

DISCOVER HALIFAX

2019 ANNUAL REPORT



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MESSAGE FROM THE CHAIR

For seven consecutive years, including 2019, the Halifax tourism industry has enjoyed growth. In fact, 54 per cent of all travellers to Nova Scotia last year chose to visit our region and enjoy some famous Halifax hospitality.

We were on track for similar growth in 2020, but this probability rapidly changed due to the novel coronavirus. As a result, one thing has become even more clear: Halifax's tourism industry is essential to our economy.

We provide incredible experiences to our guests and contribute significantly to Halifax's Gross Domestic Product (GDP). In 2019 alone, over \$1.3 billion in local spending came from 5.3 million overnight visitors who chose Halifax. These guests supported 4,000 tourism businesses and more than 34,000 local jobs in urban and rural communities. Tax revenue from tourism supports municipal and provincial amenities, like parks and recreation facilities, transit services and roads.

The impact of the shut-down of Halifax's tourism industry in 2020 will be felt not just by tourism operators, business owners, restaurants, and hosts; the impact will be felt by their neighbours, family and friends throughout the Halifax Regional Municipality.

So, while what we accomplished in 2019 is important, what we do next matters the most. We have many successes we can build on, including a strong membership base. In 2019, Discover Halifax, as the region's destination marketing organization, increased its membership by 18 per cent from 2018 to reach 471 members.

As an industry, we need to continue to unite in this way and work collaboratively with partners and stakeholders who understand Halifax's true potential. As outgoing Chair of Halifax's Board of Directors, I deeply believe in our potential. I am grateful that this belief is shared by my Board colleagues, the Discover Halifax team, and Halifax's Mayor and City Council.

Let our collective achievements from 2019 be the inspiration we need to carry forward.

Sincerely,

A handwritten signature in black ink that reads "Jeff Ransome". The signature is stylized with a large, flowing "J" and "R".

Jeff Ransome
Chair, Discover Halifax



MESSAGE FROM THE PRESIDENT & CEO

There are many great things that come to mind when I think about our destination, but I believe it is our culture, our people, and the distinct communities we live in that truly define us. So, when tested by the outbreak of a global pandemic, Nova Scotia chose to do the right thing to protect and support our people and our communities.

Before the world was thrown into pause from the pandemic, tourism in our region was on a steady growth trajectory with seven consecutive years of strong growth. But it is important to note that we are not just trying to grow our industry for its own sake; our ultimate goal is to build a better community for all citizens. A community-first approach was our starting point as we initiated a significant Integrated Tourism Master Planning process for Halifax in the Fall of 2019.

The plan is scheduled to be released in 2020, and it will undoubtedly play a critical role in the recovery of our industry. It recognizes the strength of our industry, is directly tied to the health of our communities, and both are co-dependent. Beyond the economics of a strong tourism industry we know destinations that are great places to visit, are also great places to live. A strong sustainable industry supports community growth, and community support is needed to grow the industry.

I would like to thank the many partners who contributed significantly to the development of the Integrated Tourism Master Plan, and who also support our core programs in sales and marketing, year-round. Halifax's success has been, and will continue to be, based on the cooperation of many partners and the variety of great businesses throughout our region.

Beyond the very real and significant challenge that lies before us, I remain optimistic for our future. We know that: the current situation will end; the fundamentals of our industry remain strong; we have a great destination with unique tourism experiences; and, finally we know we have the friendliest people welcoming visitors from around the world.

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 volunteers who support our industry.

Sincerely,

Ross Jefferson

Ross Jefferson
President and CEO

BOARD OF DIRECTORS

JEFF RANSOME – CHAIR

General Manager, Halifax Marriott Harbourfront

JENNIFER ANGEL – VICE CHAIR

President & CEO, Develop Nova Scotia

PAUL BRIGLEY– TREASURER

VP, Finance & CFO

Halifax International Airport Authority

DAVID CLARK - SECRETARY

General Manager, Atlantica Hotel Halifax

DENISE SCHOFIELD

Director, Parks & Recreation, Halifax

DOUG TOWNSEND

Co-Owner, The Canteen on Portland

KATHY PERRIER

General Manager, Holiday Inn Express & Suites Halifax-Bedford

KEN BAGNELL

President, Canadian Sports Centre Atlantic

MAYOR MIKE SAVAGE

Halifax

MICHELE SARAN

CEO, Tourism Nova Scotia

ROBERTA DEXTER ROBIDOUX

President, Strategic Meeting Designs

ROSS JEFFERSON (EX OFFICIO)

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

KATELYN GALLAGHER

Administrative Coordinator

MONICA MACLEAN

Communications Director

JEFF NEARING

Vice President, Sales

JEFF TURNER

Sales Director, International

MEGAN BARSS

Sales Coordinator

MICHELE BOURGEOIS

Travel Trade & Meeting Services Specialist

PAUL BAILEY

Sales Director, International

BRENDA COUPAR

Manager of Events

ERICA PELLERIN

Vice President, Marketing & Visitor Experience

KASEY CONNELLY

Project Manager

ANNIE RANKMORE

Community Manager

LYNDSAY BELAIR

Senior Graphic Designer

AMBER THOMAS-JOHNSON

Director of Membership & Visitor Experience

MITCHELL DONNELLY

Manager, New Members & Advertising

THE ECONOMIC BENEFITS OF TOURISM ARE ALL AROUND US

**5.3
MILLION**
OVERNIGHT STAYS
PER YEAR

**\$1.3
BILLION**
SPENT BY VISITORS IN
HALIFAX EVERY YEAR

4,000
LOCAL BUSINESSES

**\$58
MILLION**
in 2019 from meetings
& conventions supported
by Discover Halifax

HALIFAX
=
54%
OF TOTAL PROVINCIAL
VISITATION

**34,000
JOBS**
in retail stores,
attractions,
restaurants, hotels,
drugstores, cabs,
etc.

Marketing Halifax to
visitors also attracts:
Students, Investors,
New Residents

BALANCED SCORECARD



ARTIST NAME: RHONDA BARRETT
ARTWORK TITLE: NORTH END SLEDDERS
ARTWORK MEDIUM: COLLAGE
INSTAGRAM: @LITTLEBITSOFPAPERBIGART

BALANCED SCORECARD FOCUS AREAS



CUSTOMER

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



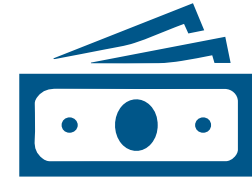
PEOPLE

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



INNOVATION

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



FINANCIAL

- Leverage Funding
- Improve ROI
- Grow Investment



GOAL #1

GROW LEISURE VISITATION

	Previous Year End (2018)	2019 Target	YTD Actual (2019)	% reached of 2019 Target	% Change from Prior Year
Total Impressions From Campaigns	47,511,579	47,000,000	52,809,242	112%	11%
Total Website Visits	1,092,640	1,200,000	1,275,517	106%	17%
Social Media Followers	161,487	173,000	182,873	106%	13%
Travel Media Ad Value	\$ 4,182,947	\$ 4,300,761	\$ 4,089,050	95%	-2%

Special Projects Undertaken

- Launched Handpicked Halifax Campaign including new section on website
- Partnership programs with Attractions, Downtown Dartmouth Business Commission and Tourism Nova Scotia
- Launch of Stopover Program in partnership with HIAA



GOAL #2

GROW GROUP VISITATION

	Previous Year End (2018)	2019 Target	YTD Actual (2019)	% reached of 2019 Target	% Change from Prior Year
Direct Economic Impact from Confirmed Conferences and Groups	\$ 76,832,000	\$ 76,832,000	\$ 57,668,403	75%	-25%
# of Conferences and Groups Confirming Halifax (Discover Halifax Supported)	119	119	122	103%	3%
Rooms Nights from Confirmed Groups (Discover Halifax Supported)	82,688	55,000	80,137	146%	-3%
New Tentative Bids (event count)	279	279	250	90%	-10%
New Tentative Bids (room nights)	165,154	130,000	185,337	143%	12%
Client Site Inspections Held	47	30	33	110%	-30%
Services - Delegate Websites Created	20	20	24	120%	20%

Special Projects Undertaken

- Exhibited at all major trade shows (Conventions), hosted key sales calls and activities in Toronto and Ottawa
- Promotions and Sales in partnership with Business Events Canada
- Hosting of major Familiarization Tour for Key Accounts



GOAL #3

GROW VISITOR SPEND WITH MEMBERS

	Previous Year End (2018)	2019 Target	YTD Actual (2019)	% reached of 2019 Target	% Change from Prior Year
Membership Count	398	481	471	98%	18%
Hotel Leads Issued	1,768	1,800	2,311	128%	31%
Service Leads Issued to Partners	160	160	552	345%	245%
Member Referrals Made to Clients	112	112	180	161%	61%
Visitor Guide & Maps Distribution	145,000	202,000	210,000	104%	45%
Kiosk and Wi-Fi Channel Sessions	120,000	120,000	123,231	103%	3%
Membership Satisfaction	69%	70%	58%	83%	-16%

Special Projects Undertaken

- Additional digital kiosks distributed to key locations in the HRM. Kiosks are located at Airport, Convention Centre, Cole Harbour Place, Cruise Terminal, Halifax Marriott Harbourfront & Sou'Wester Gift Shop in Peggys Cove
- Exclusive distributor of Halifax Highlights Visitor Guide in over 1,500 hotel rooms in the HRM, representing five geographical regions of the municipality



GOAL #4

LEVERAGE FUNDING & IMPROVE FINANCIAL HEALTH

	Previous Year End (2018)	2019 Target	YTD Actual (2019)	% reached of 2019 Target	% Change from Prior Year
Revenue from Members	168,149	243,000	200,776	83%	19%
Revenue from Marketing Partnerships	67,775	87,500	61,665	70%	-9%
Revenue from Marketing Partnerships (Non-P&L)	55,000	90,000	110,000	122%	100%
Revenue from Sales Partnerships	119,429	114,500	130,955	114%	10%
Total Leveraged Revenue (non levy or HRM grant)	426,779	535,000	528,220	99%	24%
Investment In Tourism Sector - (Per-Room Benchmark - Quartile)	Bottom 10%	Middle Quartile	Bottom 10%	Unchanged	Unchanged

Special Projects Undertaken

- Integrated Tourism Master Plan got underway with funding from ACOA and the HRM
- Successful programs in partnership with Tourism Nova Scotia and Halifax Port Authority
- More Partners seeing higher value in our programs; reflected by increased participation and Group Sales revenue



GOAL #5

INNOVATION, PROCESS IMPROVEMENTS & ALIGN STRATEGY WITH PARTNERSHIPS

	Previous Year End (2018)	2019 Target	YTD Actual (2019)	% reached of 2019 Target	% Change from Prior Year
Process Improvement, Innovation, or Six-Sigma Projects Completed	11	6	6	100%	-45%
Estimated Annual Cost Savings from Process Improvement Initiatives (2018 YE Cumulative from 2016)	\$ 285,700	\$ 10,000	\$ 10,000	100%	-

Special Projects Undertaken

- New IT Support Services contracted resulting in annual savings
- Sales Playbook created and implemented resulting in increased productivity and efficiencies
- Refresh and modernization of IT equipment for staff
- Created and implemented new receivables processes
- Streamlining of membership offering



GOAL #6

RIGHT PEOPLE IN RIGHT PLACE, SUPPORT TRAINING, MANAGE & REWARD

	Previous Year End (2018)	2019 Target	YTD Actual (2019)	% reached of 2019 Target	% Change from Prior Year
Employee Satisfaction Survey	New KPI 2018	N/A	N/A	N/A	N/A
Employee Training & Development (training days/employee)	3	3	2.5	83%	-17%

Special Projects Undertaken

- Hired new team members Vice President, Sales, Communications Director, Sales Director
- Development of staff skills and abilities: Project Management, iDSS, Design Thinking, Office365 Sharepoint, Incentive Travel Education, Microsoft Excel

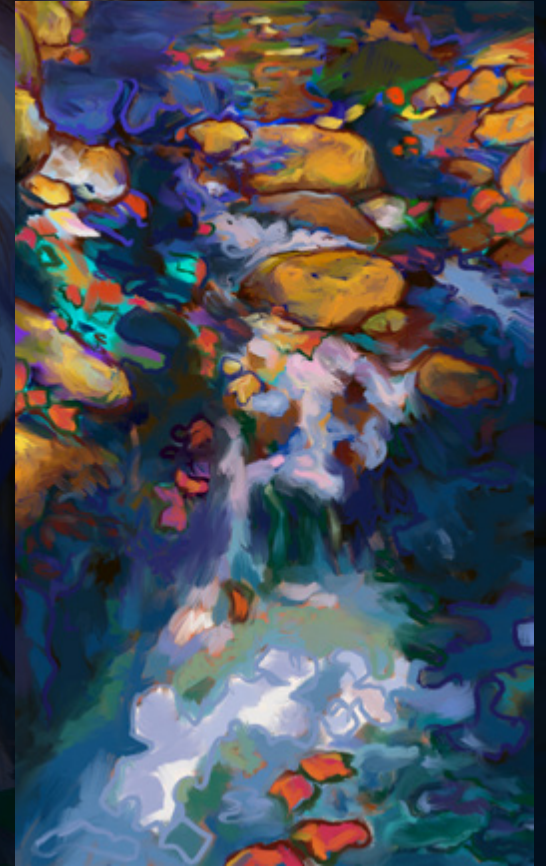
INDUSTRY KEY PERFORMANCE INDICATORS

	Previous Year End (2018)	2019 Target	YTD Actual (2019)	% reached of 2019 Target	% Change from Prior Year
Room Nights Sold (Traditional Hotels)	1,413,689	1,391,401	1,464,039	105%	4%
Room Nights Sold (Online Sharing Economy)	322,596	440,000	442,867	101%	37%
Combined Overnight Room Sold	1,736,285	1,831,401	1,906,906	104%	10%
Daily Hotel Rooms Supply (measuring growth in new traditional hotels)	5,545	5,860	5,887	100%	6%
Cruise Visitation	316,859	320,000	323,709	101%	2%
Airport Enplaned / Deplaned Passengers	4,316,079	4,316,079	4,188,443	97%	-3%

Trends and Notes:

- 7th year of growth in traditional hotels (up 18% since 2013)
- Room sharing economy continues to grow (up 511% since May 2016)
- Opening of 3 new hotels in the municipality

MARKETING OVERVIEW



ARTIST NAME: CATHERINE BROWN
ARTWORK TITLE: LEAVES IN A BROOK - SHUBIE PARK
ARTWORK MEDIUM: DIGITAL PAINTING (PROCREATE)
CONTACT: FILETPOST@ME.COM

MARKETING OVERVIEW



GROWING OUR BRAND

In 2019, we continued to build on the strategy set out in Discover Halifax's five-year strategic plan. One of our key focuses was to build Halifax's brand story and positioning. We want to clearly identify 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 in the world can a visitor enjoy a perfect balance of urban energy, a vibrant downtown juxtaposed by the seaside, and rural experiences that leave them feeling inspired? We balance our 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 2019 with our now annual **Top 10 Reasons to Visit Halifax** campaign.

This was followed by **Dine Around** in February, a program we work together on with the Restaurant Association of Nova Scotia to help promote Halifax's amazing culinary scene. We had 54 restaurants participate (up from 33 in 2018) and our Dine Around website received over 39,000 pageviews (up from 22,000 in 2018). There is no doubt culinary tourism is hot, and our goal is to continue growing this program.

In conjunction with the Halifax International Airport Association and Westjet, we launched an exciting new **Halifax Stopover** program. Passengers flying to and from select destinations in North America and Europe via Westjet can now add a stopover in Halifax for no additional airfare. The inaugural year was quite successful. A \$10,000 media campaign generated 1.8 million impressions, and 23,000 visits to our Stopover landing page.

From there, we launched a brand-new exciting summer campaign called **Handpicked Halifax**. Visitors continue to look for authentic experiences when travelling that are unique to the destination. The goal of this program was to showcase great experiences in Halifax while making it as easy as possible for

visitors to book these. The campaign was hugely successful generating over 20 million impressions and 95,000 pageviews.

Two other campaigns were launched in 2019 working closely with key partners. The first was the **Handpicked Halifax for the Holidays** campaign, aimed at encouraging consumers to put an experience under the tree, and the second was a campaign to promote the amazing Dartmouth scene.

Discover Halifax's owned channels continue to be a key source of information and inspiration for visitors. Our website generated over 1.28 million visits in 2019 and our social media channels have a combined 183,000 followers. Our focus is to continue looking for innovative ways to use our channels with a focus on engagement.

A LOOK AHEAD

While 2019 began with a very positive and encouraging start, we are now facing a very different world than we expected heading into the year. As we write this report, we are heavy into COVID-19 scenario and recovery planning. We do not know what the future holds, but we continue to work hard to promote the destination in a safe and responsible manner while planning for a brighter future.



Erica Pellerin

Erica Pellerin
Vice President,
Marketing and Visitor Experience

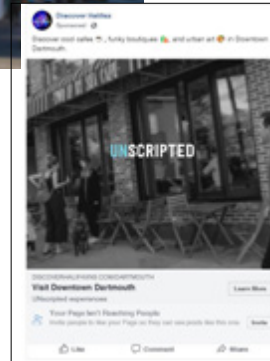
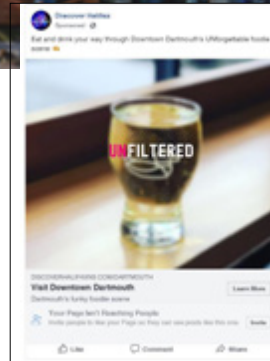
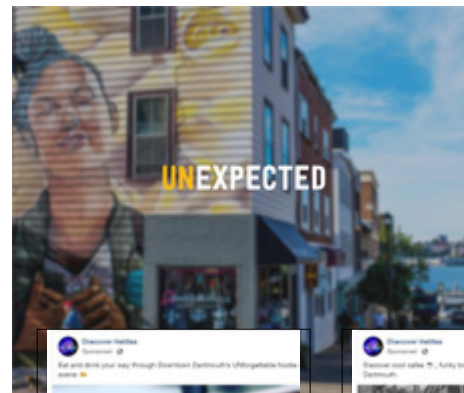


Handpicked Halifax



Handpicked Halifax
for the Holidays

2019 MARKETING CAMPAIGNS



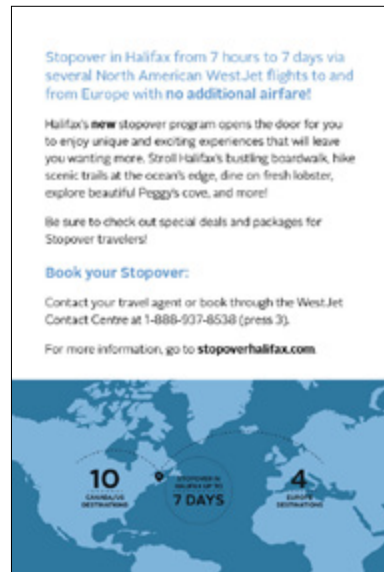
Dartmouth Campaign



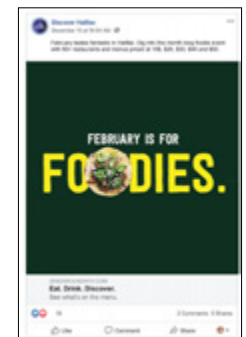
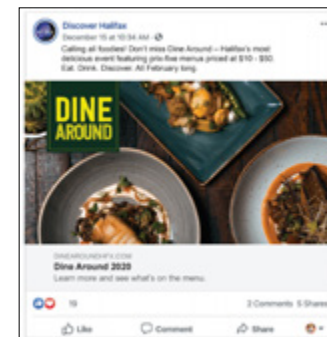
Attractions Week



Stopover Halifax



Dine Around



MEMBERSHIP & VISITOR EXPERIENCE



ARTIST NAME: JACK BISHOP
ARTWORK TITLE: NOVA
ARTWORK MEDIUM: OIL AND ACRYLIC ON CANVAS
INSTAGRAM: @J.BISH
[instagram @j.bish](https://www.instagram.com/j.bish)

MEMBERSHIP & VISITOR EXPERIENCE



A GROWING BASE

In 2019, we continued to grow and diversify our membership base. We ended the year with 471 members, increasing not only the total but also the diversity in terms of business types and regionality.

The goal of this program is to increase the length of time visitors spend in Halifax as well as the amount they spend while they are here. 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 events in the region. In turn, this helps us achieve our goals.

REACHING MORE VISITORS

Providing visitors with the tools and information they need to dream about and plan their trip is an important driver of visitation. We pride ourselves on offering visitor's advice and information on how to get here, where to stay, what to do when they arrive and a host of other tips and tricks to get the most out of their visit.

In 2019, we continued to make great strides on our visitor experience program. We launched our second annual Visitor Guide, which was distributed to 100,000 visitors. We worked closely with key partners to create and distribute over 100,000 urban walking maps, a critical tool for cruise ship passengers. Our broad-reaching website provides visitors with great information while providing members their own listing for high visibility on public Wi-Fi as well as our digital kiosks.

We continue to leverage our hotel in-room visitor channel and social media channels to highlight our many great member experiences. We will continue to look for ways to innovate and ensure our visitor tools are driving both visitation, and helping to increase tourism revenue once a visitor arrives at our destination.

We would like to extend a sincere thank-you to the many organizations we work closely with throughout the year, including 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. Together, we are better.

GROUP SALES OVERVIEW



ARTIST NAME: CHRISTINE WAUGH
ARTWORK TITLE: THE DOCKS
ARTWORK MEDIUM: WATERCOLOUR AND INK
INSTAGRAM: @CHRISTINEWAUGHSTUDIOS

A photograph of a modern building with a blue glass facade, viewed from a low angle looking up. The building's corner is prominent, showing the grid-like structure of the glass panels. The sky is a clear, pale blue. The image is tilted slightly to the right.

The Sales Team also maintained focus in the SMERF and Corporate markets with a focus on high-value events for the city.

On the service side, the team focused on further developing and documenting our sales and services processes to ensure that we are providing valuable assistance to event clients and local Meetings and Conventions partners. To support client events, the group sent 430 requests for information to our partners. As well, the team provided promotional and delegate building services to our clients on an ongoing basis throughout the year.

Host it in
HALIFAX

HALIFAX MEETING
& CONVENTION
PLANNER 2010

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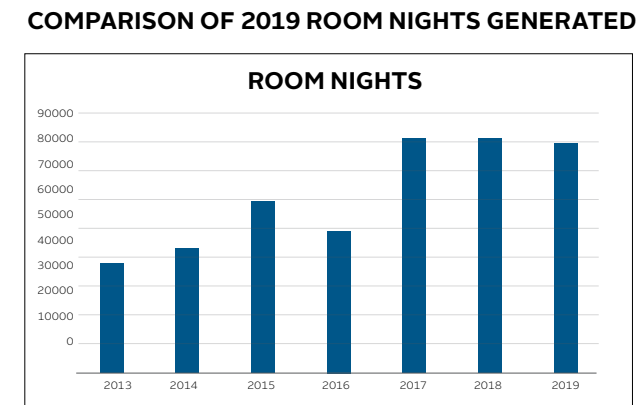
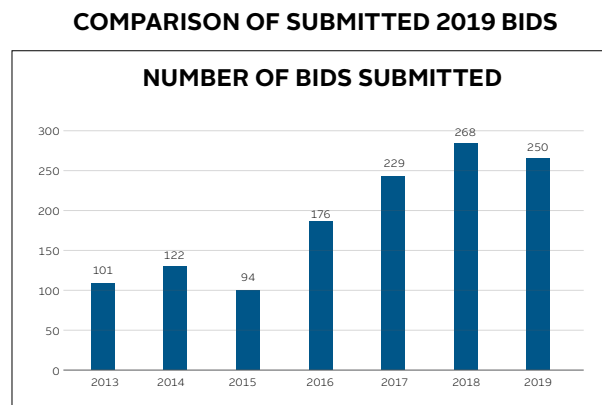
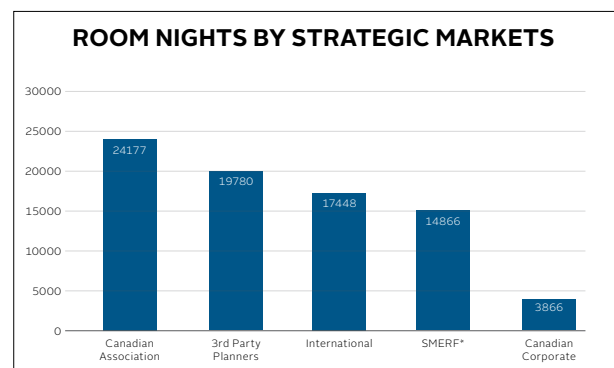
MEET IN
HALIFAX

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2019 PRODUCTION

In 2019, the Meeting and Conventions Group secured 121 conferences for future dates that will bring 44,000 delegates to Halifax and provide an economic impact of \$57 million. The number of leads generated by the team was 117, which represented a 20 per cent increase over the previous year. The increase in generated leads was a targeted goal for the sales team. The team also hosted 33 client site visits to the Halifax region.





LOOKING FORWARD

The Group Sales team faces an unprecedented challenge in 2020 as we move forward through the COVID-19 situation. Our business plan for the coming year was based on five key strategies:

1. Strengthening our attraction and solicitation programs
2. Leveraging data
3. Service and process management
4. Team development
5. Partner development

We remain committed to this plan, but with the added nuance of adjusting our programs and strategies to work within the COVID-19 reality. This means working with clients and partners to rebook business that has been lost due to public health restrictions. It also means major adjustments to our 2020 approved workplan as we are unable to attend or host events for an undetermined period.

Even with these adjustments, there is still important work we can do to bring future value to our destination. We are maintaining high activity in the solicitation of future events. We are developing recovery plans and programs, so we are ready to seize the opportunity when the time is right.

As always, we look forward to working alongside all our **TEAM HALIFAX** partners and stakeholders in 2020 and beyond as we continue our mission to make Halifax Canada's favourite city for Meetings and Conventions.



Jeff Nearing
Vice President, Sales

INDUSTRY SUPPORT



ARTIST NAME: JACK ROSS
ARTWORK TITLE: ST. MATTHEW'S, BARRINGTON STREET
ARTWORK MEDIUM: ACRYLIC ON WOOD PANEL
INSTAGRAM: @JACKROSSINSTA

INDUSTRY SUPPORT



Discover Halifax launched the development of Halifax's first Integrated Tourism Master plan (ITMP) in Fall 2019. The plan will anchor a shared vision and strategy for the Halifax Regional Municipality, while supporting growth and prosperity in the region through the lens of the tourism opportunity.

Halifax City Council approved support for the plan in December 2019 recognizing that tourism can help Halifax achieve the goals laid out in its Economic Growth plan.

Community-first Approach

If we make communities better for residents, visitors will come and enjoy it, too. That's why Discover Halifax took a "community-first" approach in the development of Halifax's ITMP. We conducted extensive outreach and engagement, including:

- » A dedicated project website to inform stakeholders of the overall strategy process and to support the outreach and engagement process
- » Discussion primer and feedback form
- » Town hall sessions
- » Working sessions with industry stakeholders and sector groups
- » Bilateral interviews
- » An online survey of Discover Halifax members, broader stakeholder representatives, etc.
- » Project email address for open, unstructured input

~250
SURVEY
RESPONSES

32
ENGAGEMENT
EVENTS

300+
SESSION
ATTENDEES



PARTNER CONNECTIONS AND SUPPORT

The ITMP aligns with partner strategies and priorities. As part of our outreach efforts in 2019, we identified several strategies that fit our “community-first” vision. Discover Halifax will support a number of these efforts, such as Halifax’s Music City Strategy, Peggys Cove Master Plan led by Develop Nova Scotia, and the Wild Islands project.

Discover Halifax also worked to support several legacy events scheduled to come to Halifax. In 2019, our Group Sales Team worked with the Assembly of First Nations, the Canadian Anesthesiologists Society, the Marine Technology Society (MTS), the Institute of Electrical and Electronics Engineers (IEEE), the Pentecostal Assemblies of Canada on their plans to Host it in Halifax!

North American Indigenous Games (NAIG) – NAIG was originally scheduled to take place in Kijipuktuk in July 2020. The event has been rescheduled for 2021 due to COVID-19. Discover Halifax worked with event planners to bring the event here and develop the Family and Friends program to assist those planning to attend the games with information, discounts and recommendations on what to see, do and experience on their visit. We are prepared to launch this for the rescheduled date.

OCEANS 2024 – Halifax was selected to host one of the largest global conferences for professionals in the oceans sector scheduled to take place in September 2024. OCEANS 2024 will bring together the ocean technology industry with the latest science, engineering, and research.

LOCAL SUPPORT

In 2019, Discover Halifax was proud to volunteer at the Ronald McDonald House which does important work helping families with sick children stay together near the medical care they need.



FINANCIALS



ARTIST NAME: WESLEY LOWE
ARTWORK TITLE: HALIFAX
ARTWORK MEDIUM: OIL PAINTING
CONTACT: WESLEYLOWEARTIST.COM



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, 2019, 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, 2019, 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.

Halifax, Nova Scotia
May 25, 2020

CHARTERED PROFESSIONAL ACCOUNTANTS

LYLE TILLEY DAVIDSON

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FINANCIALS

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 1,282,322	\$ 1,192,857
Short term investments (Note 3)	509,781	-
Short term investments - Marketing Reserve (Note 4)	-	202,656
Accounts receivable (Note 5)	127,957	143,041
Other receivables (Note 6)	428,059	602,746
Harmonized sales tax recoverable	43,139	24,389
Prepaid expenses	78,554	89,469
	<u>2,469,812</u>	<u>2,255,158</u>
CAPITAL ASSETS (Note 7)	<u>134,680</u>	<u>147,898</u>
	\$ 2,604,492	\$ 2,403,056
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 9)	\$ 368,484	\$ 300,906
Deferred revenue (Note 10)	204,845	206,154
	<u>573,329</u>	<u>507,060</u>
NET ASSETS		
Unrestricted fund	1,896,483	1,545,442
Marketing reserve (Note 4)	-	202,656
Invested in capital assets	134,680	147,898
	<u>2,031,163</u>	<u>1,895,996</u>
	\$ 2,604,492	\$ 2,403,056

CONTRACTUAL OBLIGATIONS (Note 11)

ON BEHALF OF THE BOARD

Director

Director

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LYLE TILLEY DAVIDSON

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Revenues and Expenditures
Year Ended December 31, 2019

	2019	2018
REVENUES		
Hotel marketing levy	\$ 2,492,679	\$ 2,600,549
Halifax Regional Municipality	386,600	386,600
Membership dues	147,994	131,530
Group sales partnerships	130,955	119,430
Tourism Master Plan	129,160	-
Advertising revenue	64,296	36,619
Marketing partnerships	61,665	67,775
Other income	30,191	14,845
	<u>3,443,540</u>	<u>3,357,348</u>
MARKETING PROGRAMS AND EXPENDITURES		
Wages and benefits - operations	1,133,958	1,065,012
Advertising	475,754	513,273
Travel and industry development	211,263	53,200
Trade shows	202,549	146,503
Owned and earned media	190,786	190,090
Creative development	159,203	176,863
Familiarity trips and site inspections	83,899	119,236
Web development	68,171	15,022
Continuous improvement	62,997	25,263
Client events and sales trips	58,196	42,875
Lead development and membership fees	51,850	27,941
Amortization of media assets	51,781	44,075
Sponsorships	45,718	35,364
Research	39,910	44,598
Client development	33,694	15,886
	<u>2,869,729</u>	<u>2,515,201</u>
ADMINISTRATIVE EXPENDITURES		
Wages and benefits - administration	103,896	101,762
Rent	100,379	79,815
Information and communication technology	81,753	73,408
Professional fees	72,366	61,291
Office	19,423	21,053
Amortization of tangible assets	14,604	6,933
Corporate communication	13,581	8,680
Staff development	12,485	12,103
Board expense	9,073	3,797
Insurance	5,550	5,634
Interest and bank charges	5,069	4,292
Bad debts	300	4,710
Miscellaneous	165	16,333
	<u>438,644</u>	<u>399,811</u>
	<u>3,308,373</u>	<u>2,915,012</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 135,167	\$ 442,336

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LYLE TILLEY DAVIDSON

FINANCIALS

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Changes in Net Assets
Year Ended December 31, 2019

	Unrestricted Fund	Marketing Reserve	Invested in Capital Assets	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 1,545,442	\$ 202,656	\$ 147,898	\$ 1,895,996	\$ 1,452,309
Excess of revenue over expenditures	201,552	-	(66,385)	135,167	442,336
Interest income	-	-	-	-	1,351
Purchase of capital assets	(53,167)	-	53,167	-	-
Transfer from marketing reserve (Note 4)	202,656	(202,656)	-	-	-
NET ASSETS - END OF YEAR	\$ 1,896,483	\$ -	\$ 134,680	\$ 2,031,163	\$ 1,895,996

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LYLE TILLEY DAVIDSON

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 135,167	\$ 442,336
Items not affecting cash:		
Amortization of tangible assets	14,604	6,933
Amortization of media assets	51,781	44,075
	<u>201,552</u>	<u>493,344</u>
Changes in non-cash working capital:		
Accounts receivable	15,084	(12,389)
Other receivables	174,687	(318,244)
Accounts payable and accrued liabilities	67,578	103,636
Deferred revenue	(1,309)	67,596
Prepaid expenses	10,915	(2,174)
Harmonized sales tax recoverable	(18,750)	(10,469)
	<u>248,205</u>	<u>(172,044)</u>
Cash flow from operating activities	<u>449,757</u>	<u>321,300</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(53,167)	(81,770)
Transfer of marketing reserve fund to unrestricted fund	202,656	-
Cash flow from (used by) investing activities	<u>149,489</u>	<u>(81,770)</u>
INCREASE IN CASH FLOW	<u>599,246</u>	<u>239,530</u>
Cash - beginning of year	<u>1,192,857</u>	<u>953,327</u>
CASH - END OF YEAR	<u>\$ 1,792,103</u>	<u>\$ 1,192,857</u>
CASH CONSISTS OF:		
Cash	\$ 1,282,322	\$ 1,192,857
Short term investments	509,781	-
	<u>\$ 1,792,103</u>	<u>\$ 1,192,857</u>

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LYLE TILLEY DAVIDSON

FINANCIALS

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2019

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.

(continues)

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2019

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)

FINANCIALS

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2019

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, other receivables, and accounts payable and accrued liabilities. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2019.

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.

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2019

3. SHORT TERM INVESTMENTS

Short-term investments consist of the following:

- (a) A guaranteed investment certificate (GIC) with an interest rate of 1.57% and a maturity date of January 30, 2020. The principal balance of the GIC is \$500,000 with accrued interest of \$3,334 at December 31, 2019. Subsequent to year end, the guaranteed investment certificate was reinvested upon maturity.

4. MARKETING RESERVE

In 2018, \$202,656 of short term investments were held for the marketing reserve invested in a high interest savings account. During the year, the board approved the dissolution of the marketing reserve as part of an equity policy change. The funds accumulated in the marketing reserve have been transferred to unrestricted net assets.

5. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable	\$ 127,957	\$ 147,751
Allowance for doubtful accounts	-	(4,710)
	<u>\$ 127,957</u>	<u>\$ 143,041</u>

6. OTHER RECEIVABLES

	2019	2018
HRM levy receivable	\$ 298,899	\$ 602,746
ACOA - Tourism Master Plan	102,801	-
HRM - Tourism Master Plan	26,359	-
	<u>\$ 428,059</u>	<u>\$ 602,746</u>

FINANCIALS

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2019

7. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 47,079	\$ 24,833	\$ 22,246	\$ 14,016
Furniture and fixtures	99,857	78,048	21,809	28,040
Server	4,325	4,325	-	-
Content development	10,721	8,935	1,786	5,360
Tradeshow booth	35,185	22,612	12,573	12,564
Website	86,250	57,494	28,756	57,503
Digital kiosks	60,299	12,789	47,510	30,415
	<u>\$ 343,716</u>	<u>\$ 209,036</u>	<u>\$ 134,680</u>	<u>\$ 147,898</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 (2018 - \$nil).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Trade accounts payable	\$ 304,824	\$ 231,576
Accrued liabilities	63,660	69,330
	<u>\$ 368,484</u>	<u>\$ 300,906</u>

10. DEFERRED REVENUE

As at December 31, 2019 \$204,845 (2018 - \$206,154) was recorded as deferred revenue. Deferred revenue represents 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. 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 August 2023 respectively.

Contractual obligation repayment schedule:

2020	\$ 107,552
2021	111,186
2022	112,309
2023	99,145
	<u>\$ 430,192</u>

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LYLE TILLEY DAVIDSON

DESTINATION HALIFAX SOCIETY
(Operating as Discover Halifax)
Notes to Financial Statements
Year Ended December 31, 2019

12. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

13. SUBSEQUENT EVENTS

Beginning in March 2020 the Governments of Canada and Nova Scotia, as well as foreign governments, instituted emergency measures as a result of the COVID-19 virus. The virus has had a major impact on Canadian and international securities and currency markets and consumer activity which may impact the Society's financial position, its results of operations and its cash flows significantly. As these are subsequent events, these financial statements do not reflect such impact. As at May 25, 2020 it is also not possible to accurately quantify or estimate that impact.

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LYLE TILLEY DAVIDSON

DISCOVER
HALIFAX

