



DISCOVER SAINT JOHN
2018 ANNUAL REPORT

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Message from the CHAIR

GLENDAMACLEAN



On behalf of the Board of Directors, I am pleased to submit Discover Saint John's 2018 Annual Report to our members and our community. The board and management team had a very busy, productive and award-winning 2018. Our model remains the envy of Destination Marketing Organizations (DMOs) across the region.

Our Festival and Event investment, made possible in 2015 through the commitment and collaboration of our funding partners (City of Saint John and the Saint John Hotel Association), continues to support incredible events with extraordinary attendance. With event Chair Ray Gracewood and his

volunteer committee, AREA 506 - Music Culture Goods festival, roared into its third year – welcoming 50,000 visitors along with headliners - The Arkells, July Talk, the Glorious Sons and The New Pornographers blowing the roof off the tent on Long Wharf. As a founding partner and sponsor, Discover Saint John could not be prouder.

In the area of governance, we are proud to report our overall membership is now 428 - including both our Industry and Associate members – that's another 10% increase – and we've seen membership grow 36% overall since 2015. These members represent 508 businesses in accommodations, restaurants and bars, retail, and direct operators. The organization remains committed to promoting these businesses to our visitors highlighting all of the reasons to stay longer, spend more and come back.

Our Meeting and Conventions business continues to boom and our visiting delegates are certainly enjoying all that #SaintAwesome has to offer. In 2018 we welcomed Moosehead's National Sales meetings, the Canadian Roofing Contractors Association, the inaugural World Cannabis Congress, Canadian Owners and Pilots Association AGM

and Convention and the Royal Architecture Institute of Canada's Festival of Architecture. For many of these delegates it is their first time in New Brunswick and in particular, Saint John – and we love what they say about us – charming, walkable, friendly and fun!

The growing optimism in Saint John is palpable and we know that tourism plays a pivotal role in the development of the city's brand and economic growth.

In closing, I would also like to thank the many people and organizations who have supported us throughout the year including the many volunteers and those who have served on the board. I would like to express our appreciation to our member businesses for their engagement and participation in our 2018 activities. And finally, I would like to thank our dedicated staff – your passion and vision, partnered with best-in-show follow-through have certainly put #SaintAwesome on the map!

A handwritten signature in blue ink, appearing to read 'Glenda MacLean'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Glenda MacLean
Chair

Message from the EXECUTIVE DIRECTOR

VICTORIA CLARKE



On behalf of the management team of Discover Saint John, we are proud to present our 2018 Annual Report to our membership and stakeholders. Leading this team of dedicated industry thought-leaders and innovators, to the benefit of Saint John, continues to be a point of pride for me.

This was an exceptional year for sports tourism. In August, Greater Saint John hosted 2,300 athletes from across the country for the Canada 55+ Games and then in November hosted the World U17 Hockey Championships with players and spectators from around the globe.

With an estimated combined economic impact of over \$9 million dollars it solidified that not only do Saint Johnners love sports, we are also home to the most passionate and dedicated sport volunteers, with each event requiring hundreds of volunteers to dedicate thousands of hours of their time. And as a city we should be incredibly proud that the Saint John Canada 55+ Games received the Canadian Sports Tourism Alliance (CSTA) Prestige award for National Sports Event of the Year (budget under \$1M) and that Canada 55+ Games Co-Chair Barb Curry was shortlisted by CSTA for National Sport Volunteer of the Year.

And while we are on the topic of awards – Discover Saint John’s spectacular 2017 project with Sean “Hula” Yoro and his team has not stopped dazzling potential visitors from around the world. The project is still having an impact on our region and on our marketing and sales programs. 2018 saw Discover Saint John win the Tourism Industry Association of New Brunswick (TIANB)’s Marketing Award, be shortlisted for the Tourism Industry of Canada (TIAC)’s Marketing Campaign of the Year and win Seatrade Cruise Global’s Marketing Initiative of the Year – awarded

in Lisbon, Portugal, beating out competitors from Abu Dhabi and Forth Ports of the UK! Home and abroad, our organization’s activation with Hula was celebrated as innovative and unexpected and has thus pinned us firmly on the world map.

Event-goers once again flooded Long Wharf and entered a shipping container village. In it’s 3rd year AREA 506 Festival continues to be a spectacle that makes us all #NB Proud. The much-anticipated line-up for 2018 proved this event has a winning formula. East Coast Games also celebrated its fourth annual event and has doubled participation to well over 2,000 athletes in that time. These are both incredible and vibrant home-grown events and keep visitors coming back for more.

Discover Saint John’s single best KPI (key performance indicator) is the performance of our Destination Marketing Fee (DMF), which is the 3% levy that is charged on every room night sold by the 11 Saint John Hotel Association member hotels. This levy is the private investment that now makes up almost half of our annual revenue. The DMF grew 13.5% in 2018 and has grown 123% since its inception in 2008.

From an overall tourism industry

Message from the EXECUTIVE DIRECTOR continued

perspective, Saint John saw total tourism expenditures up another 5.8% in 2018 reaching an all-time high of over \$282 million. The overall number of visitors to the city is forecast to have increased by 1.4% to another all-time high of 1,716,000 visitors.

We are committed to our vision of becoming the Undisputed Must-See Destination in the Maritime Provinces and will continue to strive to grow membership, partnerships and opportunities to put our city front and centre.

It has been a pleasure working with our member businesses and partner organizations. I would like to especially thank the Board of Directors, our staff and the many dedicated community and industry leaders who have lent their expertise, time and support.

Sincerely,



Victoria Clarke
Executive Director



MISSION

To increase tourism revenues in Saint John by marketing our unique and competitive tourism experiences to high-potential markets.

ABOUT US

Saint John Destination Marketing Inc. (Discover Saint John) is a not-for-profit public-private corporation with the mandate for tourism promotion for the Saint John Region. The key tourism objectives are influence variables leading to:

- Increasing visitation to Saint John from key tourism markets
- Extending the visitor's average length of stay in the region
- Encouraging repeat visitation

In addition to Destination Marketing and Sales, Discover Saint John provides staff and management for the city's Visitor Information Centres.

Discover Saint John is governed by an 11-member board of directors with 5 appointees from the City of Saint John, 2 members from the Saint John Hotel Association and 4 members appointed as Industry representatives.



BOARD OF DIRECTORS – 2018

Dave Drinnan, Nocturne Communications, representing the City of Saint John

Ray Gracewood, Organigram, representing the City of Saint John

Terry Hutchinson, McInnes Cooper, representing the City of Saint John

Glenda MacLean - Chair, Hilton Saint John, representing the Saint John Hotel Association

Corey McGill, McGill's, representing Industry

Jasmine Mosher, Best Western PLUS, representing the Saint John Hotel Association

Gilliane Nadeau, Uncorked Tours, representing Industry

Greg Norton, City Councillor, representing the City of Saint John

Kurt Peacock, Parks Canada, representing Industry

Stephany Publicover - Treasurer, JD Irving Ltd., representing the City of Saint John

Elizabeth Rowe, Urban Deli, representing Industry



DISCOVER SAINT JOHN TEAM



**Victoria
Clarke**

Executive
Director



**Jillian
MacKinnon**

Marketing &
Communications
Director



**Shawna
Dickie-
Garnhum**

Meetings &
Conventions
Sales Manager



**Marcy
Barnes**

Operations
Manager



**Jen
Silliphant**

Marketing &
Communications
Manager



**Andrea
Cyr**

Sales Support
Coordinator

INDUSTRY MEMBERS

14 1/2 Cafe + Bar
Acadian Sturgeon and Caviar Inc.
Admiral's Quay Motel
Ambassatours Gray Line
Aquila Tours
ARCf de Saint-Jean Inc.
Avis (Airport location)
Avis Budget Group
Barred Rock Chicken
Baubles
Bay Ferries Ltd.
Bayswater Cottages
Beavertails
Best Western Plus Saint John
Hotel & Suites
Big Tide Brewing Company
Billy's Seafood Company
Boaz
Bowlarama
Breakout Room Escape Inc.
Britt's Pub & Eatery
Britt's Rockwood
Brunswick Square Shopping Centre
Bubbles & Balms
Buccaneer's Pub & Eatery
Buckland Merrifield Gallery
Budget (Airport)

Bunk Haus Hostel
Callie's Pub
Canada Games Aquatic Centre
Canadas Best Value Inn
Canterbury Investments
Carleton Martello Tower
National Historic Site of Canada
Cask & Kettle
Cathedral Heritage Foundation
Cedarcrest Gardens
Celebrations in Bloom
Century Farm Family Campground
Char's Taxi Tours
Chateau Saint John Hotel & Suites
Cherry Brook Zoo
Chuckles Comedy Club
Church Street Steakhouse
Churchill's Pub
Citadel Gallery
Coach Atlantic Group
Coastal Taxi
Cobalt Art Gallery
Connections Bistro
Connexion Works
Cora Breakfast & Lunch
Create Over Cocktails
Cricket Cove

Dave Shoots, Bookseller
Days Inn by Wyndham Saint John
Decimal 81
Delta Hotels by Marriott Saint John
DownHome Diner Fish & Chips
Doyle & Day Design
Dunham's Run Estate Winery
East Coast Angler
East Coast Bistro
East Point Inc.
Eastern Outdoors
Eighty Three Bar Arcade
Eldridge's
Element5 Spa
Elmhurst Outdoors
En Sushi Bar
Enso Beverage Company Inc.
Envy
Evandale Resort
Exhibition Park Raceway
Fairview Bowling Lanes
Fairville Shooters
Fire Fly Forest Ltd.
Fish and Brews Pub
Fit Rocks Climbing Gym
Five & Dime

INDUSTRY MEMBERS continued

Frank & Ella Hatheway
Labour Exhibit Centre
Frantically Atlantic
Freak Lunchbox
Freddie's Pizza & Donair
Freedom Tours & Travel
Freeman Audio Visual Canada
Fundy Heights B&B
Fundy Sports and Tourism
Fundy Trail Development Authority Inc.
Fundy's Cape Enrage
Gahan House Port City
Gamma (Vitos)
Go Fundy Events/Inside Out
Nature Centre
Golden Dog Beer Tours
Golf Rockwood
Goss Walk n' Talks
Grannan Hospitality Group
Grannan's Seafood Restaurant
Green Lee Shoe
Hammond River Brewing Company
Hampton Golf Club
Hampton Inn & Suites
Handworks
Happinez Wine Bar
Harbour Station

Harbour Tours on the Main Stream
Hardings Point Campground
Hatheway Pavilion at Lily Lake
Haunted Saint John Tours
Heroes' Beacon
Hillside Motel
Hilton Saint John
Holiday Inn Express
Homeport Historic B&B/Inn
Hopscotch Whisky Bar
House of Chan
Imperial Theatre
Impressions of Saint John
In Pursuit Mobile Boutique
Infusion Tea Room & Bistro
Inside Out Nature Centre
Inspire Collections
Irving Nature Park
Island Girls Diner
Italian by Night
J.D. Irving. Limited
Jaco's Donair
Java Moose
Java Moose - City Market
Java Moose - McAllister Place
Java Moose - Prince William Street

Java Moose - Rothesay
Jennifer Irving Photography
Jeremiah's Deli
Jones Gallery Incorporated
Kebab House
Kefi Travel Club
Kevin Goggan Art & Design Inc.
Kredls Corner Market
Lancaster Mall
Lemongrass Thai Fare
Let's Hummus
Lily's Lakeside
Lock Stock and Barrels
Lole
Mahogany Manor
Manchester Shoe Salon Ltd.
Maple Leaf Queen's Buffet
Maritime Bus
Market Square
McAllister Place
McDonald's
McGill's
McPort City Food Services Ltd.
Mimimi Restaurant Inc.
Mix Resto Bar
Montana's BBQ and Bar

INDUSTRY MEMBERS continued

Moore's Specialties Tourist Home and Gallery
Moosehead Breweries
Mother Nature's
New Brunswick Museum
New Brunswick Museum Collections Centre
New Brunswick Museum Gift Shop
North Market Seafood
Oasis Trampoline Park
O'Leary's Entertainment Ltd.
One Princess
Optimum Ride Charter Service & Tours
Orbit Amusements
Osprey Adventures
Paddington Station
Pangea Wellness Spa
Parks Canada
Park's Thai Pho Uptown
Pat's Secret Garden
Pepper's Pub
Picaroons General Store
Pita Pit
Pizza Delight
Pomodori Pizzeria
Pomodori Pizzeria Saint John
Port City Pawn Shop

Port City Royal
Pretzel Productions
PrintWorks Screen Printing Ltd.
Pristine
PSAV Presentation Service
Pseudio
Pub Down Under
Quaco Museum
Red Rock Adventure
red, Sales Consulting & Event Planning
Reversing Falls Skywalk Inc.
Rhoda's Craft Farm Antique & Flea Market Inc.
River Bay Adventures
Rock Solid Ventures
Rockwood Park Campground
Rogue Coffee
Rothesay Netherwood School
Saint John Adventures Inc.
Saint John Ale House
Saint John Arts Centre/
City of Saint John Gallery
Saint John Executive Limousine Services
Saint John Fundy Heritage Zone
Saint John Horticultural Association
Saint John Jewish Historical Museum
Saint John Marina

Saint John Parking Commission
Saint John Police Museum
Saint John Riptide
Saint John Sea Dogs
Saint John Theatre Company
Saint John Trade and Convention Centre
Saint John Transit
Salt and Hot Pepper Concepts
Samuel & Co.
Sculpture Saint John
Seaholm Guest House
See Sight Tours
Sense of Tokyo
Serene Physique Massage Therapy
Shadow Lawn Inn
Sherlock Clothing
Singh Dining
Slocum & Ferris
Smoking Pig
Social Bar Steakhouse
Spa Chance Harbour
Splash Thai Cuisine
Steamer's Lobster Company
Stefan Cormier
Stonehammer Geopark
Sweet Boutique

INDUSTRY MEMBERS continued

Symphony New Brunswick
Taco Pica
Taco Pica - City Market
Taste of Egypt
Thandi
The \$1. Store Plus
The Bra Room
The Butcher's Daughter Gift Shoppe
The Caves Restaurant
The Chinese Commerce Centre
(Kent Theatre)
The Coffee Mill
The Cornerstone
The Cottage by the Bay
The Feel Good Store
The Gravy Train Pouterie
The Hopewell Rocks
The Junction Driving Range
The Mediterranean Restaurant
The Robertson
The Urban Shoe Myth
The York Bistro and Pub
The Zesty Lemon
TimberTop Adventures
Toro Taco
Travelodge Suites Saint John
Trinity Galleries

Tuck Studio
UNBSJ
Uncorked Tours
UpTown Vibes Ladies Fashions Inc.
Urban Deli
USTATION
Vegas Bar and Grill
Vegas Family Entertainment Centre
VEGolution
Vito's Family Restaurant
Vivaldi's Pasta & Grill
W. Smith & Co. Fine Jewellers
Walsh Luggage
Water Street Dinner Theatre
Wild Carrot Cafe
Wild Flours Sweets and Treats
Wolastoq Park
Zelda's River Adventures Ltd.



ASSOCIATE MEMBERS

1810 Carter House Tea Room
97.3 The Wave CHWV-FM
A Tanner's Home Inn
A-1 Auctioneers and Evaluations Services Ltd.
ABC Cab
Acadia Broadcasting
ACAP Saint John
AJ's Family Restaurant
Alcool NB Liquor
Ana Banana
Ang & Sal's Hairstyling
Apous
Arcade Box
Ardene
Asian Heritage Society of New Brunswick - Saint John Chapter
Backstreet Records
Baleman's Produce
Bamboo East Restaurant
Be Rad Adventure Company Inc.
Bentley Leathers
BET Lottery & Info Booth
B-Hive Bowling Lanes
Big Brothers Big Sisters Saint John
Bikes & Beans
BMO Financial

Booster Juice (Brunswick Square)
Booster Juice (McAllister Place)
Boston Pizza
Bremner & Associates
Brunswick Square Dental Clinic
Business Development Bank of Canada
Camp Glenburn
Canadian Mental Health Association of New Brunswick
Catapult Coffee & Studio
Celebrate
Century Taxi
Chaisson Lemoine Family Dentistry
Chipman Hill Suites
Cleve's Source for Sport
Club Rewind
Coco Beach
Coles
Collectables
Comfort Inn
Commercial Properties
Cokes & Regent Motel
Costco
Cosy Cottage Inn
Country 94 CHSJ-FM
Craftology SJ
Creative on Demand

Day's End Studio
Decor8 Finishing Touches
Delancey Re-enactors Association
Deloitte
Deluxe French Fries
Drew & Jen's nofrills
Eagles Eye View Cottages
Earle of Leinster "Inn Style" Bed & Breakfast
Ears 4 You
East Side Mario's
Econo Lodge Inn and Suites
Enterprise Saint John
Expedia cruiseshipcentres
Fairweather
Flewwelling Press Ltd.
Foghorn Brewing Company
Fundy Coins & Collectables
FYidoctors
Gap
General Data IT
Good Fibrations
Goodlife Fitness
Great Canadian Dollar Store
Ground Zero Laser Tag
Hammond River Conservation Centre
Hampton Bed & Breakfast

ASSOCIATE MEMBERS *continued*

Heartbreak Boutique
Hemmings House Pictures
Hillcrest Motel
HMCS Brunswicker
Hospitality Saint John
Howard's Store
Impact Market (The Learning Exchange)
Indigo Books & Music
iNk. graphic design services corp.
Intuitions Spa & Salon
Irving Oil Limited
Island View Motel
Jeremiah Jacobs Ltd.
John Fisher Memorial Museum
John's Convenience
Julius Pizza Ltd.
Jungle Jim's
Jungle Jim's
Just Seafood
Karma Prom & Formal
Keirstead Manor
Keirstead's Flower Shop
Kennebecasis Public Library
Kerr Optical
KFC
Kim's Korean Food

Kings County Museum
King's Motel
Kingston Peninsula Heritage Inc.
Lancaster Plaza
Land & Sea Apparel
Laura Secord
Lawtons Drugs
Lester Trophies Ltd.
Level Up Laser Tag
Long Bay Brewery
Lordon
Lotto Kiosk (Lancaster Mall)
Loyalist City Brewing Co.
Loyalist City Coins & Books
Loyalist House
MacKay Apple Orchard
Maritime Travel
Mcsubway Inc.
Mod I.D.
Mondello Salon
Moores
Morris Music
Mr. Lube
Nakai Spa
New Brunswick Youth Orchestra
News Mart

Northern Reflections
O'Malley's Irish Pub Inc.
On the Vine
Park Plaza Motel
Parkway Mall
Peddlers Creek BBQ Steakhouse
Pete's Pub
Petsmart
Pink Sushi & Boston King Coffee
Pizza Delight
Pizza Hut
Pizza Studio
Played Out Fun Centre
Polished 2 Perfection
Princess Auto
Print Three
Quality Inn & Suites
Amsterdam Quispamsis
Red Roof Cottages
Ridgeback Lodge
River & Trail Outdoor Company
Rock 88.9
Rod Stears Photography / Video
Rothesay Motel
Royal Taxi
Sagrati's
Saint John Airport Inc.

ASSOCIATE MEMBERS *continued*

Saint John Art Club
Saint John Community Arts Board
Saint John Free Public Library
Saint John Free Public Library - East Branch
Saint John Jungle Foods Inc.
Saint John Library West Branch
Saint John Multicultural
& Newcomers Resource Centre
Saint John Port Authority
Saint John Tool Library
Sally Beauty
Sampan Restaurant
Sankara Cuisine
Scheherazade Books & Music
Scotiabank
Sea Belles of Harmony Inc.
Seaside Tent & Trailer Park
Seely Street B & B
Seniors' Resource Centre
Shawarma Hut
Shoppers Drug Mart
Silhouette Day Spa
Silly Portrait Artist
Sisters Italian Foods Ltd.
Sobeys Extra
Soul Impression Handbuilt Clayworks
Spur Your Imagination

St. Martins & District Chamber of Commerce
Starbucks Coffee - East Point
Starbucks Coffee - West
Station 33 Cafe & Yoga
Stone Soup Cafe
Subway
Swiss Chalet
Ta-Ke Sushi
TD Canada Trust
Thai Express
The Baking Stone
The Barrel's Head Gastropub and Wine Bar
The Body Shop
The Chamber
The Corn Crib Natural Foods Ltd.
The Framing Factory
The Fundy Gallery of Art
The Home Depot
The Riverside Country Club
The Royal Kennebecasis Yacht Club
The Running Room
The Scout Shop
The Second Cup
The Source
The Union Club
Third Space Gallery

Tidal Watch Inn
Tim Horton's
Top's Pizza
Trinity Royal Dental
Turn of the Century Trolley Tours Inc./
Rockwood Park Stables
Uptown Saint John
Urban Planet
Visitors Shop + Gallery
Vogue Optical
Walmart (West)
WaveRider Boating Corp.
Weir Inn
Weslan Inn
Wicker Emporium
Wizard's Cafe
Wok Box
YMCA Greater Saint John

2018

TOURISM INDUSTRY – LOCAL IMPACT



Visitation
\$1.7M



Overall Spend
\$282M



Hotel Room Sales
306K



Hotel Revenue
\$38M

GDP

Total Impact,
Direct & Indirect

\$71M

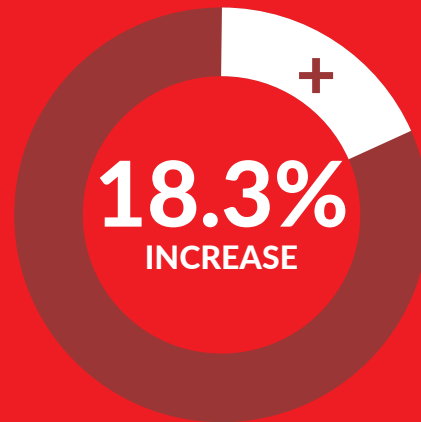
Provincial Share of
Tax Revenues
from Visitor Spending

\$24.8M

GROWTH SINCE 2015



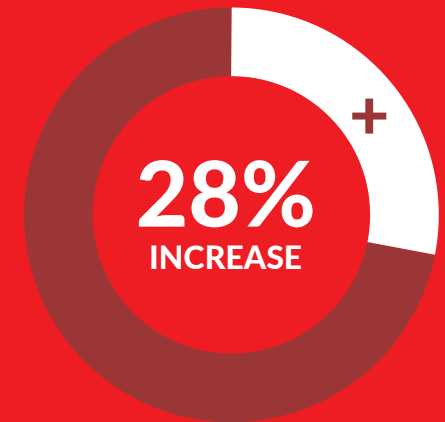
Visitation



Overall Spend



Hotel Room Sales



Hotel Revenue



DMO KEY PERFORMANCE INDICATORS

VISITOR EXPERIENCE		2018
Cost per Information Request Served		\$3.09
External Advertising Revenue		\$64,615
# of Direct Visitor Inquires for the year		90,918
# of Visitor Guides Requested		119,531
FINANCIAL & MEMBERSHIP		2018
# of Industry Members		219
# of Associate Members		209
Municipal Funding Leverage (% of budget from other sources)		52%
DESTINATION MARKETING		2018
# of Sessions		519,603
# of Unique Visitors to Website		329,736
# of Total Followers on Social Media (Facebook, Twitter, Instagram)		42,423
# of Participants in Travel Media FAMs		15
# of Stories Generated from Travel Media		40





DMO KEY PERFORMANCE INDICATORS continued

SALES - MEETINGS & CONVENTIONS, SPORT AND MAJOR EVENTS		2018
# of New Contacts Generated & Maintained		599
# of FAM/Site Visit Participants		46
# of Leads Generated		65
# of Delegates		26,184
# of Lead Room Nights		33,955
Estimated Economic Impact		\$27M
# of Bid Submitted		47
# of Delegates		12,283
# of Lead Room Nights		20,202
Estimated Economic Impact		\$9.4M
# of Successful Bids		21
# of Delegates		19,575
# of Lead Room Nights		12,984
Estimated Economic Impact		\$8.4M
SALES - TRAVEL TRADE		2018
# of New Contacts Generated & Maintained		421
# of FAM/Site Visit Participants		63

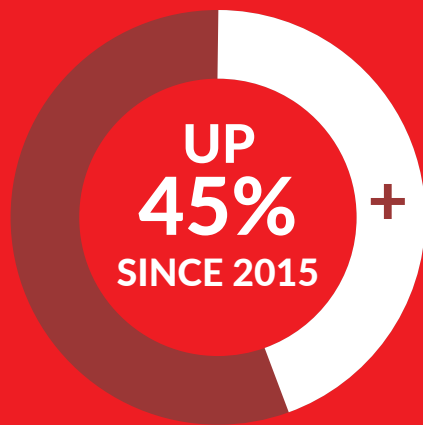




MARKETING OVERVIEW

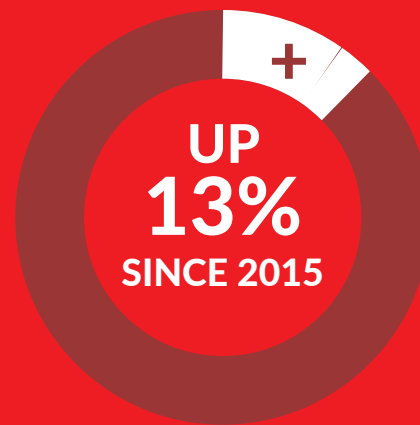
ADVERTISING AWARENESS

61%*
(2018)



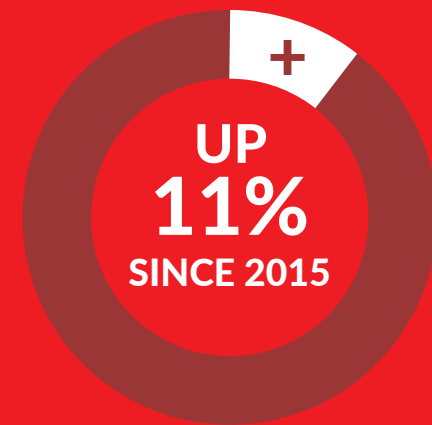
AWARENESS OF LEISURE ACTIVITIES IN SAINT JOHN

46%*
(2018)



PLACE THAT OFFERS A VIBRANT, URBAN, WATERFRONT

72%*
(2018)

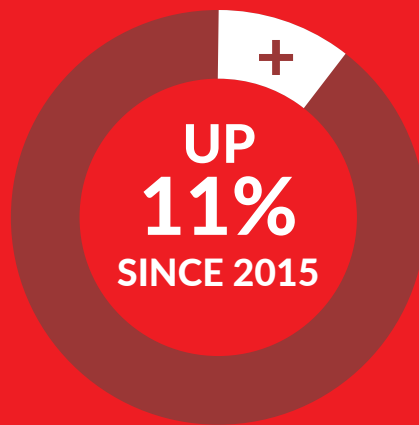


*SOURCE: 2018 CRA URBAN REPORT

MARKETING OVERVIEW

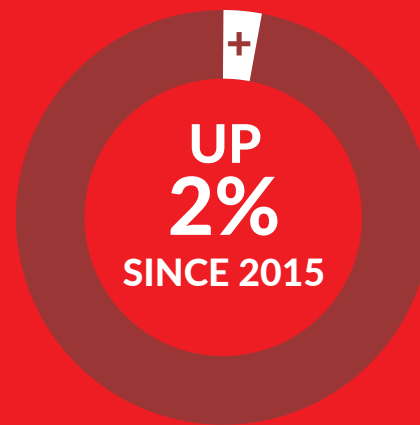
HISTORIC
PLACE

72%*
(2018)



DESTINATION WITH
DIVERSE, HIGH-QUALITY
CULINARY OR DINING
EXPERIENCES

32%*
(2018)

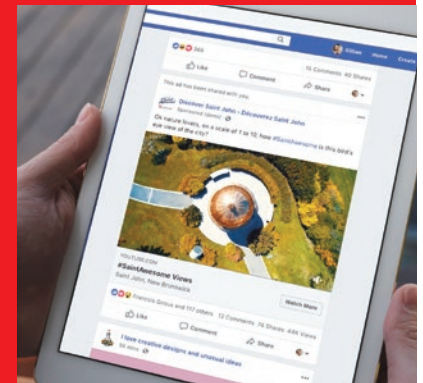


IF YOU WERE TO
DESCRIBE SAINT JOHN
AS A PERSON

#1 ANSWER
"FRIENDLY /
WELCOMING"*
(2018)
vs "OLD" (2015)

#Saint
Awesome

USED OVER 39,000 TIMES



*SOURCE: 2018 CRA URBAN REPORT

FINANCIALS

AUDITOR'S REPORT

INDEPENDENT AUDITORS' REPORT

To the Members of Saint John Destination Marketing Inc. (Operating as Discover Saint John)

Opinion

We have audited the financial statements of Saint John Destination Marketing Inc. (the Company), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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.

(continues)

FINANCIALS

AUDITOR'S REPORT continued

Independent Auditors' Report to the Members of Saint John Destination Marketing Inc. *(continued)*

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 Company'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 Company'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 Company 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.

Saint John, New Brunswick
April 16, 2019



CHARTERED PROFESSIONAL ACCOUNTANTS

teed saunders
doyle | chartered professional
accountants
& advisors

FINANCIALS

STATEMENT OF FINANCIAL POSITION

SAINT JOHN DESTINATION MARKETING INC.
(Operating as Discover Saint John)
Statement of Financial Position
December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 558,487	\$ 443,894
Accounts receivable	16,350	23,548
Due from related parties (Notes 6, 7)	55,598	68,727
Prepaid expenses	63,631	71,465
	<u>694,066</u>	<u>607,634</u>
CAPITAL ASSETS (Note 4)	<u>19,699</u>	<u>33,451</u>
	<u>\$ 713,765</u>	<u>\$ 641,085</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 143,133	\$ 150,392
Employee deductions payable	9,004	9,288
Harmonized sales tax payable	55,094	51,247
Due to related parties (Notes 6, 7)	5,427	3,690
Deferred revenue (Note 5)	446,775	390,341
	<u>659,433</u>	<u>604,958</u>
NET ASSETS		
Unrestricted	<u>54,332</u>	<u>36,127</u>
	<u>\$ 713,765</u>	<u>\$ 641,085</u>

ON BEHALF OF THE BOARD

 Director
 Director

FINANCIALS

STATEMENT OF REVENUES AND EXPENDITURES

SAINT JOHN DESTINATION MARKETING INC.

(Operating as Discover Saint John)

Statement of Revenues and Expenditures

Year Ended December 31, 2018

	Budget 2018	2018	2017
REVENUE			
Operations - City of Saint John	\$ 894,335	\$ 816,765	\$ 858,017
Operations - Hotel Association	428,804	459,215	426,808
Festivals and events - Hotel Association	362,816	347,604	317,182
Festivals and events - City of Saint John	96,685	107,590	100,304
Membership fees - deferred	17,000	18,675	14,622
Festivals and events - deferred	-	24,149	-
Partnerships and sponsorships - deferred	-	-	1,074
Revenue subtotal (Note 5)	1,799,640	1,773,998	1,718,007
Festival and events - other revenue	-	17,356	169,351
VIC guide advertising sales	62,000	64,340	61,912
Partnerships and sponsorships	42,000	35,717	30,635
Membership fees	-	2,595	4,407
Employment grants	-	35,203	20,306
	<u>1,903,640</u>	<u>1,929,209</u>	<u>2,004,618</u>
EXPENDITURES			
Marketing, sales and promotion (Schedule I)	649,890	609,600	593,106
Visitor information services (Schedule I)	360,390	320,534	346,178
Festival and events (Schedule I)	436,455	485,842	586,836
General and administrative (Schedule I)	138,011	141,256	123,428
Salaries and wages	329,559	364,491	355,782
	<u>1,914,305</u>	<u>1,921,723</u>	<u>2,005,330</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FROM OPERATIONS	(10,665)	7,486	(712)
INTEREST INCOME	10,400	10,719	7,720
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>\$ (265)</u>	<u>\$ 18,205</u>	<u>\$ 7,008</u>

FINANCIALS

STATEMENT OF CHANGES IN NET ASSETS

SAINT JOHN DESTINATION MARKETING INC.
(Operating as Discover Saint John)
Statement of Changes in Net Assets
Year Ended December 31, 2018

	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 36,127	\$ 29,119
EXCESS OF REVENUE OVER EXPENDITURES	18,205	7,008
NET ASSETS - END OF YEAR	<u>\$ 54,332</u>	<u>\$ 36,127</u>

FINANCIALS

STATEMENT OF CASH FLOWS

SAINT JOHN DESTINATION MARKETING INC.

(Operating as Discover Saint John)

Statement of Cash Flows

Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
excess of revenue over expenditures for the year	\$ 18,205	\$ 7,008
Item not affecting cash:		
Amortization of capital assets	21,473	30,536
	<u>39,678</u>	<u>37,544</u>
Changes in non-cash working capital:		
Accounts receivable	7,198	(9,323)
Prepaid expenses	7,834	(30,625)
Accounts payable and accrued liabilities	(7,259)	40,085
Employee deductions payable	(284)	(580)
Harmonized sales tax payable	3,847	8,529
Deferred revenue	56,434	42,117
	<u>67,770</u>	<u>50,203</u>
Cash flow from operating activities	<u>107,448</u>	<u>87,747</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(7,721)</u>	<u>(4,398)</u>
FINANCING ACTIVITY		
Due from (to) related parties	<u>14,867</u>	<u>(88,100)</u>
INCREASE (DECREASE) IN CASH FLOW	114,594	(4,751)
CASH - BEGINNING OF YEAR	443,894	448,644
CASH - END OF YEAR	\$ 558,488	\$ 443,893
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 10,719	\$ 7,720

FINANCIALS

NOTES TO FINANCIAL STATEMENTS

SAINT JOHN DESTINATION MARKETING INC.
(Operating as Discover Saint John)
Notes to Financial Statements
Year Ended December 31, 2018

1. PURPOSE

Saint John Destination Marketing Inc. (the "Company") is incorporated without share capital under the Business Corporations Act of New Brunswick. The Company's principal business activity is to promote Saint John as a destination. The company's mission statement is "to increase tourism revenues in Saint John by marketing our unique and competitive tourism experiences to high potential markets."

The company was incorporated as a non-profit organization on January 27, 2010 and operations commenced in June 2010. It qualifies as a non-profit organization under the Income Tax Act and, as such is exempt from income taxes. The company is a registrant for harmonized sales tax ("HST") and collects HST on its revenue and claims input tax credits on its expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Cash and Cash Equivalents

The company considers cash on hand, short-term deposits and balances with banks, net of overdrafts as cash or cash equivalents.

Capital Assets

Capital assets are stated at cost or deemed 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
Operating equipment	3 years
Office furniture	5 years

Amortization is not recorded on capital assets until they are put into use.

Revenue Recognition

The company receives funding from the City of Saint John and the Saint John Hotel Association based on agreements in effect January 1, 2015 to December 31, 2019. Under the terms of the agreements, the company provides services to promote tourism in the City of Saint John. The funding is provided to cover the costs associated with those services. Both agencies also provide funding specifically for festivals and events. At the end of the agreements, any unspent funds are to be returned to the contributing parties. The company follows the deferral method of accounting for these contributions. Contributions are recognized as revenue in the year in which the related expenditures are incurred. Unused contributions are included in deferred revenue (Note 5).

The other sources of revenue are recognized when the services are provided and collection is reasonably assured.

Contributed Services

Volunteers contribute an interminable number of hours per year. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

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FINANCIALS

NOTES TO FINANCIAL STATEMENTS

continued

SAINT JOHN DESTINATION MARKETING INC.
(Operating as Discover Saint John)
Notes to Financial Statements
Year Ended December 31, 2018

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

Financial Instruments Policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in excess (deficiency) of revenue over expenditures. 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.

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.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the recoverability of tangible assets;
- the estimated useful lives of assets; and
- the allowance for doubtful accounts.

3. FINANCIAL INSTRUMENTS

The Company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Company's risk exposure and concentration as of December 31, 2018.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from customers. In order to reduce its credit risk, the Company reviews a new customer's credit history before extending credit and conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Company has a significant number of customers which minimizes concentration of credit risk.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, accounts payable and other obligations.

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SAINT JOHN



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SAINT JOHN

