providing new employment opportunities for many households.

In addition to strengthening our marketing and sales programs, we have been making significant changes to improve the value proposition for our members. With the introduction of our new Visitor Experience Program, we are achieving our goal of driving conversion specifically for our members. This new program has been designed to provide visitors with compelling real things to do, purchase and experience while at the same time, drive conversion for both the destination and for our members.

The successes from this past year are a result of a team approach and we would like to thank and recognize our many partners including: Events East, our Hotel Partners, Tourism Nova Scotia, the Department of Culture and Heritage, The Port of Halifax, Develop Nova Scotia, and the Halifax Regional Municipality just to name a few. We would also like to especially recognize and thank our members and business improvement districts for the tremendous work you do every day to sell and promote Halifax.

Finally, in closing I would like to recognize and thank the Board of Directors and the many volunteers who contribute to the advancement of our industry.

Sincerely,

A handwritten signature in black ink that reads "Ross Jefferson".

Ross Jefferson  
President and CEO



# BOARD OF DIRECTORS

**CHARLES CLERK**

President, Island Beach Company

**COUNCILLOR LISA BLACKBURN**

Halifax

**DAVID CLARK - SECRETARY**

General Manager, Atlantica Hotel Halifax

**DENISE SCHOFIELD**

Director, Parks & Recreation, Halifax

**DOUG TOWNSEND**

Co-Owner, The Canteen on Portland

**JEFF RANSOME – CHAIR**

General Manager, Halifax Marriott Harbourfront

**JENNIFER ANGEL – VICE CHAIR**

President & CEO, Develop Nova Scotia

**KATHY PERRIER**

General Manager, Holiday Inn Express & Suites Halifax-Bedford

**MAYOR MIKE SAVAGE**

Halifax

**MICHELE SARAN**

CEO, Tourism Nova Scotia

**PAUL BRIGLEY**

VP, Finance & CFO

Halifax International Airport Authority

**RICHARD ARNOLD – TREASURER**

President, Atlantic Tours

**ROBERTA DEXTER**

President, Strategic Meeting Designs

**ROSS JEFFERSON (EX OFFICIO)**

President & CEO, Discover Halifax

**SUSAN WILSON**

President/Partner, Oceanstone Seaside Resort

# DISCOVER HALIFAX TEAM

**ROSS JEFFERSON**

President & Chief Executive Officer

**MEGAN BARSS**

Sales Coordinator

**MICHELE BOURGEOIS**

Travel Trade & Meeting Services Specialist

**KATIE CONKLIN**

Marketing & Communications Manager

**BRENDA COUPAR**

Manager of Events

**MITCHELL DONNELLY**

Membership Recruitment Manager

**KATELYN GALLAGHER**

Administrative Coordinator

**JEFF NEARING**

Vice President, Sales

**ERICA PELLERIN**

Vice President, Marketing & Visitor Experience

**ANGELA PETRY**

Executive Administrator

**SHANNON PLATT**

Director of Membership & Visitor Solutions

**CATHERINE PORTER**

Sales Director

**ANNIE RANKMORE**

Community Manager

**JANICE RUDDOCK**

Sales Director

**JEFF TURNER**

Sales Director



# THE TOURISM ECONOMY IS IMPORTANT

## IMPACT OF TOURISM



**5.3 MILLION**  
OVERNIGHT STAYS PER YEAR



**1 BILLION** SPENT BY  
VISITORS IN HALFAX EVERY YEAR

**HALIFAX**  
=   
**54%**  
OF TOTAL PROVINCIAL  
VISITATION

**23,000**  
PEOPLE EMPLOYED  
AND OVER  
**4,000**  
BUSINESSES



**1 IN 27**  
PEOPLE IN HALIFAX ARE VISITORS

MEANING TOURISM ALSO IMPACTS  
RETAIL STORES • SERVICES • DRY CLEANERS  
CABS • DRUGSTORES • COFFEE SHOPS



**TOURISM IS THE 5<sup>TH</sup> FASTEST GROWING INDUSTRY IN THE WORLD OVER 5% ANNUALLY**  
(UNITED NATIONS WORLD TOURISM ORGANIZATION)

## MUNICIPAL TAX BENEFITS OF TOURISM



ESTIMATED  
**\$45.2 MILLION**



LEVY TAX  
**\$3.2 MILLION**  
SUPPORTING MARKETING,  
FESTIVALS AND EVENTS

PROPERTY TAXES FROM HOTELS

 **\$14 MILLION**

PROPERTY TAXES FROM

**1,600 OTHER BUSINESSES**  
WHERE VISITORS SPEND **70%** OF THEIR MONEY 

TAXES FROM

**23,000 +**   
EMPLOYED BY TOURISM

INVESTMENT IN TOURISM MARKETING HAS A HALO EFFECT  
BY PROMOTING HALIFAX AS A GREAT PLACE TO:

☒ **LIVE** ☒ **GO TO SCHOOL** ☒ **INVEST**

# BALANCED SCORECARD



## Customer

Grow Leisure Visitation  
Grow Group Visitation  
Grow Visitor Spend with Members



## People

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



## Innovation

Align Strategy with Partners  
Invest in Technology  
Improve Processes



## Financial

Leverage Funding  
Improve ROI  
Grow Investment



# BALANCED SCORECARD



## Goal - Grow Leisure Visitation

	Five Year Value (2013)	Previous Year (2017)	Actual (2018)	% Change from Prior Year	% Change from 2013
Total Impressions From Campaigns	N/A	42,763,330	47,511,579	11%	N/A
Click Through Rate from Campaigns	N/A	0.27%	0.50%	85%	N/A
Total Website Visits (Note 3)	746,232	1,350,455	1,092,640	-19%	46%
Bounce Rate	70.3%	55%	N/A	N/A	N/A
Social Media Followers	42,194	128,141	161,487	26%	283%
Travel Media Ad Value (Note 3)	\$ 2,100,833	\$ 7,145,142	\$ 4,182,947	-41%	99%

## Special Projects Undertaken

- Successful major summer campaign
- Continued development of digital assets
- Successful partner campaigns (Attractions and Shopping)





# BALANCED SCORECARD



## Goal - Grow Group Visitation

	Five Year Value (2013)	Previous Year (2017)	Actual (2018)	% Change from Prior Year	% Change from 2013
Direct Economic Impact from New Confirmed Conferences and Groups (Note 2)	N/A	63,117,000	76,832,000	22%	N/A
# of New Conferences and Groups Confirming Halifax (Discover Halifax Supported)	101	136	119	-13%	18%
Rooms Nights from Confirmed New Groups (Discover Halifax Supported)	39,007	82,539	82,688	0%	112%
New Tentative Bids (event count)	164	235	279	19%	70%
New Tentative Bids (room nights)	111,946	132,311	165,154	25%	48%
Client Site Inspections Held	31	36	47	31%	52%
Services - Delegate Websites Created	New KPI	New KPI	20	+20	+20

### Special Projects Undertaken

- Exhibited at all major trade shows (Conventions), hosted key sales calls and activities in Toronto and Ottawa
- Promotions and Sales at International Market Place with Business Events Canada
- Growth in site visits and hosting of major Familiarization Tour for Key Accounts



# BALANCED SCORECARD



## Goal - Grow Visitor Spend with Members

	Five Year Value (2013)	Previous Year (2017)	Actual (2018)	% Change from Prior Year	% Change from 2013
Membership Count	173	136	398	193%	130%
Leads Issued to Hotels	N/A	1,669	1,768	6%	N/A
Service Leads Issued Members	N/A	99	160	62%	N/A
Member Referrals	N/A	143	112	-22%	N/A
Website – Outbound Clicks	N/A	N/A	New KPI 2019	N/A	N/A
Visitor Guide & Maps Distribution	0	0	145,000	+145,000	+145,000
Kiosk and Wi-Fi Channel Sessions	0	0	120,000	+120,000	+120,000
Membership Satisfaction	N/A	N/A	81.3%	N/A	N/A

### Special Projects Undertaken

Significant overhaul of membership program completed and launched

Significant expansion of membership update in non-hotel categories (Restaurants, Retail, Operators)

Significant Expansion of Membership in Rural and Sub-Urban Areas

Launch of several new visitor facing channels including new visitor Kiosks located in the Airport, Cruise Terminal, and Convention Center

# BALANCED SCORECARD



## Goal - Right People in the Right Place, Develop Skills, Manage and Reward

	Five Year Value (2013)	Previous Year (2017)	Actual (2018)	% Change from Prior Year	% Change from 2013
Employee Satisfaction Survey (net change)	N/A	N/A	New KPI 2019	N/A	N/A
Employee Training & Development (training days/employee)	N/A	2.8	3	5%	N/A

### Special Projects Undertaken

Reorganization of Visitor Experience Team. Hiring of Director of Visitor Solutions and Manager of Member Recruitment

Vice President of Sales Search

Manager of Events obtained their PMP designation

Advanced Training on CRM and Economic Impact Calculator

Office Environment Refresh (office move and investments in peoples working environments)



# BALANCED SCORECARD



## Goal - Innovation, Process Improvements, and Align Strategies with Partners

	Five Year Value (2013)	Previous Year (2017)	Actual (2018)	% Change from Prior Year	% Change from 2013
Process Improvement, Innovation, or Six-Sigma Projects Completed	N/A	11	11	0%	N/A
Estimated Cost Savings from Initiatives (Cumulative from 2016)	0	\$275,000	\$285,700	+\$10,700	+\$285,700

### Special Projects Undertaken

Office Work Environment Project Complete (Office Relocation)

IT Refresh Project Launched (Telephony and IT Infrastructure)

Migration to Office 365 and IT Server Retirement

Process Development in Membership Programs

Introduction of New Visitor Kiosks

Launch of Economic Impact Calculator in CRM

Major Overhaul and Redesign of Membership Program

# BALANCED SCORECARD



## Goal - Improve Financial Position and Leverage Funding

	Five Year Value (2013)	Previous Year (2017)	Actual (2018)	% Change from Prior Year	% Change from 2013
Revenue from Members	142,404	128,905	168,355	31%	18%
Revenue from Marketing Partnerships	264,869	52,426	67,775	29%	-74%
Revenue from Marketing Partnerships (off P&L)	0	55,000	55,000	0%	+55,000
Revenue from Sales Partnerships	50,570	148,656	119,429	-20%	136%
Total Leveraged Revenue (non levy or HRM grant)	533,514	394,726	426,779	8%	-20%
Investment In Tourism Sector - (Per-Room Benchmark - Quartile)	Bottom 10%	Bottom 10%	Bottom 10%	Unchanged	Unchanged

### Special Projects

Continued support of possible hotel levy (HRM and Hotel Association Initiative)

Roll out of new member pay-to-play programs including advertising in new visitor guide, visitor kiosks, and integrated marketing opportunities in the new website



# MARKETING OVERVIEW

## GROWING OUR BRAND

In 2018 we continued to build on the strategy set out in our five-year strategic plan. One of our key focuses was to build Halifax's brand story and positioning, carving out what makes Halifax stand-out from the crowd and why it should be the destination of choice for leisure visitors. Our vision for Halifax is to become globally recognized as **Canada's Favourite City**. The word favourite is an emotional one. We want to appeal to visitor's minds and hearts and create an experience that will leave a lasting impression, one they'll tell their friends and family about.

Our brand promise for Halifax is **A Perfect Balance**. Where else can a visitor enjoy a perfect balance of urban energy and a vibrant downtown juxtaposed by seaside, rural experiences that leave visitors feeling inspired. We embrace tradition and balance the past with a bold refreshing look forward. Our positioning is flexible, allowing us to promote Halifax in a way that best resonates with what visitors are looking for, whether it's seaside rural charm or vibrant urban energy.

## PROMOTING OUR CITY

Once again focusing our efforts on our target market - Urban Experiencers in the Maritimes - it was a very busy year for marketing activity. We kicked off 2018 with our now annual Top 10 Reasons to visit Halifax campaign. After finding out that Halifax had been named #4 of TripAdvisor's top destinations on the rise, we quickly capitalized on the news with a "See what all the love is about" campaign featuring top rated TripAdvisor experiences in Halifax. The corresponding press release was picked up 38 times. From there we partnered with the Restaurant Association of Nova Scotia to increase awareness for Dine Around. We had 33 restaurants participate and over 22,000 pageviews on our website. Our hope is to continue to grow this event in the future as culinary tourism is as important as ever for Halifax.

From there, we launched three major leisure campaigns. Our largest once again focused on the many great events happening in the region. We were lucky enough to continue our Attractions partnership with seven key attractions partners and launched our first ever Attractions Week.



Finally, we launched a brand-new retail campaign in partnership with the Halifax Shopping Centre, Mic Mac Mall and Dartmouth Crossing. We know Maritimers visit Halifax to shop and we wanted to showcase the many great options they can choose from.

From an owned channel perspective, we launched a brand-new website which better visually represents our beautiful region, is user-friendly and mobile-optimized providing an overall enhanced experience. Overall website visits were down however due to lapping a huge 2017 as well as moving from two websites (main site plus Halifax Sociable (blogging website)) into one. Our social media channels saw significant growth, ending the year significantly higher than the prior year (26%).

## A LOOK AHEAD

2019 is shaping up to be a very exciting year. While our marketing strategy remains the same, we will be shifting our focus to promoting Halifax's many great "experiences" to work towards our vision of becoming **Canada's Favourite City**.

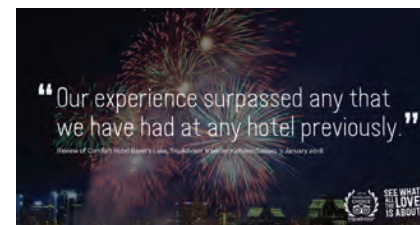
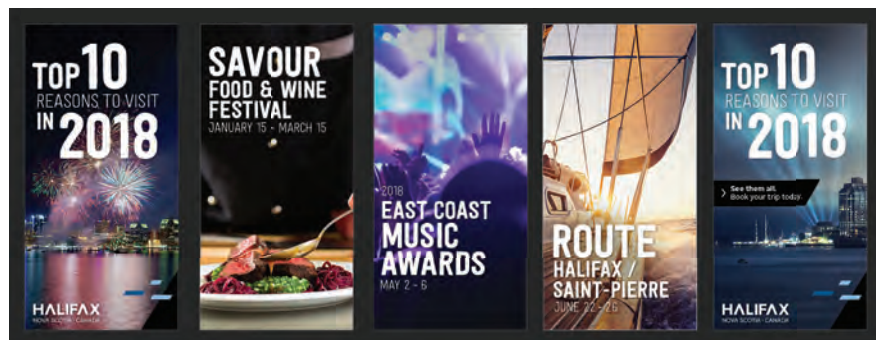
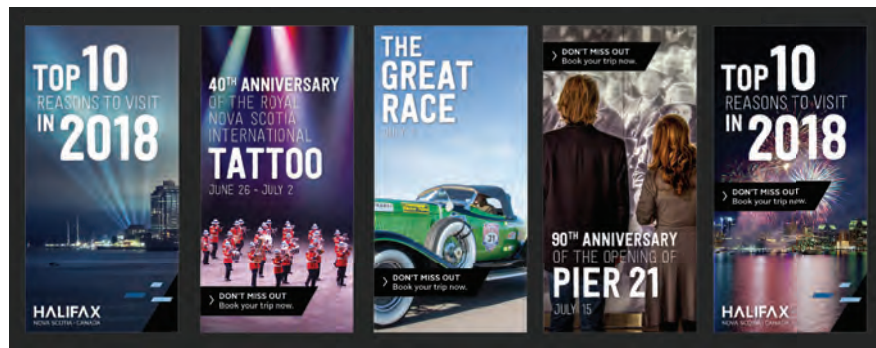


A handwritten signature of Erica Pellerin in black ink.

Erica Pellerin  
Vice President, Marketing and Visitor Experience



# 2018 MARKETING CAMPAIGNS





# HALIFAX

NOVA SCOTIA • CANADA

## VISION

Globally recognized as Canada's Favourite City.

## PROMISE

A Perfect Balance.

## BRAND BENEFITS

### BOUTIQUE

Halifax is the perfect size, adding inclusive hospitality to exclusive experiences. Halifax allows visitors to make stories they can't make anywhere else. Halifax has it all, yet is approachable, accessible, and fun. Make genuine bonds with existing or new friends. Be immersed in the bustle, or soak in the relaxed pace of life and ocean views.

### CHARACTER

We have that extra pizzazz and we care. We have a way of making each guest feel like they are our only guest. Visitors can get lost or run into a familiar face. We embrace tradition and balance the past with a bold and refreshing spirit.

### WORLD-CLASS

We are players on the global stage and we punch above our weight class. Our hospitality, our festivals and events, our views, our shopping, our amenities and venues, our education, our food. There is something truly special about Halifax that draws people from across the world and leaves them eager to return.

## VALUES

### AUTHENTICITY

Visitors feel the quality of life and connection that result from our neighbourly approach. Our authenticity creates an undeniable sense of belonging. Halifax knows how to work together for collective progress.

### BALANCE

Halifax is a paradox. We balance a relaxing pace of life with modern urban amenities. We balance affordability with world-class experiences. We balance strong historical ties with a continual drive to shake up the norm. We value balance and work to strike the right blend of hustle and heart everyday.

### DIVERSITY

There is something for everyone in Halifax. We appreciate diversity of thought, background, and expression. Halifax is a unique mosaic that creates a rich, exciting experience for guests open to exploration.

### KNOWLEDGE

Halifax is a bright city. We value continual learning and knowledge sharing. We are stronger together and eager to improve. What's more, visitors will experience something different and learn during their stay in Halifax.

## PERSONALITY

### FUN

Nova Scotians are lighthearted and know how to celebrate.

We ignite a happy spirit and extend the good vibes to all visitors.

### FRIENDLY

We are warm, charismatic, and genuine. Halifax is approachable, safe, and easy to navigate. Guests gain a local perspective from our candid hospitality.

### BOLD

We are courageous, and take pride in our differences. Creativity is in our blood; we have an artistic history and our imagination persists today in a modern way.

### RESPECTFUL

We respect our place on the ocean. We respect our past and those before us. We respect differences and similarities. We are open and truly believe we all win when embracing diversity.

## CONSUMER TARGET

### LEISURE

- Atlantic Canada – Urban Escape
- Canada and Beyond – Seaside City

### MEETINGS AND CONVENTIONS

- Canada – Urban Escape and Seaside City
- US/International – Seaside City



# MEMBERSHIP AND VISITOR EXPERIENCE



## A GROWING BASE

After revamping our membership offer at the end of 2017, we saw significant growth of our membership base in 2018. When we first initiated the change, we were at 139 members. By the end of 2018 we were close to 400 and now we sit around 430 members. And not only have we seen significant growth in overall membership, but an overall increase in diversity as well! Our membership is not only more diverse in terms of business make-up, but also in regionality.

Why is this important? Having a large and diverse membership base helps us to be a better tourism destination. Visitors are constantly looking for inspiration both before and during their visit. Working closely with members allows us to be more connected with the many great experiences and on-goings in the region. From there, we are better able to promote and showcase this offer.

## REACHING MORE VISITORS

In 2018, we continued to make great strides on our visitor experience program, growing the tools in which we can promote members. We launched our inaugural Official Halifax Highlights Visitor Guide which was distributed to 100,000 visitors. We also launched a brand-new website that gave each member their own listing which also gets visibility on public Wi-Fi as well as our new digital kiosks. We continue to leverage our hotel in-room visitor channel and social media channels to shine a light on our many great member experiences. Combined, our tools reach a significant number of visitors, providing helpful information and inspiration on where to eat, stay and play before and during their visit.

We would like to extend a sincere thank-you to the many organizations we work closely with to grow our membership such as the Downtown Halifax, Downtown Dartmouth, North End, Sackville, Quinpool, Spring Garden and Cole Harbour Business Commissions, Develop Nova Scotia, Halifax International Airport Authority, Destination Eastern and Northumberland Shore (DEANS), Seaside Tourism Business Association and St. Margaret's Bay Regional Tourism Development Association to name a few. We also want to thank all our new and returning members. We're excited and proud of the evolution of our Membership and Visitor Experience program and couldn't do it without the support and partnership of the tourism industry.



# GROUP SALES OVERVIEW



2018 represented the third year within the five-year Sales Strategy plan launched in 2016. As per our plan, our focus in 2018 remained on growing group visitation to Halifax as well as providing essential services to conferences and delegates.

The Sales Team maintained a strategic approach to the Meetings and Convention and Tour and Travel markets – developing, strengthening and leveraging industry partnerships, participating and exhibiting at major trade shows, hosting and attending client events. There was also a focus in aligning and selling with key industry partners such as Business Events Canada (BEC), Canadian Sport Tourism Alliance (CSTA) and Canadian Society of Association Executives (CSAE) and prospecting and account management in strategically identified areas of opportunity.

Discover Halifax and our M&C Cluster partners participated in eight tradeshow as well as six client events in 2018 with a goal of increasing 1 to 1 relationships with key decision makers who can bring business to Halifax. Client events were conducted in Ottawa and Toronto, our strongest performing markets for Canadian association and corporate clients. We were also excited to work with many industry stakeholders in the attraction and activation of Rendez-Vous Canada in 2018.

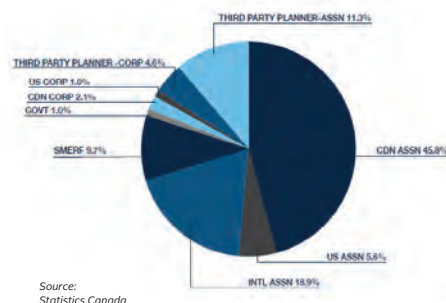
For confirmed events that happened in 2018 we sent 75,000 room night requests to our partners. This represented a 47% increase over room nights requested for events that happened in 2017. A large portion of this increased opportunity can be attributed to the opening of the Halifax Convention Centre and its ability to host large scale events previously not accessible for our market. Some of the major events held in 2018 at the Convention Centre include:

Conference	Attendees	Requested Room	Economic Impact
Federation of Canadian Municipalities	2,100	6,455	\$4,440,829
Conservative Party of Canada	3,000	3,090	\$6,192,100
Liberal Party of Canada	3,000	3,450	\$5,037,531
Association of Faculties of Medicine of Canada	1,700	3,209	\$4,428,952
Diabetes Canada	1,500	1,595	\$2,207,644
Rendez-Vous Canada	1,500	4,950	\$3,004,253

Conference	Attendees	Requested Room	Economic Impact	Classification
International Snowmobile Conference	500	800	\$567,019	US Assoc.
Canadian Association of Physicists	500	1,425	\$989,902	CDN Assoc.
Canoe Kayak Canada	460	1,375	\$848,434	SMERF
Toastmasters International	350	290	\$375,030	CDN Assoc.
Canadian Volkssport Federation	250	800	\$479,009	CDN Assoc.
International Society for Heart Research	250	800	\$367,242	International Assoc.
Health First Network	210	400	\$318,622	CDN Corporate

The M&C Group also secured 119 conferences for future dates that will bring 40,000+ delegates to Halifax and provide an economic impact of \$77 million.

M&C Leads followed the same trend as the previous year - The Canadian Association and Third Party Planner Association bookings account for approximately 57% of our leads and production. The International Association market contributes 25% followed by the SMERF (Social, Military, Educational, Religious and Fraternity) market at almost 10%. The remaining 8% is comprised of the corporate market. The performance trend continues with the Canadian Association market exceeding expectations, while the International Congress, SMERF, and Corporate Meetings market segments are targeted as potential growth markets.



Using this market segmentation as a guide, the Sales Team remained focused on geographical territories as well as specific market segments: two Sales Directors are based in Halifax – one responsible for association, corporate and third party markets in Ottawa and Eastern Canada, and the other focused on International and SMERF-related congresses and sporting events. We also maintained a Sales Director in Toronto to focus on association, corporate and third-party markets in Southwestern Ontario and Western Canada.

Looking forward to the remainder of 2019 and 2020, the M&C team will continue the mission of increasing group visitation through the provision of leads to our members. Specific areas of focus will include maintaining presence in strong markets, increasing prospecting and sales activity and inbound lead generation programs. Another key area of focus will be in the continuous improvement in our service offerings to partners and conventions to ensure we are providing high value in a timely manner.

Finally, and most importantly, we look forward to working alongside all our partners and stakeholders in 2020 and beyond. Understanding our partners businesses, developing strong communications and developing collaborative partner programs will be key to us in fulfilling our promise of making Halifax Canada's most innovative and attractive Meeting and Convention destination.



Jeff Nearing  
Vice President, Sales









# 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 (the Society), which comprise the statement of financial position as at December 31, 2018, 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, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

(continues)

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

A handwritten signature in black ink that reads 'Lyle Tilley Davidson'.

Halifax, Nova Scotia  
May 30, 2019

CHARTERED PROFESSIONAL ACCOUNTANTS  
Licensed Public Accountants

2



# FINANCIALS

**DESTINATION HALIFAX SOCIETY**  
(Operating as Discover Halifax)  
Statement of Financial Position  
December 31, 2018

	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 1,192,857	\$ 953,327
Short term investments - Marketing Reserve (Note 3)	202,656	201,305
Accounts receivable (Note 5)	143,041	130,652
HRM levy receivable	602,746	284,502
Harmonized sales tax recoverable	24,389	13,920
Prepaid expenses	89,469	87,295
	<u>2,255,158</u>	<u>1,671,001</u>
<b>CAPITAL ASSETS (Note 6)</b>	<u>147,898</u>	<u>117,136</u>
	<u>\$ 2,403,056</u>	<u>\$ 1,788,137</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 300,906	\$ 197,270
Deferred revenue (Note 9)	206,154	138,558
	<u>507,060</u>	<u>335,828</u>
<b>NET ASSETS</b>		
Unrestricted fund	1,545,442	1,133,868
Marketing reserve (Note 4)	202,656	201,305
Invested in capital assets	147,898	117,136
	<u>1,895,996</u>	<u>1,452,309</u>
	<u>\$ 2,403,056</u>	<u>\$ 1,788,137</u>

**CONTRACTUAL OBLIGATIONS (Note 10)**

**ON BEHALF OF THE BOARD**

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

3

LYLE TILLEY DAVIDSON

**DESTINATION HALIFAX SOCIETY**  
(Operating as Discover Halifax)  
Statement of Revenues and Expenditures  
Year Ended December 31, 2018

	2018	2017
<b>REVENUES</b>		
Membership dues	\$ 131,530	\$ 128,905
Advertising revenue	36,619	-
Halifax Regional Municipality	386,600	386,600
Group sales partnerships	119,430	148,656
Marketing partnerships	67,775	52,426
Hotel marketing levy	2,600,549	2,319,940
Other income	14,845	9,739
	<u>3,357,348</u>	<u>3,046,266</u>
<b>MARKETING PROGRAMS AND EXPENDITURES</b>		
Advertising	513,273	577,531
Owned and earned media	190,090	135,415
Amortization of media assets	44,075	5,974
Creative development	176,863	70,664
Web development	15,022	14,893
Client development	15,886	14,403
Client events and sales trips	42,875	47,739
Lead development and membership fees	27,941	63,094
Sponsorships	35,364	90,715
Familiarity trips and site inspections	119,236	113,467
Research	44,598	13,190
Trade shows	146,503	183,725
Travel and industry development	53,200	23,197
Continuous improvement	25,263	11,706
Wages and benefits - operations	1,065,012	932,759
	<u>2,515,201</u>	<u>2,298,472</u>
<b>ADMINISTRATIVE EXPENDITURES</b>		
Professional fees	61,291	35,714
Amortization of tangible assets	6,933	4,011
Interest and bank charges	4,292	2,090
Corporate communication	8,680	23,020
Information and communication technology	73,408	66,554
Office	21,053	20,371
Insurance	5,634	5,267
Miscellaneous	20,130	5,229
Rent	79,815	99,016
Staff development	12,103	13,535
Wages and benefits - administration	101,762	92,477
Bad debts	4,710	-
	<u>399,811</u>	<u>367,284</u>
	<u>2,915,012</u>	<u>2,665,756</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 442,336</u>	<u>\$ 380,510</u>

4

LYLE TILLEY DAVIDSON

# FINANCIALS

**DESTINATION HALIFAX SOCIETY**  
*(Operating as Discover Halifax)*  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2018**

	Unrestricted Fund	Marketing Reserve	Invested in Capital Assets	2018	2017
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 1,133,868	\$ 201,305	\$ 117,136	\$ 1,452,309	\$ 1,071,155
Excess of revenue over expenditures	493,344	-	(51,008)	442,336	380,510
Interest income	-	1,351	-	1,351	644
Purchase of capital assets	(81,770)	-	81,770	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 1,545,442	\$ 202,656	\$ 147,898	\$ 1,895,996	\$ 1,452,309

5

LYLE TILLEY DAVIDSON

**DESTINATION HALIFAX SOCIETY**  
*(Operating as Discover Halifax)*  
**Statement of Cash Flows**  
**Year Ended December 31, 2018**

	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 442,336	\$ 380,510
Items not affecting cash:		
Amortization of tangible assets	6,933	4,011
Amortization of media assets	44,075	5,974
	<u>493,344</u>	<u>390,495</u>
Changes in non-cash working capital:		
Accounts receivable	(12,389)	100,408
HRM levy receivable	(318,244)	(44,590)
Accounts payable and accrued liabilities	103,636	57,035
Deferred revenue	67,596	(15,564)
Prepaid expenses	(2,174)	6,389
Harmonized sales tax recoverable	(10,469)	4,106
	<u>(172,044)</u>	<u>107,784</u>
Cash flow from operating activities	<u>321,300</u>	<u>498,279</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	(81,770)	(122,095)
<b>INCREASE IN CASH FLOW</b>	<u>239,530</u>	<u>376,184</u>
Cash - beginning of year	<u>953,327</u>	<u>577,143</u>
<b>CASH - END OF YEAR</b>	<u>\$ 1,192,857</u>	<u>\$ 953,327</u>

6

LYLE TILLEY DAVIDSON

# FINANCIALS

**DESTINATION HALIFAX SOCIETY**  
*(Operating as Discover Halifax)*  
**Notes to Financial Statements**  
Year Ended December 31, 2018

## **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. 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).

### Financial instruments policy

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.

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7

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**DESTINATION HALIFAX SOCIETY**  
*(Operating as Discover Halifax)*  
**Notes to Financial Statements**  
Year Ended December 31, 2018

## **1. 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.

### Cash

Cash consists of deposits held with a Canadian financial institution, net of outstanding cheques and deposits.

### 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

### Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets 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
Tradeshaw 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.

(continues)

8

LYLE TILLEY DAVIDSON

# FINANCIALS

**DESTINATION HALIFAX SOCIETY**  
(Operating as Discover Halifax)  
Notes to Financial Statements  
Year Ended December 31, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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.

**2. 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, short term investments, accounts receivable, HRM levy receivable, and accounts payable and accrued liabilities. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2018.

**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 members and other related sources and accounts payable and accrued liabilities.

**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.

**3. SHORT TERM INVESTMENTS**

The marketing reserve's short-term investments consist of cash invested in a power savings account with an interest rate of 0.40%. The balance of the power savings account at December 31, 2018 was \$202,656 (2017 - \$201,305).

9

LYLE TILLEY DAVIDSON

**DESTINATION HALIFAX SOCIETY**  
(Operating as Discover Halifax)  
Notes to Financial Statements  
Year Ended December 31, 2018

**4. MARKETING RESERVE**

The marketing reserve, which may not exceed \$500,000, has been established for the purpose of allocating incremental funds against operating and marketing expenses based on the policies established by the Board. This fund is to be accessed for the purpose of facilitating expenses incurred in an environment of abnormal circumstance. During the fiscal year, no marketing expenditures were made out of the reserve.

**5. ACCOUNTS RECEIVABLE**

	2018	2017
Accounts receivable	\$ 147,751	\$ 130,652
Allowance for doubtful accounts	(4,710)	-
	<u>\$ 143,041</u>	<u>\$ 130,652</u>

**6. CAPITAL ASSETS**

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
Computer equipment	\$ 30,476	\$ 16,460	\$ 14,016	\$ 1,014
Furniture and fixtures	99,857	71,817	28,040	-
Server	4,325	4,325	-	-
Content development	10,721	5,361	5,360	8,934
Tradeshaw booth	25,125	12,561	12,564	20,938
Website	86,250	28,747	57,503	86,250
Digital kiosks	33,795	3,380	30,415	-
	<u>\$ 290,549</u>	<u>\$ 142,651</u>	<u>\$ 147,898</u>	<u>\$ 117,136</u>

**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 (2017 - \$nil).

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2018	2017
Trade accounts payable	\$ 231,576	\$ 153,964
Accrued liabilities	69,330	43,306
	<u>\$ 300,906</u>	<u>\$ 197,270</u>

10

LYLE TILLEY DAVIDSON



# FINANCIALS

DESTINATION HALIFAX SOCIETY  
(Operating as Discover Halifax)  
Notes to Financial Statements  
Year Ended December 31, 2018

9. DEFERRED REVENUE

As at December 31, 2018 \$206,154 (2017 - \$138,558) was recorded as deferred revenue. Deferred revenue represents memberships, trade show fees as well as advertising revenue and partner contributions for the following fiscal year that have been invoiced in the current year.

10. 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 April 2020 and April 2023 respectively.

Contractual obligation repayment schedule:

2019	\$	106,407
2020		106,052
2021		109,686
2022		110,809
2023		77,413
	\$	<u>510,367</u>





