TO: Chair and Members Economic Development and Planning Committee

WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: September 21, 2010

SUBJECT/REPORT NO:
Tourism Hamilton 2009 Annual Report (PED10221) (City Wide)

SUBMITTED BY:
Tim McCabe
General Manager Planning and Economic Development Department

PREPARED BY:
David Adames (905) 546-4132

SIGNATURE:

RECOMMENDATION:
That Report PED10221 respecting “Tourism Hamilton 2009 Annual Report”, including Tourism Hamilton’s 2009 Audited Financial Statements, and Tourism Hamilton’s 2008-2010 Strategic Plan Year 2 results attached as Appendices “A” and “B” respectively, to Report PED10221, be received for information.

EXECUTIVE SUMMARY
Tourism Hamilton is the destination management organization for the City of Hamilton. As part of its service agreement with the City of Hamilton, Tourism Hamilton Inc. provides an Annual Report and Audited Financial Statements to Council. The Board of Directors is pleased to present Committee and Council with an overview of key accomplishments from 2009.

Tourism Hamilton’s core activities are focused on the following areas: promoting Hamilton for meetings and conventions; sport events and conferences; leisure visitation; travel media relations; providing visitor information services including administering the Downtown Ambassador Program; and building the local tourism industry’s capacity through hosting workshops and seminars. From time to time, Tourism Hamilton also project manages City projects, such as representing Hamilton’s participation in the bid for the 2015 Pan Am and Para Pan Am Games. Tourism Hamilton’s annual marketing plans, which outline strategies and tactics, are available on www.tourismhamilton.com.
Tourism Hamilton held its 2009 Annual General Meeting on May 19, 2010 during which the new Board of Directors was confirmed and the 2009 Audited Financial Statements approved. The Audited Financial Statements are provided as Appendix “A” to Report PED10221.

Tourism Hamilton’s current Executive Committee comprises:

President: Stephen Goulding  
First Vice-President: Alice Willems  
Second Vice-President: Heather McClellan  
Treasurer: Joseph Sardo  
Secretary: Patricia MacDonald  

The following report provides an overview of the accomplishments from 2009 for Tourism Hamilton.

**Key Accomplishments for Tourism Hamilton in 2009 included:**

- Implementing the 2009 Marketing Plan, with the following milestone activities:
  - Executing two seasonal marketing campaigns: Spring/Summer and Fall
  - Implementing an Enhanced Meetings and Convention Marketing Program
  - Administering the Downtown Ambassador Program
- Project managing the City’s involvement in the bid for the 2015 Pan Am/Para Pan Am Games (on-going)
- Staging four industry events: 11th Annual Tourism Awards and three networking breakfast meetings with guest speakers
- Implementing the second year of Tourism Hamilton’s three year strategic plan (2008-2010), summarized in Appendix “B” to Report PED10221.

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS**

**Financial:** The Audited Financial Statements for Tourism Hamilton Incorporated are attached as Appendix “A”. The 2009 Budget allocation from the City to Tourism Hamilton was $1,554,933, and $1,426,768 was expended, providing a surplus of City funds of $105,226.

**Staffing:** N/A

**Legal:** N/A

**HISTORICAL BACKGROUND**

City Council approved establishing Tourism Hamilton in the Fall of 2001, and the not-for-profit organization was incorporated on June 26, 2002. Tourism Hamilton is governed by a 14 member Board of Directors, including seven representatives from the private sector and three representatives from the public sector. City Council is represented by Mayor Eisenberger and Councillors David Mitchell and Terry Whitehead.
The vision for Tourism Hamilton Inc. is the organization will be a leading destination management organization in Canada, supporting the development of a vibrant and growing tourism industry in Hamilton. Tourism Hamilton’s mission is to be an innovative destination management organization dedicated to significantly increasing new and return visitation to Hamilton.

The latest data on Hamilton’s tourism performance, as outlined in the “Statistics Canada Regional Tourism Profile, Census Division 25, Hamilton-Wentworth Regional Municipality” covers the year 2008. The methodology for calculating domestic visitation was changed by Statistics Canada beginning with the year 2006. Data for 2009 will be available in May, 2011. The comparisons below are to the 2007 data:

- Total person visits to Hamilton: 3,195,000 (9.6% decrease over 2007)
- Total spending (tourism receipts) by visitors in Hamilton: $223.9M (8.4% decrease over 2007)

**Results:**

**Implementing the 2009 Marketing Plan:**

The Plan outlines the objectives and tactics for Tourism Hamilton’s core markets: Meetings and Conventions, Sport Tourism, Leisure Market, Travel Trade and Visitor Services.

**Meeting and Conventions:**

The objective for this market was to continue to raise the profile of Hamilton as a meeting destination, the “place to meet” in Southern Ontario, with a focus on the domestic market. Tourism Hamilton worked with partners to promote the ease of organizing a conference in Hamilton. Key sales efforts were directed at provincial and national association executives and meeting planners. Tourism Hamilton continued to identify and work with Hamiltonians who are actively involved with their respective associations, to encourage them to bring their convention to the City. The promotional plan focused on multi-property meetings and conventions to grow the number of city-wide conventions and room nights generated from meetings and conventions.

In 2009, enhanced budget from the destination marketing fee fund was used to undertake research, develop new creative content and deliver an enhanced advertising campaign: “Hamilton Brings More to the Table”.

These efforts resulted in:

- 98 qualified sales leads for tourism partners
- 71 meetings & conventions hosted in Hamilton in 2009 with:
  - estimated 21,547 contracted rooms
  - estimated 31,878 delegates in attendance
  - estimated economic impact of $16,962,485
- 8 of these events were repeat clients
- 4 of these events were as a result of our Spring McMaster client reception
- 22 convention grants were administered to conventions
14 site visits were hosted for prospective convention clients
4 familiarization tours were hosted
14 lost bid opportunities
5 cancelled opportunities
237 sales calls were made, this includes calls made from Team Hamilton partners
Attended 5 tradeshows which resulted in 170 tradeshow leads
Led two sales missions with three partners to 32 potential clients Tete A Tete, Ottawa and CSAE Conference, Toronto
Hosted 1 client reception with 19 partners and 124 participants at McMaster University
Hosted 2 client receptions with 4 partners and 38 participants in Ottawa and Toronto

In 2009, highlights for this market segment included securing the 2011 Canadian Country Music Awards, hosting the Latvian Song Festival and welcoming the Canadian Aboriginal Festival for the first time.

Sport Tourism:
In 2005, the Tourism Hamilton Board approved the Hamilton Sport Tourism Action Plan. The implementation of the Plan is on target, guided by the Sport Tourism Advisory Committee. Through sport events and sport conferences, Hamilton is achieving multiple goals. According to the Plan, “Sport events create media attention, contribute to economic development, sport development and participation, raise civic profile, engage the community, help enhance infrastructure, and foster civic pride.” The objective for this market in 2009 was to follow the recommendations of the Sport Tourism Action Plan; primarily to bring local, provincial, national and international sport events, including sport conferences to Hamilton.

These efforts resulted in:

202 sales leads to tourism partners
106 sporting events took place in Hamilton in 2009 and were serviced, providing
  • estimated 12,153 contracted hotel rooms,
  • estimated attendance of 81,353,
  • estimated economic impact of $26,551,935
80 of these events were repeat clients
4 of these events were as a result of client receptions
1 secured bid with National Slo-Pitch Association
  • estimated 1,500 hotel room nights
  • estimated $862,500 in revenue
50 sport event grants were administered to sport events
Attended 2 tradeshows resulting in 28 leads
Hosted 2 Sport Tourism Workshops, estimated attendance 109 representatives of local sport organizations
4 site visits
91 sales calls
13 lost opportunities
13 cancelled opportunities

In 2009, staff continued efforts with local sport tourism organizations to both grow current events and encourage new events to come to Hamilton. Sales efforts were also extended to provincial and national sport organizations through sales calls and attending the Canadian Sport Tourism Alliance Conference and Trade show. Tourism Hamilton produced two workshops to local sport organizations, which were attended by over 100 participants in total.

The highlights for sport tourism in 2009 included hosting the Canadian Gymnastics Championship and welcoming the new Slo-Pitch tournament to Hamilton.

Leisure Market and Travel Trade:

Tourism Hamilton’s leisure marketing efforts focus on the consumer but support the other markets given the importance of a general destination sell when pursuing a meeting, conference, or sport event. In 2009, the organization drove overnight and same day sales from consumers through effective media relations, compelling marketing campaigns, enhanced online presence, reinforced branding, and attractive packaging to tour operators.

To provide cost-effective Hamilton product information to mass consumers, Tourism Hamilton’s media relations program generated unpaid, relevant editorial coverage in key domestic and US print and broadcast media outlets as well as trade publications.

To reach the broad leisure consumer, Tourism Hamilton focused on consumers from the drive market (within 300 km radius) while continuing to explore new international markets, including the UK, to support the third season of flyglobespan airline to Hamilton International Airport.

Tourism Hamilton’s travel trade program promoted the city’s tourism products and experiences to tour operators, travel agents and group leaders. The program is transitioning from a focus on group travel to more focus on fully independent travel.

These efforts resulted in:

A website and e-marketing plan that:
- Registered 179,966 visits (+23% over 2008)
- Observed 726,099 page views (+12% over 2008)
- Generated 7,716 of e-newsletter registrants

A 6-month multi-media spring/summer campaign targeting families that:
- generated revenues of $97,000 from 52 partners and $58,000 from the Ontario Tourism Marketing Partnership Corporation
- generated 41,000,000 impressions through television broadcast, online and print media
- drew 4,883 new subscribers to Tourism Hamilton’s E-newsletter through contesting
- delivered results to participants - 89% of those surveyed saw increased sales activity at their sites as a result of campaign participation
A 6-month multi-media fall/winter campaign targeting couples and seniors that:

- generated revenues of $28,000 from 10 partners
- generated 14,496,629 impressions through online and print media
- drew 3,885 new subscribers to Tourism Hamilton’s E-newsletter through contesting

International markets were pursued, including attending the Canadian Tourism Commission’s (CTC) tradeshow in Mexico City, CTC UK’s tradeshow in London, England, an Ontario-led UK Sales Mission, and CITAP (Canadian In-bound Tour Operators – Asia Pacific) networking events.

These efforts resulted in:

- Over 50 new travel trade accounts and leads sent to partners
- 2 familiarization tours

Tourism Hamilton’s media relations program focused on solicitation and media enquiry fulfilment. Activities generated:

- 82 leads and requests fulfilled
- 5 stories
- 9 independent media visits
- 1 day of Toronto media calls with four partners from the summer marketing campaign

### Numbers of Travel Stories Generated in 2009 and Associated Public Relations Value

<table>
<thead>
<tr>
<th>Account</th>
<th>Article</th>
<th>Distribution</th>
<th>Readership</th>
<th>Equivalent AdvCost</th>
<th>Audience</th>
<th>Estimated Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up Magazine, WestJet’s inflight by Redpoint Media</td>
<td>Canada’s 9th Most Walkable City: Hamilton</td>
<td></td>
<td>140000</td>
<td>$11,800</td>
<td>National</td>
<td>$47,200</td>
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<tr>
<td>VIA Destinations</td>
<td>L'Express Hamilton</td>
<td>70000</td>
<td>400000</td>
<td>$9,400</td>
<td>National</td>
<td>$37,600</td>
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<tr>
<td>Hamilton Spectator</td>
<td>Take a Hamilton-Area Holiday in The Hamilton Spectator</td>
<td>114427</td>
<td>228854</td>
<td>$22,982</td>
<td>Local</td>
<td>$91,928</td>
</tr>
<tr>
<td>The Ottawa Citizen</td>
<td>Underrated Favourites: Hamilton</td>
<td>125885</td>
<td>269300</td>
<td>$4,981</td>
<td>Local</td>
<td>$19,924</td>
</tr>
<tr>
<td>London Free Press</td>
<td>Steel Town is Fun Town in Summer Destinations</td>
<td>200000</td>
<td>400000</td>
<td>$4,866</td>
<td>Local</td>
<td>$19,466</td>
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<tr>
<td></td>
<td>London Free Press</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>580312</td>
<td>10298154</td>
<td>$63,429</td>
<td></td>
<td>$253,718</td>
</tr>
</tbody>
</table>

### Visitor Services:

Tourism Hamilton’s visitor services comprise two tourist information centres, coordination of the Downtown Ambassador Program, liaison with the Lady Hamilton Club and assistance with servicing conventions and sport events.

These efforts resulted in:
Overall Visitor Services assisted 50,550 people via in-person, email, and website.

The following outlines the break-down of overall assistance provided:

a) **In-Person**:
   - Staff and volunteers helped 24,661 visitors at the Tourist Information Centres, representing a 22% decrease over the previous year.
   - Individually, the attendance at the centres was:
     - 2,914 for the Downtown Centre (down 42% over 2008)
     - 842 walk-in visitors to 34 James St. S. were out of town visitors to Hamilton
     - National visitors:
       - Alberta: 6%
       - British Columbia: 7%
       - Manitoba: 2%
       - New Brunswick: 1%
       - Nova Scotia: 2%
       - Ontario: 70%
       - Prince Edward Island: <1%
       - Quebec: 11%
       - Saskatchewan: <1%
       - Yukon: <1%
     - International visitors:
       - Africa: 2%
       - Asia: 15%
       - Australia: 5%
       - Europe: 60%
       - North America: 11%
       - South America: 5%
       - Unknown: 2%
     - 21,747 for the Airport Centre (down 18% over 2008)
     - Our Downtown Ambassadors served 10,717 people (this combines summer and fall operations) Of these, 2,222 were Delegates/Sporting Participants and 8,495 residents/tourists in the downtown core, waterfront and at festivals and events city-wide.
     - The volunteer Lady Hamilton Club contributed 1,299 hours working at the Tourist Information Centres and assisting delegates at conventions and sport events.
     - Assisted in 24 events, engaging 5,352 visitors at their information booth.

b) **Website/Email/Telephone**
   - Website: 6,390 visitors provided with additional tourism information
   - Emails: 996
   - Mail-ins: 32
   - Telephone: 2,402

c) **Other Statistics**
   - 82,176 Experience Hamilton visitor guides distributed via the Information Centre
47,592 Tourism Hamilton flat maps were distributed to visitors and partners
153 tourism industry partners are represented in the Tourist Information Centres
87,651 tourism partner brochures were distributed which were qualified by staff:
  - 34 James Street South TIC: 33,606
  - Municipal Service Centres: 12,751
  - Airport TIC: 10,628
  - Downtown Ambassador Program: 30,666
    (Summer & Fall pilot)

Tourism Hamilton Events:

Tourism Hamilton staged four events for tourism partners: 11th Tourism Hamilton Awards of Excellence and three Partner Networking Breakfast Meetings. Over 500 representatives of the local tourism industry attended the 11th Tourism Awards of Excellence, “Hidden Treasures” hosted at Carmen’s Banquet Centre.

The 11th Tourism Hamilton Awards of Excellence attendance exceeded anticipated numbers at 510, expenses for the Awards were $27,325 Ticket Revenue, $17,476, sponsorships and value in kind totalled $128,297 which included $66,022 in media sponsorship.

Over 262 industry partners attended the three Tourism Networking Breakfast Series, sponsored by OLG and hosted at LIUNA Station. The cost of the three events (March, June, November) was $4,615. Sponsorship and Value in Kind for these events totalled, $35,700 of which $3,600 was media sponsorships.

Tourism Hamilton’s Three Year (2008-2010) Strategic Plan

The Tourism Board has a three year strategic plan for the years 2008 - 2010, as reported to Council through Report PED07268 “Tourism Hamilton’s Draft 2008 - 2010 Strategic Plan.” Results from the second year of implementing the plan are outlined in Appendix “B” to Report PED10221.

The four core objectives for Tourism Hamilton are:
  - To develop, implement and evaluate annual sales and marketing programs
  - To support local tourism industry development
  - To undertake communication and educational programs
  - To actively develop and participate in strategic partnerships locally, regionally, provincially and nationally that enhance tourism opportunities and development in Hamilton
### 2003 - 2009 Performance Measurements and Tourism Impacts

<table>
<thead>
<tr>
<th>Service Measurement</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tourist Information Centre Visits</td>
<td>17,996</td>
<td>14,669</td>
<td>14,203</td>
<td>35,788*</td>
<td>65,833</td>
<td>31,821</td>
<td>24,661</td>
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<tr>
<td>Web Unique Visitors</td>
<td>87,522</td>
<td>121,926</td>
<td>111,653</td>
<td>135,193</td>
<td>153,617</td>
<td>148,595</td>
<td>179,966</td>
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<td>Phone Inquiries</td>
<td>7,364</td>
<td>5,101</td>
<td>4,987</td>
<td>5,923</td>
<td>5,271</td>
<td>4,475</td>
<td>2,402</td>
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<tr>
<td>Leads Generated for Travel Trade</td>
<td>155 tour operators; plus 1,926 mail-outs</td>
<td>280 tour operators; plus 1,591 mail-outs</td>
<td>353 plus mail-outs</td>
<td>260 tour operators plus 75 group leaders</td>
<td>125 tour operators; 630 travel agents; plus 500 tour operator/group leader mail outs</td>
<td>215 tour operators</td>
<td>50 tour operators</td>
</tr>
<tr>
<td>Leads and Inquiries Serviced for Travel Media</td>
<td>38</td>
<td>46</td>
<td>111</td>
<td>78</td>
<td>84</td>
<td>71</td>
<td>82</td>
</tr>
<tr>
<td>Leads Generated for Conventions and Sport Events</td>
<td>53</td>
<td>181</td>
<td>192</td>
<td>185</td>
<td>219/44</td>
<td>254/77</td>
<td>292/202</td>
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<tr>
<td>Convention and Sport Bids Lodged and Won</td>
<td>29/11</td>
<td>39/28</td>
<td>27/16</td>
<td>30/19</td>
<td>30/14</td>
<td>21/10</td>
<td>48/26</td>
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<tr>
<td>Room Nights Generated from Bids Won</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>5,675 Conventions 4,460 Sports</td>
<td>5,200 Conventions 3,210-Sports</td>
<td>19,000 Conventions 1,500 Sports</td>
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<tr>
<td>Value of Room Nights</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>$788,000 Convention $525,000 Sports</td>
<td>$676,000 Convention $381,990-Sports</td>
<td>TBD Convention $862,500 Sports</td>
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<tr>
<td>Conventions and Sport Events Serviced</td>
<td>157</td>
<td>89/44</td>
<td>100/41</td>
<td>74/55</td>
<td>69/56</td>
<td>47/87</td>
<td>71/106</td>
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<td>Convention/Sport Grants Administered</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>51</td>
<td>16/43</td>
<td>14/43</td>
<td>22/50</td>
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<tr>
<td>Business Lost Conventions and Sport</td>
<td>5/2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14/13</td>
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### Tourism Impacts

<table>
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<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hotel Occupancy Rate</td>
<td>59.6%</td>
<td>62%</td>
<td>60.9%</td>
<td>62.9%</td>
<td>66.4%</td>
<td>63.5%</td>
<td>N/A</td>
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<tr>
<td>Hotel Average Daily Rate</td>
<td>$98.84</td>
<td>$95.97</td>
<td>$100.47</td>
<td>$103.00</td>
<td>$107.90</td>
<td>$108.92</td>
<td>N/A</td>
</tr>
<tr>
<td>Revenue per Available Room</td>
<td>$51.02</td>
<td>$52.27</td>
<td>$57.26</td>
<td>$64.83</td>
<td>$71.65</td>
<td>$69.15</td>
<td>N/A</td>
</tr>
<tr>
<td>Municipal Taxes Supported by Tourism</td>
<td>$3.72M</td>
<td>$4.23M</td>
<td>$6.2M</td>
<td>$7.8M</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Hamilton Jobs Supported by Tourism</td>
<td>2,113</td>
<td>2,384</td>
<td>2,310</td>
<td>2,768</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* 2006 was first full-year of operation for Tourist Information Centre at the John C. Munro Hamilton International Airport

** Source: “Statistics Canada Regional Tourism Profile, Census Division 25, Hamilton-Wentworth Regional Municipality”
POLICY IMPLICATIONS

N/A

RELEVANT CONSULTATION

Tourism Hamilton Board of Directors
Corporate Services – Finance Division

ANALYSIS / RATIONALE FOR RECOMMENDATION

N/A

ALTERNATIVES FOR CONSIDERATION:

N/A

CORPORATE STRATEGIC PLAN


Skilled, Innovative & Respectful Organization

♦ More innovation, greater teamwork, better client focus

Financial Sustainability

♦ Delivery of municipal services and management capital assets/liabilities in a sustainable, innovative and cost effective manner

Intergovernmental Relationships

♦ Influence federal and provincial policy development to benefit Hamilton
♦ Acquire greater share of Provincial and Federal grants (including those that meet specific needs)
♦ Maintain effective relationships with other public agencies

Growing Our Economy

♦ A visitor and convention destination

Healthy Community

♦ An engaged Citizenry
APPENDICES / SCHEDULES

Report PED10221 contains the following appendices:

Appendix “A” – Tourism Hamilton’s 2009 Audited Financial Statements
Appendix “B” - Tourism Hamilton’s 2008-2010 Strategic Plan Year 2 results

DA: mh
(Attachments 2)
Grant Thornton

Financial Statements

Tourism Hamilton Inc.

December 31, 2009
Tourism Hamilton Inc.

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<td>Statement of Financial Position</td>
<td>2</td>
</tr>
<tr>
<td>Statement of Operations</td>
<td>3</td>
</tr>
<tr>
<td>Notes to the Financial Statements</td>
<td>4-8</td>
</tr>
</tbody>
</table>
To the Directors of Tourism Hamilton Inc.

We have audited the statement of financial position of Tourism Hamilton Inc. as at December 31, 2009 and the statement of operations for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and the results of its operations for the year then ended in accordance with the accounting principles as set out in Note 3.

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 information and use of the members of the City of Hamilton and Tourism Hamilton Inc. to comply with their operating arrangement. These financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Budget figures are provided for comparative purposes and have not been subject to audit procedures. Accordingly, we do not express any opinion regarding the budget figures.

Hamilton, Canada
May 7, 2010

Grant Thornton LLP
Chartered Accountants
Licensed Public Accountants
Tourism Hamilton Inc.
Statement of Financial Position
Year Ended December 31

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>$ 79,465</td>
<td>$ 57,347</td>
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<tr>
<td>Due from City of Hamilton (Note 6)</td>
<td>585,655</td>
<td>1,024,392</td>
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<tr>
<td></td>
<td>665,120</td>
<td>1,081,739</td>
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<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
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<td>Payables and accruals</td>
<td>68,003</td>
<td>56,615</td>
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<td>Deferred revenues (Note 7)</td>
<td>256,019</td>
<td>431,688</td>
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<td>Employee future benefits (Note 8)</td>
<td>123,320</td>
<td>123,181</td>
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<td></td>
<td>447,342</td>
<td>611,484</td>
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<tr>
<td><strong>Accumulated surplus</strong> (Note 13)</td>
<td>$ 217,778</td>
<td>$ 470,255</td>
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On behalf of the Board

_________________________  _______________________
Director                  Director

See accompanying notes to the financial statements.
### Tourism Hamilton Inc.
#### Statement of Operations
Year Ended December 31

<table>
<thead>
<tr>
<th></th>
<th>Budget 2009</th>
<th>Actual 2009</th>
<th>Actual 2008</th>
</tr>
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<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Partnership contributions</td>
<td>$338,000</td>
<td>$397,251</td>
<td>$405,255</td>
</tr>
<tr>
<td>Tourism Awards &amp; Summit</td>
<td>128,000</td>
<td>72,413</td>
<td>52,335</td>
</tr>
<tr>
<td>Federal grants</td>
<td>1,500</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Provincial grants</td>
<td>32,200</td>
<td>195,465</td>
<td>91,672</td>
</tr>
<tr>
<td>Interest earned on reserve</td>
<td>-</td>
<td>9,692</td>
<td>18,121</td>
</tr>
<tr>
<td>Sponsorship in-kind (Note 4)</td>
<td>-</td>
<td>138,488</td>
<td>84,850</td>
</tr>
<tr>
<td>City of Hamilton contribution (Note 5)</td>
<td>1,834,768</td>
<td>1,590,047</td>
<td>1,375,366</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>2,334,468</td>
<td>2,403,356</td>
<td>2,027,599</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee related costs</td>
<td>1,254,188</td>
<td>1,077,526</td>
<td>981,845</td>
</tr>
<tr>
<td>Material and supplies</td>
<td>126,210</td>
<td>125,066</td>
<td>104,468</td>
</tr>
<tr>
<td>Buildings and grounds</td>
<td>74,390</td>
<td>77,041</td>
<td>80,739</td>
</tr>
<tr>
<td>Program costs</td>
<td>854,696</td>
<td>1,230,923</td>
<td>742,518</td>
</tr>
<tr>
<td>Program costs in-kind (Note 4)</td>
<td>-</td>
<td>138,488</td>
<td>84,850</td>
</tr>
<tr>
<td>Visitor centre set-up costs</td>
<td>500</td>
<td>-</td>
<td>6,130</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>24,484</td>
<td>20,454</td>
<td>21,834</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>2,334,468</td>
<td>2,669,498</td>
<td>2,022,384</td>
</tr>
<tr>
<td><strong>Net (expenditures) revenue</strong></td>
<td>-</td>
<td>(266,142)</td>
<td>5,215</td>
</tr>
<tr>
<td><strong>Interest earned in reserves</strong></td>
<td>-</td>
<td>13,665</td>
<td>15,861</td>
</tr>
<tr>
<td><strong>Annual surplus (deficit)</strong></td>
<td>(252,477)</td>
<td>-</td>
<td>21,077</td>
</tr>
<tr>
<td><strong>Accumulated surplus, beginning of year</strong></td>
<td>-</td>
<td>470,255</td>
<td>449,179</td>
</tr>
<tr>
<td><strong>Accumulated surplus, end of year</strong></td>
<td>$</td>
<td>$217,778</td>
<td>$470,255</td>
</tr>
</tbody>
</table>

See accompanying notes to the financial statements.
Tourism Hamilton Inc.
Notes to the Financial Statements
December 31, 2009

1. Nature of operations

Tourism Hamilton Inc. ("the Organization") is a not-for-profit organization, incorporated on June 26, 2002 by the City of Hamilton. It was incorporated without share capital under the Ontario Corporations Act to conduct, promote and develop tourism in the City of Hamilton ("the City") and to act as a Tourism Board to the City. Its operations commenced January 1, 2002, prior to incorporation.

2. Changes in accounting policy

Effective January 1, 2009, the Organization adopted the Public Sector Accounting Handbook (PSAB) section 1200 – Financial Statement Presentation, which became applicable to local governments as of that date. This section requires the adoption of full accrual basis of accounting and the reporting of the change in net financial assets and accumulated surplus. The Organization’s financial statements are now presented on this new basis and the comparative figures have been restated to conform with the new basis of presentation.

Effective January 1, 2009, the Organization adopted the PSAB Section 3150 – Tangible Capital Assets. During 2009 the Organization reviewed its financial records and determined that it does not have any tangible capital assets to report.

3. Summary of significant accounting policies

These financial statements have been prepared by the Organization’s management and have been reviewed and approved by the Board of Directors. The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities.

Basis of accounting

The Organization follows accounting principles appropriate for a municipal organization, as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants except that it does not present the reserve funds which are set aside by Council for use by Tourism Hamilton Inc. on the statement of financial position and statement of operations. This basis of accounting is considered appropriate as the Organization’s financial information is included with the consolidated financial statements of the City for the Members of Council, Inhabitants and Ratepayers. These financial statements reflect the operating arrangement between the City and Tourism Hamilton Inc.

The financial statements presented herewith are required only for the Organization’s Board of Directors. As these financial statements have not been prepared for general purposes, some users may require further information.
Tourism Hamilton Inc.
Notes to the Financial Statements
December 31, 2009

3. Summary of significant accounting policies (continued)

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenues in the year in which the related expenses are made. Unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Expenditure recognition

Expenditures are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting for municipal governments and generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Financial instruments

The Organization's financial instruments consist of accounts receivable, accounts payable and accrued liabilities and amounts due from the City of Hamilton. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, or credit risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

4. Sponsorship in-kind

Donated services, which would otherwise be paid for by the Organization are recorded at fair value when provided. The value of the donations in-kind, as determined by the donors, amounted to $138,488 in 2009 (2008 - $84,850) and has been included in sponsorship in-kind and program costs in-kind for the year.

5. Funding from the City of Hamilton

Tourism Hamilton Inc., pursuant to an agreement with the City, receives funding from the City in the form of an appropriation from the City's tourism budget. The funding is at the City's sole discretion and is used for the Organization's operating and capital purposes. In 2009, $1,590,047 (2008 - $1,375,366) was received from the City.
6. Due from the City of Hamilton

Tourism Hamilton Inc.'s expenditures and revenues are paid and received through the City's bank accounts. Accounts payable, accrued liabilities, deferred revenue and accounts receivable relating to the Organization are recorded in the City's statement of financial position. At December 31, 2009, the amount due from the City is $585,655 (2008-$1,024,392).

7. Commitments and grant agreements

The Ontario Ministry of Tourism and Recreation (the Ministry) has entered into a funding agreement with Tourism Hamilton Inc. The maximum grant of $250,000 was received during fiscal 2009 and the Organization transferred funds in the amount of $297,060 from the Destination Marketing Reserve to fund program costs. Included in deferred revenue is an amount of $229,800 (2008 – $265,421) representing funding received during the year in excess of expenditures made with respect to the project.

8. Employee benefits and other obligations

The Organization provides certain employee benefits that require funding in future periods. An estimate of these liabilities for employees who are under the direct employment of Tourism Hamilton Inc. and a portion of liabilities for City employees, part of whose time is allocated to the Organization, have been recorded as liabilities.

The City of Hamilton, through which these benefits will be paid, has established reserves to provide for some of these liabilities. These financial statements include only Tourism Hamilton Inc.'s estimated obligation as a liability and as an amount due to be recovered in the future from the City. The amounts are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vacation pay liabilities</td>
<td>$5,010</td>
<td>$24,517</td>
</tr>
<tr>
<td>Retirement benefits</td>
<td>29,231</td>
<td>21,264</td>
</tr>
<tr>
<td>Long term disability</td>
<td>16,888</td>
<td>13,508</td>
</tr>
<tr>
<td>Workplace Safety and Insurance</td>
<td>72,191</td>
<td>63,892</td>
</tr>
<tr>
<td></td>
<td>$123,320</td>
<td>$123,181</td>
</tr>
</tbody>
</table>

(a) Liability for accrued vacation

The City is liable for vacation days earned by its employees as at December 31, 2009 but not taken until a later date.

(b) Liability for retirement benefits

The City provides certain health, dental and life insurance benefits between the time an employee retires under the Ontario Municipal Employees Retirement System (OMERS) or the normal retirement age and up to the age of 65 years. Tourism Hamilton Inc.'s estimated liability as at December 31, 2009 was determined by an apportionment of the City's incremental liability since December 31, 2001. The apportionment was based on the percentage that the Organization's wages and salaries comprise those of the City as a whole.
Tourism Hamilton Inc.
Notes to the Financial Statements
December 31, 2009

8. Employee benefits and other obligations (continued)

(c) Liability for long term disability

The City provides benefits in the event of total disability for a certain employee group. Tourism Hamilton Inc.'s estimated liability as at December 31, 2009 was determined by an apportionment of the City's incremental liability. The apportionment was based on the percentage that the Organization's wages and salaries comprise those of the City as a whole.

(d) Liability for workplace safety and insurance

The City is liable for compensation related to workplace injuries as stipulated by the Workplace Safety and Insurance Board (WSIB) Act. The unfunded liability, managed by the City, was determined by the WSIB to be $44,388,674 (2008 - $40,082,232). Tourism Hamilton Inc.'s estimated liability as at December 31, 2009 was determined by an apportionment of the City's incremental liability. The apportionment was based on the percentage that the Organization's wages and salaries comprise those of the City as a whole.

9. Reserve funds

The City holds two reserves for Tourism Hamilton Inc. to be used for specific purposes totaling $317,169 (2008 - $565,685). The Convention/Sports Events Reserve and the interest earned thereon have not been included in the Organization's Statement of Financial Position nor have their operations been included in the Statement of Operations.

The Destination Marketing Reserve has been included in the financial statements as the Organization has ultimate control over the reserve.

The following reserves have been set aside by Council on behalf of Tourism Hamilton Inc.

a) Convention/Sports Events Reserve

This reserve and the interest earned thereon are used primarily to attract events to the City.

The continuity of this reserve is summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>$ 95,430</td>
<td>$ 78,670</td>
</tr>
<tr>
<td>Interest earned during the year</td>
<td>3,529</td>
<td>2,954</td>
</tr>
<tr>
<td>Funds transferred in</td>
<td>570</td>
<td>13,806</td>
</tr>
<tr>
<td>Funds transferred to fund events</td>
<td>(138)</td>
<td>-</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$ 99,391</td>
<td>$ 95,430</td>
</tr>
</tbody>
</table>
Tourism Hamilton Inc.
Notes to the Financial Statements
December 31, 2009

9. Reserve funds (continued)

b) Destination Marketing Reserve

This reserve and the interest earned thereon are used primarily to launch marketing campaigns on behalf of tourism businesses in Hamilton. The reserve is financed by a destination marketing fee charged on all rooms and collected by accommodation properties.

The continuity of this reserve is summarized as follows:

\[
\begin{array}{lrr}
\text{Balance, beginning of year} & 2009 & 2008 \\
\text{Interest earned during the year} & 13,665 & 15,861 \\
\text{Funds transferred in} & 30,918 & 5,215 \\
\text{Funds transferred to program costs} & (297,060) & - \\
\text{Balance, end of year} & 217,778 & 470,255 \\
\end{array}
\]

10. Statement of cash flows

A separate statement of cash flows is not presented because information about operating activities is readily apparent from the other financial statements.

11. Budget figures

The budget figures reflected in the Statement of Operations were approved on April 24, 2009 as part of the City of Hamilton’s budget.

12. Income taxes

Section 150(1)(a) of the Income Tax Act requires all corporations to file an annual corporation income tax return even though non-profit corporations are exempt from tax under Section 149(1)(l) of the Income Tax Act.

13. Accumulated surplus

Accumulated surplus consists of:

<table>
<thead>
<tr>
<th>Reserves</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Destination marketing reserve</td>
<td>217,778</td>
<td>470,255</td>
</tr>
</tbody>
</table>


TOURISM HAMILTON

STRATEGIC PLAN REVIEW

December 2009 Update: Year Two, Quarter Four Summary

Presented at the January 21, 2010 meeting of the Board of Directors

As stated in the 2008-2010 Strategic Plan, quarterly, the Executive Director, or other individuals leading specific dimensions of the Strategic Plan, will report to the Board on the progress made, the barriers being experienced, changes that may need to be considered and the overall state of Strategic Plan’s implementation.

The following chart outlines the status of projects under each of the “Areas of Effort”. The comments section outlines any challenges or other updates for each of the areas of effort. The next quarterly strategic plan review will be provided at the April, 2010 Board meeting.
<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>Priority Ranking</th>
<th>Project Lead and Team Members</th>
<th>Tasks</th>
<th>Reporting Dates by Task</th>
<th>September 2009 Status (Q3 activities)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>AREA OF EFFORT 1: To develop and undertake a sales and marketing strategy that supports industry development that:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| 1.1 Develops an annual tourism marketing plan | A | ED and Coordinators | - draft marketing plan  
- solicit input from local industry partners  
- Executive committee reviews  
- present to Board | Q3 annually | - 2009 Plan is on-target  
- 2010 Plan developed and approved by Board at November meeting | |
| 1.2 Refines Tourism Hamilton’s brand | A | Marketing and Media Relations Coordinator | - engage new creative services company  
- review current brand strategy  
- refine and evolve the brand | -completed - Q3 and on-going | | |
| 1.3 Develops a visitors services plan | A | Visitor Services Coordinator | - Review industry best practices  
- Assess staff and volunteer requirements  
- Outline service delivery levels  
- Establish training plan | Q2/2009 | - Gateway study underway  
- spoke at Ontario Tourism Summit on visitor services panel | - need to complete in Q2/2010 in conjunction with Gateway Study |
| 1.4 Develops, implements and evaluates strategic partnership initiatives with local, regional, provincial, national and international tourism organizations. | B | ED and Coordinators | - monitor for opportunities  
- Assess opportunities and provide reports to either or both of the Executive Committee and Board  
- Assign to appropriate staff member | On-going | - DMMO/RTO discussions on-going – announced December 18, 2009 that RTOs were confirmed  
- Pan Am Games bid secured November 6, 2009 | |
### OBJECTIVES

<table>
<thead>
<tr>
<th>Priority Ranking</th>
<th>Project Lead and Team Members</th>
<th>Tasks</th>
<th>Reporting Dates by Task</th>
<th>September 2009 Status (Q3 activities)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A / B / C</td>
<td></td>
<td>or Board member where appropriate</td>
<td></td>
<td>- Participating in JPC, including co-chairing Image Committee and served on organizing committee for Bill Strickland event</td>
<td></td>
</tr>
</tbody>
</table>

### AREA OF EFFORT 2: To create an industry development initiative that:

2.1 Develops a corporate communications plan. A Marketing and Media Relations Coordinator - Outline key messages - Develop media kits - Maintain media list - Create schedule for communications (ex. Media releases) Q2/2009 - will complete in Q1/2010 – implications of RTO need to be fully known

2.2 Develops an advocacy policy and implementation plan for tourism in Hamilton. A ED and Executive Committee - Outline key issues and priorities for Tourism Hamilton and local tourism industry - Prepare background papers or briefs on each issue - Develop policy or position on issues as needed Q1/2009 - Continued meetings with MPs and MPPs - Input to downtown safety and cleanliness issue (Board issued letter to Police Services Board)

2.3 Establishes a mechanism for Tourism Hamilton to provide input / comment on A ED and Board - monitor key issues - identify tourism links and opportunities - participate in Q1-Q2/2008 and on-going - providing input to Confederation Park masterplan; Economic Development
<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>Priority Ranking</th>
<th>Project Lead and Team Members</th>
<th>Tasks</th>
<th>Reporting Dates by Task</th>
<th>September 2009 Status (Q3 activities)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>major initiatives within the community that could impact the future development and success of tourism.</td>
<td>A / B / C</td>
<td></td>
<td>relevant committees - provide comment papers; briefs</td>
<td></td>
<td></td>
<td>Strategy</td>
</tr>
<tr>
<td>2.4 Advocates for a greening initiative within Tourism Hamilton and promote one across the tourist industry in Hamilton.</td>
<td>A</td>
<td>Board</td>
<td>- research best practices - create green tourism plan - communicate with industry partners</td>
<td>Q1/2009 and on-going</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**AREA OF EFFORT 3:** To develop an Organizational Capacity Plan for Tourism Hamilton Inc. that:

<p>| 3.1 Reviews industry sector representation and engagement, developing strategies to enhance the active participation of all industry sectors. | A | ED and Board | - completed | completed | | |
| 3.2 Determines 'baseline' services for tourism partners. | A | ED and Coordinators and Executive Committee | - completed | completed | | |
| 3.3 Determines what Tourism Hamilton's core services will entail and their alignment with the Service Agreement with the City of Hamilton. | A | ED and Executive Committee | - Review current Service Agreement - Discuss deliverables with City Council - Update Service Agreement; discuss with | Q2/2009 | | - should be completed in combination with RTO work |</p>
<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>Priority Ranking</th>
<th>Project Lead and Team Members</th>
<th>Tasks</th>
<th>Reporting Dates by Task</th>
<th>September 2009 Status (Q3 activities)</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>A / B / C</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4</td>
<td>A</td>
<td>ED and Executive Committee</td>
<td>Board - Sign updated Agreement with City</td>
<td>Q1/2009</td>
<td>- Project to be moved to Q1, 2010 due to time constraints and RTO implications</td>
<td></td>
</tr>
<tr>
<td>Prepares a multi-year revenue generation strategy to enhance organizational financial capacities to achieve the Mission.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.5</td>
<td>A</td>
<td>ED</td>
<td>- Assess past revenue generation activities - Assess best practices - Project future revenue opportunities - Develop plan for Board's consideration</td>
<td>On-going</td>
<td>- Board approved investment in new web platform that will integrate CRM system and website (approved at November, 2009 meeting)</td>
<td></td>
</tr>
<tr>
<td>Embraces technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6</td>
<td>B</td>
<td>ED</td>
<td>- review Destination Marketing Association International's performance reporting resources - Train staff - Monitor reports - Report quarterly to Board and semi-annually to Council</td>
<td>completed</td>
<td>- stats are being recorded in CRM system for annual report purposes</td>
<td></td>
</tr>
<tr>
<td>Develops an annual performance measurement capacity to assess organizational achievement.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.7</td>
<td>B</td>
<td>Board</td>
<td>- appoint Board member (ex. Past President) to lead review - Establish</td>
<td>completed</td>
<td>- completed</td>
<td></td>
</tr>
<tr>
<td>Develops a process to review Tourism Hamilton's by-laws, policies and related</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OBJECTIVES</td>
<td>Priority Ranking</td>
<td>Project Lead and Team Members</td>
<td>Tasks</td>
<td>Reporting Dates by Task</td>
<td>September 2009 Status (Q3 activities)</td>
<td>Comments</td>
</tr>
<tr>
<td>------------</td>
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<td>-------------------------------</td>
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<td>-------------------------</td>
<td>--------------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>documents.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.8</td>
<td>B</td>
<td>ED</td>
<td>- monitor future trends for DMOs (ex. Via Future Study that DMAI publishes) - Align form after functions - Assess volunteer needs to augment staff positions</td>
<td>Q1/2010</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>