SO PROUD
2013 Annual Report
THE CITY OF CALGARY
OFFICE OF THE MAYOR
winSPORT
Winter Sport Institute
tourismcalgary
be part of the energy
calgary meetings + conventions
be part of the energy
calgary economic development
be part of the energy
CALGARY arts DEVELOPMENT
calgaryzoo
Calgary Stampede
CALGARY SPORT TOURISM AUTHORITY
Calgary Hotel Association

So Proud of Calgary

The Calgary Hotel Association (CHA), our members and partners are proud of what we achieved together in 2013. The CHA welcomed two new CHA and four new Destination Marketing Fund (DMF) members, achieved record occupancy, invested a record $10 million in our tourism partners and launched new partnerships during a tough year for Calgary tourism.

Calgary's peak-tourism season began with a devastating flood in June that swamped many Calgary communities and businesses, and resulted in a loss of 32,000 room nights for Downtown DMF members. But more than the flood itself, we will remember 2013 as the year DMF members pulled together with tens of thousands of Calgarians to help everyone affected by the flood.

That's why all Calgarians can be so proud.

VISITORS

7.5 million

RECORD

73.1%
average occupancy

ROOM NIGHTS

44,044
secured for sport, culture and major events

16.4% growth
in room nights secured for meetings, conventions and major events

4 new
partnership agreements

Reasons We're Proud of 2013

BEAKERHEAD

Beakerhead lit up Calgary for a week of spectacular fun in September. In its first year, over 62,500 Calgarians and visitors enjoyed 40 events that erased the line between art and science. Conceived and hosted in Calgary, Beakerhead is a shining example of the ingenuity within Calgary's cultural scene.

NEW CALGARY STAMPEDE PARTNERSHIP

Following on the successes of the Calgary Stampede's 100th Anniversary in 2012, the CHA and the Calgary Stampede signed a three-year partnership agreement. The agreement gives CHA members the right to sell Stampede event tickets on consignment at no risk and to advertise CHA member hotels on Kids' Chuck Challenge chuckwagon tarps.

Acclaim HOTEL

Days Inn CALGARY SOUTH

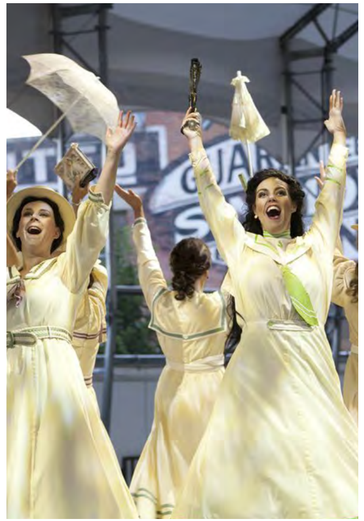
Hampton

HOMEWOOD SUITES BY HILTON

NEW MEMBERS

The CHA welcomed two new members in 2013: Hilton Hampton Inn and Hilton Homewood Suites. There are now 59 CHA member properties representing 85% of available rooms in Calgary.

The CHA welcomed four new DMF members in 2013: Acclaim Hotel Calgary Airport, Days Inn Calgary South, Hilton Hampton Inn and Hilton Homewood Suites. There are now 45 DMF member properties whose voluntary contributions to Calgary tourism marketing are projected to total over $11 million in 2014.



OPERA IN THE VILLAGE

The Calgary Opera Company joined Calgary Arts Development's Remarkable Experience Accelerator in 2013 to develop a new production called "Opera in the Village." Canada's only outdoor opera festival premiered with great success, attracting many new sponsors and first-time operagoers.

CALGARY, OUR DOORS ARE OPEN CAMPAIGN

The Calgary, Our Doors are Open campaign created by Tourism Calgary successfully tipped the perception of Calgary in key markets from a city recovering from disaster to an attractive leisure destination. Overall occupancy actually increased in 2013 despite the flood.

TOUR OF ALBERTA

The Union Cycliste Internationale-sanctioned Tour of Alberta became Canada's most prestigious cycling event. In September, 15 of the world's top cycling teams, many having just competed in the 2013 Tour De France, raced along a scenic route from Edmonton to Calgary. Along the way, 41 million viewers in 162 countries learned about Calgary's culture and attractions.

A LETTER FROM *the Chairman*

2013 saw Calgarians transform natural disaster into civic vitality, and international media outlets like the New York Times and The Guardian recognized Calgary as a cosmopolitan contender. We Calgarians knew our city had the goods. We felt proud to see the world surprised by Calgary.

And we at the CHA were impressed again and again by how successful our partners were in engaging a global audience about Calgary's unique energy.

The award-winning campaigns "Calgary, Our Doors are Open" by Tourism Calgary, Travel Alberta and Mayor Nenshi, and "YYC is Open" by Calgary Economic Development and Calgary Chamber of Commerce showcased our city's resilience and spirit.

The Remarkable Experience Accelerator, our partnership with Calgary Arts Development, helped the Calgary International Film Festival, Calgary Opera, and Sled Island exhibit an arts and music scene that had not just recovered, but gone over and above.

Beakerhead captured the Canadian imagination – and media – with its exuberant conflation of art and science. Sports events like the Tour of Alberta and WinSport's Olympic qualifying events displayed our rich environment and world-class facilities, while Tourism Calgary secured Food Network's Top Chef Canada finale to broadcast Calgary's burgeoning culinary milieu.

Less than two weeks after the flood, the Calgary Stampede orchestrated a massive recovery effort and opened its doors on time with success matched only by audacity. Meetings and Conventions Calgary continued to attract and grow business travel, and the Calgary Zoo declared its full reopening post floods with Zoolights.

These organizations have the goods bringing record occupancy to Calgary year after year. With our investment, they put the pedal to the metal, driving Calgary's emerging cultural story regionally, nationally, and world-wide.

My own pride in 2013 is rooted in gratitude. Thank you to my fellow board members for their prodigious time commitment over the past year, and to our members for their input and support. To our partners: the future looks good.

Regards,

Dan McGowan
Chairman

THE CITY OF
CALGARY
OFFICE OF THE MAYOR

April 2014

A MESSAGE FROM *Mayor Nenshi*

On behalf of my City Council colleagues and the citizens of Calgary, I am pleased to bring greetings to all of you reading the Calgary Hotel Association and Destination Marketing Fund 2013 Annual Report.

2013 was a challenging year for our city, but one in which we showed just how strong we can be when we work together. Many Calgary hotels provided assistance to those who were evacuated from their homes during the June floods and the Calgary Hotel Association and Destination Marketing Fund was part of the effort to reassure visitors that Calgary was more than ready to welcome them back to our city.

The CHA and DMF have an important role to play in ensuring that visitors to Calgary have a wonderful experience while they're here, one that makes them want to come back again and again. Together with their community partners, they continue to create a reputation that attracts people and organizations from around the world to our city. I wish them a very successful 2014.

Sincerely,

Naheed K. Nenshi
Mayor

2013 Goals

1. At the quadrant level, the CHA focused on marketing member packages that combined overnight stays with anchor attractions in each quadrant.

2. At the city-wide level, the CHA sought to change perceptions about what Calgary offers visitors by supporting the innovators within Calgary's cultural scene and promoting a standout variety of experiences.

3. At the tourism partner level, we strengthened our partnerships to provide CHA members exclusive offers to combine with room nights.

DMF Guiding Principles to Marketing Investment

- Marketing initiatives should focus on critical needs periods when corporate travel drops off: December to April, weekends and summer (pre- and post-Stampede).
- Leisure marketing initiatives should focus on high-yield, overnight visitation.
- Marketing initiatives must provide measurable economic impact and/or significantly increase awareness of Calgary as a world-class tourism destination.

Tourism Calgary

A NEW PARTNERSHIP UNDER CONSTRUCTION

INVESTMENT

$5 million

per year starting in 2014

In May 2014, the CHA and Tourism Calgary plan to sign a long-term, open-ended agreement that will benefit our members, the tourism industry and The City of Calgary.

NEW BOARD STRUCTURE

The new Tourism Calgary board will include five DMF members, five Tourism Calgary members and one City of Calgary member. The CHA will also continue to hold a seat on the Calgary Sport Tourism Authority Board.

STABLE CITY FUNDING

The CHA and Tourism Calgary are working to secure an annual $2.4 million investment in destination marketing from The City of Calgary.

calgary
be part of the energy™

Tourism Calgary was instrumental in salvaging Calgary's peak tourism season after a disastrous flood in June. The CHA worked closely with Tourism Calgary to encourage visitation after the flood and to promote the full range of special experiences available to visitors. Overall, 2013 was a solid year for Calgary's leisure travel industry.

CALGARY, OUR DOORS ARE OPEN CAMPAIGN

The Calgary, Our Doors are Open campaign successfully minimized flood-related tourism losses during the summer of 2013. The campaign's simple message, "our doors are open," changed the conversation in the media from stories about Calgary's disaster to stories about Calgary's resilience. The partners very much appreciated that Mayor Nenshi agreed to be the face of the campaign.

INVESTMENT

$390,000

RESULTS

48% year over year

growth in VisitCalgary.com visits

81.6%

post-Stampede occupancy

FOOD NETWORK: TOP CHEF CANADA FINALE

The CHA worked with Tourism Calgary and Travel Alberta to entice the Food Network to film the finale of its popular show, Top Chef Canada, in Calgary. In addition to the culinary competitions, the Top Chef Canada finale showcased Calgary's vibrant culinary scene, urban parks, and boundless energy to a national audience.

INVESTMENT

$125,000

RESULTS

3,292,690

TV impressions

$3.6 million

total media value

DERTOUR ACADEMY

Germany is Calgary's second-largest European tourism market, and DerTour Academy is Germany and Scandinavia's largest tour operator. Travel Alberta, Tourism Calgary and Banff Lake Louise Tourism partnered with DerTour to host 288 travel agents for one- or two-night Calgary tours and to train 576 German and Austrian travel agents in creating Calgary itineraries.

INVESTMENT

$360,000

RESULTS

27% increase

in German travelers in 2014

$260,000

in-kind and monetary support from 35 Tourism Calgary partners

Calgary Sport Tourism Authority

CALGARY SPORT TOURISM AUTHORITY

The Calgary Sport Tourism Authority (CSTA) had another record year in 2013, promoting high-profile sporting and cultural events that worked to position Calgary as a culturally diverse, metropolitan destination. Over the course of the year, CSTA secured 50 sport, cultural, and special events, surpassing the previous record of 44 in 2012. DMF investments were directed towards attracting out-of-town visitors to high-profile events. In total, 44,044 room nights were contracted by DMF member properties in 2013 for current or future years.

2015 CCA TIM HORTONS BRIER

Calgary will welcome back curling fans from across Canada at the 2015 Tim Hortons Brier, the Canadian men's championship, from February 28 to March 8. The 2009 Brier in Calgary attracted an estimated 11,400 visitors and generated an estimated $14.9 million in economic activity for Calgary while our city received national media exposure.

SHAW CHARITY CLASSIC

The CHA signed a three-year agreement in June 2013 to bring the Shaw Charity Classic back to Calgary in 2014 and 2015. This stop on the PGA Champions Tour brought some of the world's most famous golfers to Calgary's Canyon Meadows Golf Club. The tournament introduced our city to a huge, North America-wide audience on the Golf Channel. DMF Funds were used to offset some of the costs of hosting the event.

INVESTMENT
$40,000

RESULTS
$4.7 million
television viewers

1,612
participant room nights

$10 million
economic impact

TOUR OF ALBERTA

In 2013, Travel Alberta, Tourism Calgary and the CHA partnered on a three-year agreement to bring a Union Cycliste International-sanctioned event to Alberta. The six-stage road race from Edmonton to Calgary followed some of Alberta's most spectacular highways, like part of the Cowboy Trail (Highway 22). The event showcased some of Calgary's cultural highlights and attractions to viewers in over 100 countries en route to the racers' final sprint through downtown Calgary. DMF funds were used to support the Tour of Alberta's marketing and PR campaigns.

INVESTMENT
$125,000

RESULTS
41 million
television viewers

1,096 Calgary room
nights for racers, media and spectators

$35 million
economic impact

Calgary Arts Development

The Remarkable Experience Accelerator (REA) program supported four of Calgary's top cultural organizations in 2013. The REA allows participant organizations to take the risks they need to grow sustainably with the security of a financial backstop. Development guidance by the REA committee and event funding are based on each organization's needs and multi-year strategic plan. In year three of the partnership, the DMF committee is in discussions with Calgary Arts Development about renewing REA funding.

The REA received The Globe and Mail Business for the Arts, Best Entrepreneurial Partnership Award for 2013.

INVESTMENT *Up to $825,000 DMF investment over three years*

CALGARY OPERA COMPANY

The Calgary Opera Company (COC) was brought into the REA in 2013 to develop a new production called "Opera in the Village," Canada's first outdoor opera festival. The REA investment provided seed funding for Opera in the Village, and the COC then used its new production to attract new sponsors. In Opera in the Village's first year, 97% of tickets were sold and all but one of the event's sponsors were new to the COC.

RESULTS

5,199 tickets sold

67% ticket buyers
had never been to the Calgary Opera

9% ticket sold
sold to non-Calgarians

SLED ISLAND

Sled Island was on track for the best year in its history, with projected attendance, out-of-town attendees and room nights all up year-over-year, when the June flood forced the festival's cancellation. Despite having been cancelled in 2013, Sled Island is now debt free due to the 72% of ticket-holders who chose either not to ask for a refund or to donate their refund back to the festival. In March 2014, advance ticket sales for the 2014 Sled Island festival were on track to surpass those in 2013.

RESULTS

145% increase
in room nights

45% increase
in out-of-town attendance

CALGARY INTERNATIONAL FILM FESTIVAL

All of the key performance indicators associated with the Calgary International Film Festival (CIFF) saw strong growth in 2013. The REA bolstered CIFF's organizational capacity in two areas: revenue diversification and festival programming. The REA helped CIFF secure new sponsors and fund a full-time Program Manager position to improve the quality of festival films.

RESULTS

175% increase
in room nights

7% increase
in attendance

ONE YELLOW RABBIT

The REA investment in One Yellow Rabbit is aimed at facilitating more long-term planning for its High Performance Rodeo festival by establishing a reserve fund. Currently, High Performance Rodeo is planned year-to-year because of a lack of financial capacity. The REA investment in the reserve fund is a one-to-one matching agreement. For every dollar One Yellow Rabbit raises for its reserve fund between November 2013 and November 2016, REA will match it up to $162,500.

RESULTS

Coming in November 2014

Calgary Stampede

Calgary Stampede

In 2013, the Calgary Stampede proved that Calgary will host the "Greatest Outdoor Show on Earth" come hell or high water. 2013 also marked year one of the three-year agreement between the CHA and the Calgary Stampede following the success of the Stampede's 100th Anniversary in 2012. The agreement gives CHA members the right to sell Stampede rodeo, chuckwagon, and other event tickets on consignment at no risk. In the past, CHA members who wanted to package room nights with Stampede event tickets had to buy the tickets outright. The agreement also gives CHA members the right to use the Stampede logo in advertising for Stampede-and-stay packages.

The second part of the agreement is a sponsorship of the Kids' Chuck Challenge. In the Kids' Chuck Challenge, little cowboys and cowgirls race miniature chuckwagons on the main stage during the real chuckwagon race intermissions and on the midway. Each kid's chuckwagon has a tarp with a different CHA member logo.

INVESTMENT

$310,000

RESULTS

446,200
impressions of DMF properties

91.1% Stampede Occupancy
despite the flood

4.2% increase
in spring weekend occupancy

WinSport™
Winter Sport Institute

WinSport and the CHA are working together to promote Calgary as a major, regional hub for winter sports competition. DMF funds were used primarily for event acquisition and promotion in year two of the CHA's five-year WinSport partnership. WinSport booked a number of multi-year events in 2013 that will secure room nights for DMF members in 2014, 2015 and beyond.

WinSport's facilities also hosted several high-profile events during the run-up to the Sochi Olympics, when the public's interest in winter sports was at its highest. Promoting Olympic sporting events at WinSport aligns with the CHA's broader strategic goal of educating the regional market about Calgary's unique experiences.

INVESTMENT
$300,000

RESULTS
37 events acquired

13,441 contracted room nights
for 2014 through Tourism Calgary leads

Winsport Agreement

Benefits for Calgary Hotel Association members and partners:

RECURRING EVENTS

Funds are invested in acquiring and expanding annual events that become self-sustaining products for WinSport and CHA members.

PREFERRED RATES

CHA members gain access to WinSport products at preferred rates, such as half-price lift tickets at Canada Olympic Park.

VISITCALGARY.COM PROMOTION

New signage at WinSport promotes VisitCalgary.com, and one of the four WinSport arenas has been named the VisitCalgary.com Arena.

FREE WI-FI AT WINSPORT

CHA sponsored the installation of free Wi-Fi throughout the entire WinSport complex. When visitors connect, they are encouraged to opt-in to receive VisitCalgary news.

Beakerhead

Beakerhead is billed as "a smash-up of art, science and engineering." In its first year, over 62,500 Calgarians and visitors were mesmerized by 40 Beakerhead events that electrified the city. Unique Beakerhead experiences included the chance to scale a 40-foot-tall rocket ship, sing along with Commander Chris Hadfield, and sample engineered eats.

Locally invented and hosted, Beakerhead is an excellent example of Calgary's evolving and maturing cultural scene. Beakerhead is a good fit for DMF investment because the majority of events are free and the festival falls during September – a critical need period for Calgary tourism.

The CHA invested DMF funds in the marketing efforts leading up to Beakerhead in 2013 and will increase the investment in 2014. Plans are underway to make the 2014 Beakerhead festival even bigger and better, with a potential funding increase from the Government of Canada.

INVESTMENT

$50,000

RESULTS

60,300,000
media impressions

2,100,000
social media impressions

952 DMF
room nights

calgaryzoo

The CHA partnered with the Calgary Zoo in December on a Zoolights promotional campaign. The campaign spread the message during the Zoo's low season that the Zoo had reopened after the summer flood. In the spring, the CHA will support the Calgary Zoo's marketing efforts surrounding the arrival of the one-horned rhinos and komodo dragons in the spring and summer, as well as a Chinese lantern festival in September.

In 2014, the CHA will continue to strengthen our partnership with the Calgary Zoo to provide our members with access to more exclusive benefits.

INVESTMENT

$44,092

RESULTS

104,000
zoo visitors

$800,000
paid and earned media

Meetings and Conventions Calgary

calgary meetings + conventions
be part of the energy™

Meetings and Conventions Calgary (MCC) had another record year in 2013. MCC's Sales and Marketing team secured 81 events totaling 44,828 room nights, an increase of over 6,000 room nights year-over-year.

The CHA continued our support of MCC's efforts to bring business travelers to Calgary with $2.1 million in operating funds and $1.1 million in opportunity funds. Some of the major events secured over the year include the American Association of Petroleum Geologists, Canadian Bar Association, and Western Retail Lumber Association conventions, plus nine city-wide events.

In 2013, the CHA and MCC signed a three-year extension of their existing three-year agreement. Going forward, the CHA will provide funding to the MCC based on annually-submitted budgets.

INVESTMENT

$3.2 million

RESULTS

16.4%
year-over-year room night growth

47,828
definite room nights

Calgary Economic Development

calgary economic development
be part of the energy™

The CHA's downtown quadrant invested in YYC is Open, Calgary Economic Development's (CED) campaign that encouraged all Calgarians to support inner-city businesses and areas affected by the June flood.

CED and the Alberta Government reached an agreement in February 2014 to build Southern Alberta's first permanent sound stage in Calgary. In 2014, the CHA plans to expand our partnership with CED to bring more film and TV productions to Calgary, increasing long-term overnight business travel.

INVESTMENT
$200,000

RESULTS
6 million
social media impressions

$600,000
donated media

35% year-over-year
growth reported by some downtown businesses

2014 Outlook

We are excited to continue to work towards finalizing the new long-term partnership agreement between the CHA and Tourism Calgary. We're confident this agreement will strengthen Calgary's tourism partners and destination marketing efforts, and boost occupancy in DMF member hotels. Beyond this agreement, the CHA has also identified opportunities to grow our strategic partnerships with Calgary Economic Development, the Calgary Zoo, Calgary Arts Development, and Beakerhead. We expect 2014 will be the latest in a string of successful years for Calgary's tourism industry.

2020 Goals

By 2020, the CHA will contribute to and diversify Calgary's overall economy by:

1. Increasing annual visitor spending to $2.3 billion
2. Increasing annual accommodation revenue to $700 million
3. Supporting Travel Alberta in their goal of increasing the annual provincial visitor spend to $10.8 billion

2013 Financial Statements

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Director and Treasurer Message

TO THE MEMBERS OF
THE CALGARY HOTEL ASSOCIATION

The CHA Financials for the year ending December 31, 2013 have been prepared by Glen Stanley-Turner Professional Corporation on behalf of the Calgary Hotel Association.

These financials have been reviewed by Karim Ismail, Treasurer, Karim Sorathia, Board Member, and James Tingley, Member-at-Large. To the best of their knowledge and ability, the financials appear to be true and correct.

A copy of the balance sheet has been provided for your information on page 32. The financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2013, and the results of its operations, revenue, expenditures and operating reserve and its cash flows for the year. If any member wishes to review the financial statements in their entirety, please contact me.

CHA Director & Treasurer

CALGARY HOTEL ASSOCIATION

Comparative Balance Sheet
As at December 31, 2012 - 2013

	As at 12/31/2013		As at 12/31/2012	
ASSETS				
Current assets				
Petty Cash	300.00		142.68	
Chequing Bank Account - BMO	33,363.06		13,974.61	
Total Cash		33,663.06		14,117.29
Accounts Receivable	2,816.25		24,150.00	
Total Receivable		2,816.25		24,150.00
Prepaid Expenses		12,775.00		1,375.00
Total Current assets		49,254.31		39,642.29
TOTAL ASSETS		49,254.31		39,642.29
LIABILITIES				
Current Liabilities				
Accounts Payable		-2,228.34		2,570.57
Accrued Liabilities		1,170.00		2,040.12
Deferred Associate Mem. Fee		0.00		11,658.33
Deferred Membership Fees		0.00		20,250.00
Vacation Payable		-1,552.05		0.00
EI Payable	0.00		161.04	
CPP Payable	0.00		334.12	
Federal Income Tax Payable	2,215.78		2,692.36	
Total Receiver General		2,215.78		3,187.52
GST Charged on Sales	25,754.74		15,281.62	
GST Paid on Purchases	-16,327.21		-6,495.86	
GST Owing (Refund)		9,427.53		8,785.76
GST Installments		-8,646.52		0.00
Total Current liabilities		386.40		48,492.30
TOTAL LIABILITIES		386.40		48,492.30
EQUITY				
Equity				
Retained Earnings - Previous Year		-8,850.01		-1,767.80
Current Earnings		57,717.92		-7,082.21
Total Equity		48,867.91		-8,850.01
TOTAL EQUITY		48,867.91		-8,850.01
LIABILITIES AND EQUITY		49,254.31		39,642.29

March 31, 2014

Review Engagement Report

TO THE MEMBERS OF
CALGARY DESTINATION MARKETING FUND

We have reviewed the balance sheet of the Calgary Destination Marketing Fund as at December 31, 2013 and the statements of revenue, expenses and surplus and cash flows for the year then ended, calculated in accordance with the Trust and Governance Agreement between Alberta Hotel and Lodging Association and the Calgary Destination Marketing Fund as well as the Operational Program Participation Agreement between the Calgary Destination Marketing Fund and individual participating hotels as described in note 2 to the financial statements. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Fund.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements. Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with the provisions of the Trust and Governance Agreement and the Operational Program Participation Agreement and the interpretation thereof described in note 2 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the members of the Calgary Destination Marketing Fund and the parties of the Trust and Governance Agreement and the Operational Program Participation Agreement. The financial statements are not intended to be and should not be used by anyone other than specified users or for any other purpose.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers LLP
TD Tower, 10088 102 Avenue NW, Suite 1501, Edmonton, Alberta, Canada T5J 3N5
T: +1 780 441 6700, F: +1 780 441 6776

CALGARY DESTINATION MARKETING FUND

Balance Sheet (Unaudited)
As at December 31, 2013

	2013 $	2012 $
Assets		
Current assets		
Cash	1,553,642	1,715,402
Accounts receivable	1,143,028	882,813
Prepaid expenses	367,600	267,516
	3,064,270	2,865,731
Reserve fund (note 3)	1,763,098	1,652,218
	4,827,368	4,517,949
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	320,780	220,615
Current portion of deferred revenue	2,736,473	2,538,857
	3,057,253	2,759,472
Deferred revenue	1,600,000	1,600,000
	4,657,253	4,359,472
Surplus	170,115	158,477
	4,827,368	4,517,949

CALGARY DESTINATION MARKETING FUND

Statement of Revenue, Expenses and Surplus (Unaudited)
For the year ended December 31, 2013

	2013 $	2012 $
Revenue		
Marketing fees	7,965,347	7,550,826
Deferred revenue recognized from previous years	2,505,632	1,255,368
Investment income	120,250	52,260
Interest income	11,638	16,193
	10,602,867	8,874,647
Expenses		
Tourism Calgary	4,093,487	3,380,498
Marketing program costs	2,935,496	3,395,659
Meetings, conventions and IT	2,902,492	1,788,869
Media, PR and communications	32,347	-
Tourism research	17,624	-
	9,981,446	8,565,026
Excess of revenue over expenses	621,421	309,621
Operating expenses		
Office	292,188	264,787
Professional fees	281,199	7,051
Trustee	25,000	15,000
Investment management expense	8,835	-
Bank charges	1,483	1,372
Committee	1,078	1,299
Bad debt	-	3,919
	609,783	293,428
Excess of revenue over expenses	11,638	16,193
Surplus – Beginning of year	158,477	142,284
Surplus – End of year	170,115	158,477

CALGARY DESTINATION MARKETING FUND

Statement of Cash Flows (Unaudited)
For the year ended December 31, 2013

	2013 $	2012 $
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	11,638	16,193
Net change in non-cash working capital items		
Increase in accounts receivable	(260,215)	(240,713)
(Increase) decrease in prepaid expenses	(100,084)	449,032
Increase in current portion of deferred revenue	197,616	418,440
Increase (decrease) in accounts payable and accrued liabilities	100,165	(175,845)
Increase in deferred revenue	-	865,048
	(50,880)	1,332,155
Investing activities		
Increase in investments	(110,880)	(1,652,218)
Decrease in cash	(161,760)	(320,063)
Cash – Beginning of year	1,715,402	2,035,465
Cash – End of year	1,553,642	1,715,402
Supplementary information		
Interest received	11,638	16,193

CALGARY DESTINATION MARKETING FUND

Notes to Financial Statements (Unaudited)
December 31, 2013

1. Nature of operations

The Calgary 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. Summary of significant accounting policies

a) Basis of presentation
These financial statements have 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 statements for a period necessarily includes the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below.

b) Cash
Cash consists of cash on deposits with banks.

c) *Revenue recognition*
The Fund recognizes marketing fees as revenue in accordance with the Operational Program Participation Agreement based on representations from the hotels. Marketing fee revenues 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. Revenues that have not been spent are deferred, with the exception of interest income.

d) Tourism Calgary
The Calgary Hotel Association, through the Fund, has entered into the Master Funding Agreement with Tourism Calgary to provide funding in accordance with the Approved Service Schedule Plan and Budget. Payments in advance of schedule are to be classified as prepaid until such annual budget comes into effect.

e) 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 when the commitment to pay occurs.

3. Reserve fund

The Calgary Hotel Association requires that no less than 15% of funds collected over a three-year termbe setup as a reserve fund. This reserve fund consists of investments inmutual funds. The investments are carried at their fair value.Gains or losses arising fromchanges in the fair value of investments are presented in the income statement as investment income.

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DESTINATION MARKETING FUND
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