



calgary hotel association
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2019 Annual Report.

ADVOCATE — INVEST — COLLABORATE

A LETTER FROM THE BOARD CHAIR, RICHARD MAIN.

If we look at where we stand today, in 2020, we can confidently say this year has been anything but ordinary. The industry has tackled trials and challenges unexpected by all, all the while continuously working together as community and a team to jump over the hurdles. Among the many challenges, we remain focused on how our industry can regain momentum, rebuild and relaunch as we work towards rebuilding Calgary's tourism sector.

The Calgary Hotel Association (CHA) worked tirelessly in 2019, unbeknownst, to prepare and set up our members, associates, partners, and City for such a task. From reevaluating our strategic plan in February 2019, to focusing on identifying the relevant Strategic pillars to execute moving forward, the CHA took to heart the needs of our members and reviewed our goals from the inside out.

The year 2019 included many accomplishments by the CHA including an important project to transition and integrate the Meetings + Conventions Calgary (MCC) team into Tourism Calgary. We are proud of the work accomplished by the project team from CHA, Tourism Calgary and the Calgary TELUS Convention Centre, completed with the move in August 2019.

In early 2019 the Calgary Hotel Association Board of Directors and management team were happy to work to develop and present a new CHA Strategic Plan. The new plan invoked significant forward thinking and further developed our understanding of our member's needs, allowing us to ultimately serve them better. We continue to effectively manage the DMF through long-term investments and oversight of effective and creative District strategic plans with the assistance of the CHA management team. We shifted the district's marketing activities to Tourism Calgary to maintain integrity of and alignment with the Destination's brand and created measures for evaluating the success of the DMF Program. We continue to elevate and build a reputable, engaged Association, one that our members can count on.

As we look to the future before us, as unpredictable as it may be, our focus is on ensuring that our industry is not only sustainable, but robust. Strategic Plans are not static documents, and neither is our reality, static. Therefore, as we continually monitor our progress toward our vision, we will assess, adjust, and redefine our objectives over time. Our commitment remains constant, but the environment in which we live, and work will require us to revisit the Strategic Plan in the coming months. While the CHA has enjoyed many successes, we now face many challenges, but we are confident that the CHA will continue to effectively meet these challenges as a credible voice for our industry. Through strong relationships, new partnerships and strategic investments, we will pursue all opportunities, solutions and tests with vigor and commitment.



Richard Main, Chair of the Board
Calgary Hotel Association

A LETTER FROM EXECUTIVE DIRECTOR, SOL ZIA.

Well hello there!

I can't ignore the environment we are in, as of this writing, but as this is a 2019 Annual Report, I will put our 2020 situation aside.

With no shortage of excitement, ideas, advocacy work, introductions across numerous members and partners, and meetings to the left and right of me, and only 2 months under my belt, as of this Annual Report, I have saddled up for quite the ride. Coming in as Executive Director of the Calgary Hotel Association in the last quarter of 2019 I can report that I have been graciously welcomed by our Board of Directors, Committee leaders, members, management team, partners, City of Calgary officials, Government of Alberta leaders and even the Federal Government to embark on this (historic in my little mind) journey. A cliché as it sounds, a journey that we are truly in together.

As a resident of Calgary for over 20 years, I am most excited about leading this association into new trails in the future, working collaboratively with our members, partners, and associates to fulfill our strategic plan through effective, ambitious, and recognized advocacy, collaboration and investment. It is ironic but our strategic plan and pillars are tailor made for the turbulent times we are in and ahead. Advocacy and Collaboration would have been paramount without the backdrop of our Strategic Plan, but pillars they are, giving the CHA the perfect compass for now and years from now. Investment, strategic and tactical, will enable growth and return to industry prosperity.

The future ahead, to repeat my cliché, will be formidable, but our Strategic Plan and leadership will ensure that our industry succeeds across every dimension. My commitment to the CHA remains resolute and I am confident that the path ahead will yield opportunity and success.

A handwritten signature in black ink, appearing to read 'Sol Zia', with a stylized flourish at the end.

Sol Zia, Executive Director
Calgary Hotel Association

CALGARY HOTEL ASSOCIATION STRATEGIC PLAN 2019.

Vision.

We are driven to elevate Calgary's hospitality and travel industry on the world stage.

Mission.

To create an optimal business environment for the hospitality and travel industry in Calgary through advocacy, investment and collaboration.

In 2019, the Calgary Hotel Association made significant progress and further developed our understanding of our members needs, allowing us to ultimately serve them better. As we look ahead, our focus is on ensuring that our industry is not only sustainable, but robust. Our updated, 2019 Strategic Plan helps us prioritize and use efficient resources to make sure our actions effectively serve the interests of our members and partners. The goals and outcomes reflect what members want from the Association and keep us accountable as leaders to clearly see how we measure up to our commitments.

Strategic Plans are not static documents that, once completed are placed on the shelf and forgotten. The CHA will continually monitor our progress toward our vision, assess and adjust, and redefine our objectives over time. Our commitment remains constant, but the environment in which we live, and work will require us to revisit the Strategic Plan on an ongoing basis to ensure that our industry continues to be successful in a changing world.

STRATEGIC PILLARS.

Advocate.

Successfully advocate for long term health of the hospitality and travel industry in Calgary and area.

Collaborate.

Partner effectively with our members, stakeholders, partners and government.

Invest.

Effectively manage and invest in partnership with our membership to achieve our mission and vision.

Organizational Competence & Financial Stability.

Ensure that we have an effective, appropriately resourced, and financially sustainable association/organization.



CHA 2019 MEMBERSHIP*.

| # | CHA Members | # | DMF Members | |
|-----------|--|-----------|--|-----------------------------------|
| 19 | Downtown 4,535 Rooms | 16 | Downtown 4,263 Rooms | 15,688 Rooms in Calgary |
| 16 | South 2,408 Rooms | 11 | South 1,822 Rooms | |
| 27 | Northeast 4,499 Rooms | 24 | Northeast 4,081 Rooms | 103 Hotels in Calgary |
| 7 | Northwest 813 Rooms | 7 | Northwest 813 Rooms | |
| 69 | Total 12,255 Rooms 78% of Rooms in Calgary | 58 | Total 10,979 Rooms 70% of Rooms in Calgary | |

*At December 31, 2019

NEW DMF MEMBERS 2019.

In 2019, we welcomed 10 new members to the DMF.



Calgary City
View North



1. Residence Inn by Marriott Calgary Downtown/Beltline
2. Sandman Hotel Calgary City Centre
3. Holiday Inn & Suites Calgary South – Conference Centre
4. Sandman Hotel & Suites Calgary South
5. Executive Residency by Best Western City View North
6. Hyatt Place Calgary Airport
7. Sandman Hotel Calgary Airport
8. Sandman Signature Calgary Airport Hotel
9. Westin Calgary Airport
10. Sandman Hotel & Suites Calgary West

CHA ADVOCACY.

Advocacy is a major priority of the CHA. We work with industry stakeholders and Orders of Government to establish positions and recommend direction on various issues, providing administrators and Government leaders with the insight and information they need to make policy decisions that foster a healthy climate for the hospitality and tourism.

In 2019 our advocacy efforts focused on ensuring that CHA was a significant voice on issues and policy related to the health of the travel and tourism industries and the matter of appropriate regulation of the short-term accommodation industry. The CHA, Tourism Calgary and Calgary TELUS Convention Centre also worked closely with the City of Calgary to effectively transition and integrate the Meetings + Conventions Calgary (MCC) team into Tourism Calgary.

The path that lies ahead requires even more disciplined advocacy with industry and Government to ensure successful outcomes for our members.

In 2019 the management of the CHA held:

- Over 40 meetings Federal, Provincial and Municipal leaders and administration.
- Over 60 meetings with key industry stakeholders and partners

Participation highlights:

- Calgary Council of Chairs meetings
- AHLA Provincial Government Reception in Edmonton and
- HAC National Conference and Hotel Day on Parliament Hill
- Travel Alberta Conference Numerous activities related to introducing legislation aimed regulating short term accommodations

September 11, 2019:

Interim Executive Director of the CHA, Myka Osinchuk presented recommendations to Calgary City Council on implementation of by-laws for short term rental accommodations.

CHA COLLABORATION.

Our strategic pillar “Collaboration” supports the CHA’s mission to create an optimal business environment for the hospitality and travel industry in Calgary by partnering effectively with our members, stakeholders, partners and all levels of government.

In 2019, the CHA embarked on an important mission to transition and integrate the Meetings + Conventions Calgary (MCC) team into Tourism Calgary. We are proud of the work the project team with representation from CHA, Tourism Calgary and the Calgary TELUS Convention Centre has successfully completed with the physical move in August 2019.

In 2019 we also engaged with industry peers at meetings, roundtables and townhalls such as:

- Educational Seminars
- General Manager Round Tables
- Partner & Stakeholder Meetings
- District Committee/Subcommittee Meetings
- Calgary Attractions Committee Meetings
- Industry Networking Events
- Annual General Meetings

April 2, 2019: GM Round Table

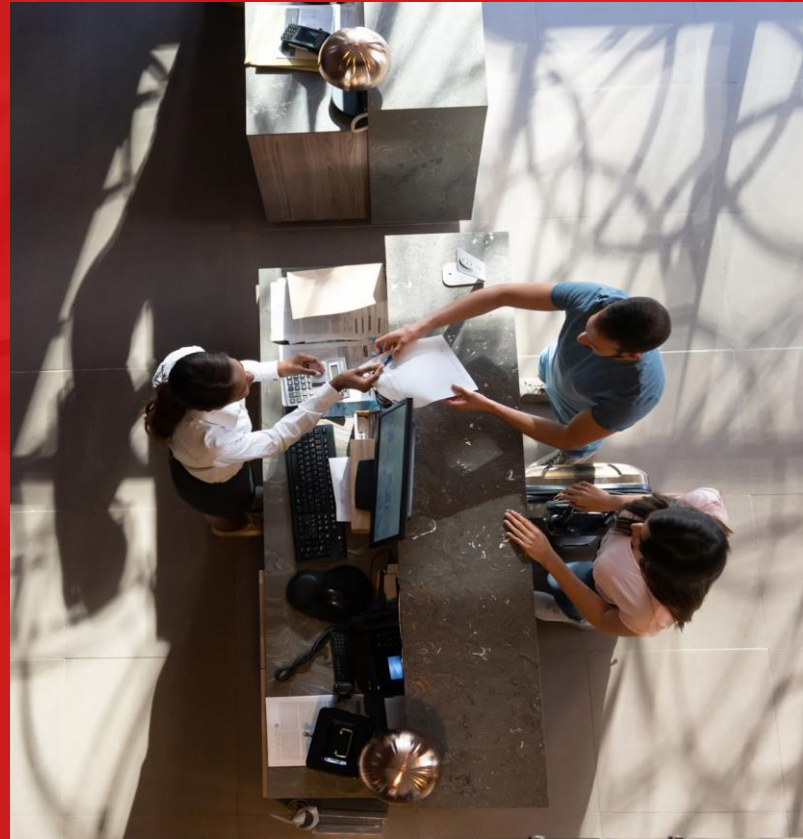
Guest Speakers: Todd Hirsch, Chief Economist ATB Financial & Carson Ackroyd, Senior Vice President of Sales Tourism Calgary

December 17, 2019: Industry Networking Event

Our annual Industry Networking Event successfully hosted 66 CHA members/partners at the Fairmont Palliser Hotel. It was an opportunity for new Executive Director, Sol Zia, to introduce himself and meet many of our members.

CHA & DMF INVESTMENT.

As a main strategic pillar, effective investment and management of the DMF and CHA financial assets is something we continuously strive to provide for our members. We invest in partnerships and visions for the future, all while aligning with our CHA mission and vision, and maintaining accountability to our industry, partners and all Orders of Government.



TOURISM CALGARY.

Before COVID-19, Calgary's tourism industry was a strong contributor to our local economy. In 2019, Tourism Calgary's strategic marketing, sales, activation and advocacy efforts supported the attraction of over 7.3 million overnight visitors who injected an estimated \$2.5 billion into the economy and supported jobs in multiple sectors.

While we know the road to recovery will be longer than anticipated, Tourism Calgary has developed a stakeholder-endorsed phased strategic plan to support the rebuild and recovery of our industry. We continue to work closely with partners, stakeholders and all orders of government to support the needs of our industry partners.

Looking back to 2019:

- As marketers, Tourism Calgary's 2019 campaigns drove visitation and generated more than 22,200 hotel room night bookings, 3.5 million sessions on visitcalgary.com and 510 million earned media impressions, globally. Travel trade efforts generated an additional 116,000 hotel room nights.
- 93% of stakeholders identified Tourism Calgary as an effective champion for industry. This confidence was leveraged to advocate for value of tourism and for city-building initiatives like the BMO Centre expansion, Event Centre and Calgary's Culture and Entertainment District.
- Tourism Calgary supported 67 sport, cultural and major events that generated \$153 million in economic impact, including the 2019 Grey Cup Festival and Championship and the 2019 Canadian Country Music Awards. The Meetings & Conventions Calgary arm of Tourism Calgary attracted 58 meetings and conventions that generated more than 48,200 hotel room nights.
- As activators, Tourism Calgary drove significant business to industry partners by facilitating a record 1.46 million referrals and by launching the White Hat Academy online learning program to provide industry members with the knowledge and tools needed to be better ambassadors for our city.

7.356 m

Total visits to Calgary

\$ 2.5 b

Injected into Calgary's economy through visitor spending

3.5 m

Sessions on visitcalgary.com

93%

of stakeholders agree Tourism Calgary is an effective champion for industry

16/20

Destination Strategy initiatives advanced or completed since 2017

67

sport, culture and major events supported

30

travel trade joint marketing agreements signed

1.46 m

digital and face-to-face referrals to industry partners (record)

MEETINGS + CONVENTIONS CALGARY.

2019 was a year of tremendous change and progress for Meetings + Conventions Calgary (MCC). Led by a project team from the Calgary Hotel Association (CHA), Tourism Calgary, and the Calgary TELUS Convention Centre (CTCC), MCC physically relocated their offices from the CTCC, returning to Tourism Calgary on August 1, 2019. This included successfully moving the entire CRM platform from Ungerboeck to Simpleview, while strategically adding new team members, leadership and transitioning to a performance driven sales environment.

In 2019, the CHA and MCC continued their long-term partnership agreement. With the CHA's support of \$2.493MM in operating funds, MCC forwarded 200 leads totaling 219,682 room nights and secured 63 conferences (including four city-wide conventions) for a total of 43,554 room nights. Here are some of the major events secured in 2019:

- 46th Annual USA/Canada Lions Leadership Forum – September 2022
- XVIth World Winter Service and Road Resilience Congress – February 2022
- Western Arts Alliance (WAA) Annual Conference – August 2022
- Association of Fish & Wildlife Agencies (AFWA) Annual Meeting – September 2023
- De Havilland/Viking Air All Operators Conference – October 2021
- United Church of Canada General Council Meeting – July 2022
- Canadian Orthopedic Association Annual Conference – June 2023

MCC, in collaboration with our venue and hotel partners, were successful in securing the Western Arts Alliance (WAA) Annual Conference for 2022. They are a membership association of touring and performing arts professionals engaged in promoting and presenting performing arts throughout the western states and provinces. WAA will be using the CTCC, Arts Commons and the nearby hotels to showcase the possibilities for an increased capacity along Stephen Ave and give WAA access to dynamic performance spaces. This program will also shine a spotlight on Calgary's arts community to a North American audience, made possible using creative partnerships that can be a benchmark for future programming looking to come to Calgary for their next meeting.

\$ 2.493 m

DMF Investment

43,554

Definite Room Nights

63

Events Secured

\$ 43.9 m

Total Economic Impact

4

City-Wide Events

\$ 10.3 m

**Economic Impact from
City-Wides**

HIGHLIGHTS OF 2019 DMF DISTRICT INITIATIVES.

In addition to funding destination marketing initiatives through Tourism Calgary, and helping secure city-wide meetings and conventions, the DMF also provides an opportunity for hoteliers to get directly involved in shaping the strategic direction of their respective districts.

The following slides provide a quick overview of some of the marketing programs the districts have worked on in 2019.

In Q4 of 2019, the CHA and the four District Committees, representing hotels from all quadrants of the city, worked tirelessly on elevating the district strategic plans. We completed environmental scans and developed strong strategic priorities with a clear outline of activities and key performance measures going into 2020.

District programs were activated in 2019 but some have been curtailed in 2020.



HIGHLIGHTS OF 2019 DMF DISTRICT INITIATIVES.

Downtown – Shop & Dine Program

Traditionally, the Downtown DMF has executed a Shopping campaign every fall for several years. With the program showing a year over year decline in 2018, to refresh the program we added in a dining component by bringing on Concorde Group as a new restaurant partner.

Participating hotels offered room packages that incorporated a \$50 shopping voucher to one of three local malls + a \$50 restaurant gift card. While a positive ROI was achieved, the program did see a decline in bookings (total 369 room nights) which prompts the Downtown DMF to re-evaluate future initiatives carefully to support their strategic direction.



Northeast – Park & Fly/Stopover Program

In 2019, the Northeast DMF hotels strategically used their geographic location and proximity to the Calgary Airport and implemented Park & Fly packages. Marketing to regional travelers within a three-hour drive radius, the campaign utilized several weather-targeted ads to promote adding a hotel stay on to their trip for hassle-free transportation to the airport and free parking. The campaign showed strong results with a total of 971 room nights and will remain a focus in 2020 and beyond.

HIGHLIGHTS OF 2019 DMF DISTRICT INITIATIVES.

Northwest – Basecamp to the Rockies

The Northwest DMF's Basecamp to the Rockies campaign entices travelers who are planning a trip to the Rocky Mountains to add a night in a NW hotel to their stay, by providing them with a \$50 gas card. With the proximity to the mountains, the NW is the perfect gateway for day trips. The 2019 Basecamp to the Rockies campaign resulted in 163 room nights booked directly and 656 via Expedia.



South – Shopping Program

Our South DMF hotels leveraged the perfect reason for regional travelers to come to Calgary for their shopping needs, by creating room packages that include IKEA and Chinook Centre Mall gift cards. Execution of the campaign incorporated very targeted ads to regional travelers that are likely to have Calgarian friends/relatives or those experiencing a major life moment that would pair perfectly with an IKEA trip or back to school shopping. The campaign resulted in 352 room nights and a strong marketing performance, indicating strong appetite from the audience to build upon in the future.

CHA SPONSORSHIP & SCHOLARSHIPS.

In 2019, the CHA supported the following events and provided scholarships to these local hospitality institutions:

\$ 15,000

Tourism Calgary White
Hat Awards

\$ 5,000

Travel Alberta Alto Awards

\$ 5,000

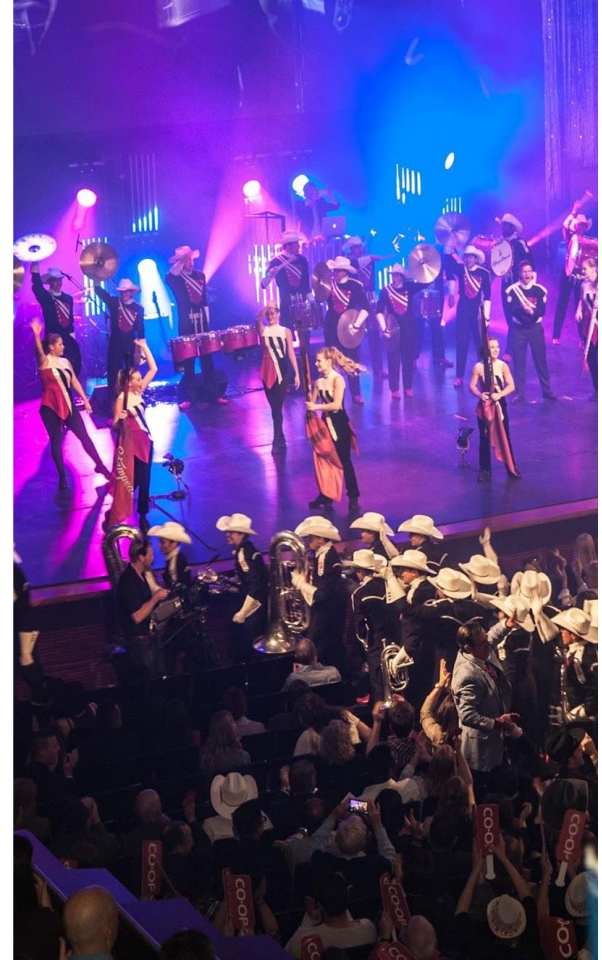
SAIT scholarship

\$ 3,200

Theatre Calgary

\$ 2,000

Bow Valley College scholarship



2019 CHA FINANCIALS.

CALGARY HOTEL ASSOCIATION
Statement of Financial Position
December 31, 2019

| | 2019 | 2018 |
|---|------------------|------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 30,691 | \$ 86,663 |
| Accounts receivable | 1,664 | 1,240 |
| Due from related party | 1,614 | (4,666) |
| Prepaid expenses | 10,134 | 4,534 |
| | <u>44,103</u> | <u>87,771</u> |
| CAPITAL ASSETS <i>(Net of accumulated amortization)</i> | <u>1,349</u> | <u>1,971</u> |
| | <u>\$ 45,452</u> | <u>\$ 89,742</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued expenses | \$ 8,946 | \$ 12,455 |
| Employee deductions payable | - | 4,729 |
| | <u>8,946</u> | <u>17,184</u> |
| NET ASSETS | <u>36,506</u> | <u>72,558</u> |
| | <u>\$ 45,452</u> | <u>\$ 89,742</u> |

ON BEHALF OF THE BOARD



Director

2019 DMF FINANCIALS.

Management's Responsibility

To the Members of Calgary Hotel Association Destination Marketing Fund:

Management is responsible for the preparation and presentation of the accompanying financial information, including responsibility for significant accounting judgments and estimates in accordance with the basis of accounting disclosed in Note 2 to the financial information. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial information, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial information.

The Board of Directors is composed entirely of Directors who are neither management nor employees of the Fund. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Board is also responsible for recommending the appointment of the Fund's external auditors.

MNP LLP is appointed by the members to audit the financial information and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

May 5, 2020

signed by "Sol Zia"

Executive Director

2019 DMF FINANCIALS.

Independent Auditor's Report

To the Members of Calgary Hotel Association Destination Marketing Fund:

Opinion

We have audited the financial information of Calgary Hotel Association Destination Marketing Fund (the "Fund"), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues, expenses, and surplus and cash flows for the year then ended, and notes to the financial information, including a summary of significant accounting policies and other explanatory information. This financial information has been prepared using the basis of accounting disclosed in Note 2 to the financial information.

In our opinion, the accompanying financial information present fairly, in all material respects, the financial position of the Fund as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting disclosed in Note 2 to the financial information.

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 Information section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial information in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to Note 2 to the financial information, which describes the basis of accounting. This financial information, which has not been, and was not intended to be, prepared in accordance with Canadian accounting standards for not-for-profit organizations, is solely for the information and use of the members of Calgary Hotel Association Destination Marketing Fund. As a result, the financial information may not be suitable for another purpose. The financial information is not intended to be and should not be used by anyone other than specified users or for any other purpose.

Auditor's report continued on next page

2019 DMF FINANCIALS.

Independent Auditor's Report

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

Management is responsible for the preparation and fair presentation of the financial information in accordance with the basis of accounting disclosed in Note 2 to the financial information, and for such internal control as management determines is necessary to enable the preparation of financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial information, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information 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 the financial information.

Auditor's report continued on next page

2019 DMF FINANCIALS.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Information (continued)

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

- Identify and assess the risks of material misstatement of the financial information, 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 Fund'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 Fund'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 information 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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial information, including the disclosures, and whether the financial information 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.

Edmonton, Alberta

May 5, 2020

MNP LLP

Chartered Professional Accountants

2019 DMF FINANCIALS.

Calgary Hotel Association Destination Marketing Fund

Statement of Financial Position

As at December 31, 2019

| | 2019 | 2018 |
|----------------------------------|-----------|-----------|
| Assets | | |
| Current | | |
| Cash | 2,523,680 | 1,869,843 |
| Accounts receivable | 1,331,589 | 1,235,671 |
| | 3,855,269 | 3,105,514 |
| Reserve fund (Note 4) | 2,353,747 | 2,167,368 |
| | 6,209,016 | 5,272,882 |
| Liabilities | | |
| Current | | |
| Accounts payable and accruals | 179,738 | 539,199 |
| Deferred revenue (Note 3) | 4,178,107 | 2,906,050 |
| | 4,357,845 | 3,445,249 |
| Reserve (Note 4) | 1,600,000 | 1,600,000 |
| | 5,957,845 | 5,045,249 |
| Subsequent event (Note 5) | | |
| Surplus | 251,171 | 227,633 |
| | 6,209,016 | 5,272,882 |

Approved on behalf of the Board

signed by "Danny Marshall"

Director

signed by "Karim Ismail"

Director

The accompanying notes are an integral part of this financial information.

2019 DMF FINANCIALS.

Calgary Hotel Association Destination Marketing Fund

Statement of Revenue, Expenses and Surplus

For the year ended December 31, 2019

| | 2019 | 2018 |
|---|------------------|------------------|
| Revenue | | |
| Deferred revenue recognized (Note 3) | 9,408,003 | 9,541,004 |
| Investment income | 201,451 | 18,613 |
| Interest income | 23,537 | 14,919 |
| | 9,632,991 | 9,574,536 |
| Direct expenses | | |
| Tourism Calgary | 5,000,000 | 5,000,000 |
| Meetings, convention and IT | 3,244,706 | 2,762,850 |
| Marketing program costs | 826,104 | 1,237,879 |
| | 9,070,810 | 9,000,729 |
| Excess of revenue over direct expenses | 562,181 | 573,807 |
| Operating expenses | | |
| Office | 447,307 | 437,431 |
| Trustee | 50,000 | 50,000 |
| Professional fees | 25,786 | 56,148 |
| Investment management fees | 14,354 | 14,090 |
| Bank charges | 1,196 | 1,219 |
| | 538,643 | 558,888 |
| Excess of revenue over expenses | 23,538 | 14,919 |
| Surplus, beginning of year | 227,633 | 212,714 |
| Surplus, end of year | 251,171 | 227,633 |

The accompanying notes are an integral part of this financial information.

2019 DMF FINANCIALS.

Calgary Hotel Association Destination Marketing Fund
Statement of Cash Flows
For the year ended December 31, 2019

| | 2019 | 2018 |
|---|------------------|------------------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Excess of revenue over expenses | 23,538 | 14,919 |
| Changes in working capital accounts | | |
| Accounts receivable | (95,918) | 10,240 |
| Accounts payable and accruals | (359,461) | 74,661 |
| Deferred revenue | 1,272,057 | 324,423 |
| | 840,216 | 424,243 |
| Investing | | |
| Increase in reserve fund | (186,379) | (3,818) |
| Increase in cash resources | 653,837 | 420,425 |
| Cash resources, beginning of year | 1,869,843 | 1,449,418 |
| Cash resources, end of year | 2,523,680 | 1,869,843 |

The accompanying notes are an integral part of this financial information.

2019 DMF FINANCIALS.

Calgary Hotel Association Destination Marketing Fund

Notes to the Financial Information

For the year ended December 31, 2019

1. Nature of operations

The Calgary Hotel Association Destination Marketing Fund (the "Fund") is an operating program of the Calgary Hotel Association. The Calgary Hotel Association is registered as a not-for-profit organization under the Societies' Act of Alberta and is exempt from income taxes.

The Fund has been created by participating Calgary Hotel Association members in part for the purpose of funding the acquisition and/or activation of marketing programs and services that promote Calgary as a destination for leisure and business travel. The Fund is maintained and operated under the direction of the Destination Marketing Fund Committee.

2. Significant accounting policies

Basis of presentation

This financial information has been prepared by management in accordance with the Trust and Governance Agreement and the Operational Program Participation Agreement. Because the precise determination of many assets, liabilities, revenues and expenses are dependent on future events, the preparation of financial information for a period necessarily includes the use of estimates and approximations which have been made using careful judgement. Actual results could differ from those estimates. This financial information has, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

Cash

Cash consists of cash and deposits with banks.

Revenue recognition

The Fund records marketing fees calculated in accordance with the Operational Program Participation Agreement, based on representations from the member hotels. Marketing fees received are recorded as deferred revenues until the monies are spent on marketing initiatives as outlined in the Operational Program Participation Agreement. The Fund recognizes all other revenues on the accrual basis.

Expenditures

The Fund contributes various amounts to projects as a part of its nature of operations. As the Fund does not have control on how this funding is used after commitment is established, amounts are expensed at the earlier of when the payment is made or the completion of the project.

2019 DMF FINANCIALS.

Calgary Hotel Association Destination Marketing Fund

Notes to the Financial Information

For the year ended December 31, 2019

3. Deferred revenue

Deferred revenue consists of unspent funds that the Fund is required to spend on marketing initiatives as outlined in the Operational Program Participation Agreement. Changes in the deferred revenue balance are as follows:

| | 2019 | 2018 |
|--|-------------|-------------|
| Balance, beginning of year | 2,906,050 | 2,581,627 |
| Marketing fees received from members during the year | 10,680,060 | 9,865,427 |
| Less: amount recognized as revenue during the year | (9,408,003) | (9,541,004) |
| Balance, end of year | 4,178,107 | 2,906,050 |

4. Reserve fund

The Calgary Hotel Association requires that no less than 15% of funds collected over a three-year term be set up as a reserve fund. The reserve fund consists of investments in mutual funds. The corresponding funds initially invested are presented as long-term deferred revenue in the statement of financial position.

The investments are carried at their fair value. In accordance with the Operational Program Participation Agreement, earnings of the reserve fund investments are for purposes of destination marketing services and are therefore included in general revenues of the Fund.

2019 DMF FINANCIALS.

Calgary Hotel Association Destination Marketing Fund

Notes to the Financial Information

For the year ended December 31, 2019

5. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Fund as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause reduced customer demand, supply chain disruptions, staff shortages, and increased government regulations, all of which may negatively impact the Fund's business and financial condition.

2019 DMF FINANCIALS.

Calgary Hotel Association Destination Marketing Fund Schedule 1 - Schedule of Revenue and Expenses by Quadrant

For the year ended December 31, 2019

| | <i>General</i> | <i>Downtown Quadrant</i> | <i>Northeast Quadrant</i> | <i>Northwest Quadrant</i> | <i>South Quadrant</i> | 2019 Total | <i>2018 Total</i> |
|---|----------------|------------------------------|-------------------------------|-------------------------------|---------------------------|-----------------------|-----------------------|
| Revenue | | | | | | | |
| Deferred revenue recognized | 8,376,129 | 594,154 | 226,486 | 50,237 | 160,997 | 9,408,003 | 9,541,004 |
| Investment income | 201,451 | - | - | - | - | 201,451 | 18,613 |
| Interest income | 23,537 | - | - | - | - | 23,537 | 14,919 |
| | 8,601,117 | 594,154 | 226,486 | 50,237 | 160,997 | 9,632,991 | 9,574,536 |
| Direct expenses | | | | | | | |
| Tourism Calgary | 5,000,000 | - | - | - | - | 5,000,000 | 5,000,000 |
| Meetings, convention and IT | 3,052,258 | 192,448 | - | - | - | 3,244,706 | 2,762,850 |
| Marketing program costs | 60,744 | 365,382 | 204,707 | 45,768 | 149,503 | 826,104 | 1,237,879 |
| | 8,113,002 | 557,830 | 204,707 | 45,768 | 149,503 | 9,070,810 | 9,000,729 |
| Excess of revenue over direct expenses | 488,115 | 36,324 | 21,779 | 4,469 | 11,494 | 562,181 | 573,807 |
| Operating expenses | 464,577 | 36,324 | 21,779 | 4,469 | 11,494 | 538,643 | 558,888 |
| Excess of revenue over expenses | 23,538 | - | - | - | - | 23,538 | 14,919 |
| Deferred revenue - beginning of year | 2,489,850 | 408,400 | 3,000 | 1,700 | 3,100 | 2,906,050 | 2,581,627 |
| Deferred revenue - end of year | 3,721,094 | 423,357 | 23,083 | 5,110 | 5,463 | 4,178,107 | 2,906,050 |

OUR PEOPLE 2019.

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2019 Outgoing Board Member

We thank the following for their time and dedication to the Calgary Hotel Association Board of Directors.

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Meg Soles

Sincere thank you to Peggy Athans for Peggy's years of service with CHA, as Executive Director 2017-2019.

Thank you to Myka Osinchuk for service to the CHA as interim Executive Director in 2019.



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