

Appendix 2.2 Annual Performance Report

Under the *Provincial Sales Tax Act*, all designated recipients, including designated recipients not subject to the renewal application requirement, must report back to the Province annually. As such, all designated recipients (or the designated recipient’s service provider), are required to complete the following Annual Performance Report as well as a Financial Report (refer to Appendix 2.1) **by April 30th of each year.**

All designated recipients are required to fill in the sections below.

Only those designated recipients that receive the three percent tax rate will be required to report out on additional metrics (as indicated below).

A description/instructions pertaining to each performance metric is provided in grey text as a guide only. Please delete the grey text and provide your response accordingly.

Designated Recipient: District of Tofino **Report Completed:**30/03/2021

Designated Accommodation Area: District of Tofino **Reporting period:** Jan 1- Dec 31 – 2020

**or for first year of term, indicate accordingly*

1. Effective tourism marketing, programs and projects	
MRDT-funded tourism marketing, programs and projects maximize the potential for increased visitation and growth in tourism business activity, employment and incremental tourism revenue.	
Mandatory Metric	Designated Recipient Response
MRDT Revenue	\$1,517,523
MRDT activities, tactics, investment efforts and outcomes (as per your One-Year Tactical Plan)	See Appendix A, B, C and 2.1
Key Learnings	See Appendix A
2. Effective local-level stakeholder support and inter-community collaboration	
Designated recipients are responsible for engaging with key stakeholders, establishing local-level support, and seeking out efficiencies through collaborative activities to inform appropriate decision-making regarding investments.	
Mandatory Metric	Designated Recipient Response
Extent of Local-level Stakeholder Engagement	<ul style="list-style-type: none"> • Minimum 3 times/month notifications through 'Industry News' member blog • Member e-mails for time sensitive information • Virtual Annual General Meeting – held April 2020 • Public presentations to District of Tofino to review the annual plan and results

Stakeholder Satisfaction	<ul style="list-style-type: none"> Member survey conducted March 2020 to assess the level of awareness of Tourism Tofino’s activities and the level of satisfaction with the use of MRDT funds. Results in Appendix A. Utilized the template provided by Destination BC to create our survey questions.
Community Collaboration	Inter-Community collaboration: <ul style="list-style-type: none"> Phase 3 Restart campaign with Tourism Ucluelet and Destination BC Fishing BC sector co-op partnership Member of the BC Visitor Services Network BC DMOA Tourism Vancouver Island DMO leadership group
Mandatory Metrics	Designated Recipient Response
Community Collaboration	Stakeholder, Member and Community collaboration: <ul style="list-style-type: none"> Mayor’s COVID-19 Task Force Tofino-Long Beach Chamber of Commerce COVID-19 co-ordination Social media program linked to most of our 200 tourism business members Planning and messaging alignment with the Tourism Master Plan, industry and community goals
3. Marketing Efforts Are Coordinated and complementary to provincial marketing strategies and tactics: Designated recipients are responsible for ensuring their marketing efforts complement and do not duplicate those of Destination British Columbia to avoid overlap at the community level and dilution of BC’s marketing message in key domestic and international markets.	
Mandatory Metric	Designated Recipient Response
Provincial Alignment	<ul style="list-style-type: none"> Utilized Destination BC’s visitor-facing messaging throughout pandemic to distribute consistent visitor-facing information and abide by provincial health orders and advisories Participate on Tourism Vancouver Island’s DMO leadership group Liaise with TVI and DBC about participation in programs, we have particular interest in the social media and content activities Attended TIABC conferences (pre-pandemic) Tourism Tofino is a member of the British Columbia Destination Marketing Organization Association (BCDMOA) and regularly meets with DMOs from throughout BC We actively share content and assets with TVI, DBC, DC and members
Coordinated with Destination British Columbia on Travel Media and Travel Trade Activities	<ul style="list-style-type: none"> Although there was very little activity in both these areas in 2020, Tourism Tofino normally works closely with both TVI and DBC on media relations and travel trade activities. We regularly partner on itinerary and hosting co-ordination. We do not generate any of our own travel trade leads and so do not have any outcomes to report, however we support travel trade FAMs. Travel media outcomes and outputs are included in Appendix A and B.

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4. Fiscal prudence and accountability

All designated recipients must be accountable, transparent, and make fiscally prudent investments in community tourism marketing.

Mandatory Metric	Designated Recipient Response
Effective Financial Management	<ul style="list-style-type: none"> See Appendix 2.1 and our 2020 Audited Financial
Streamlined Administrative Costs	<ul style="list-style-type: none"> See Appendix 2.1
Leveraging of Other Marketing Funds	<ul style="list-style-type: none"> Tourism Tofino participated in the Fishing BC sector co-op program in 2020. It did not participate in any open-pool co-op programs

By signing this form, you certify the accuracy and completeness of the information provided above.

Designated Recipient's Authorized Signing Authority Name	Designated Recipient's Authorized Signing Authority Title
Date	Designated Recipient's Authorized Signing Authority Signature

Appendix A

Section 1: MRDT activities, tactics, outcomes, key learnings

2020 One-Year Tactical Plan Report							
Major Category	2019-2022 Goals	2020 Strategies	Tactics	2020 Objectives	2020 Results (Outputs & Outcomes)	Timeline/Audience	Key Learnings
Governance & Corporate Responsibility	Financial stability and transparency	1		make reports, plans, society documentation and current industry statistics available to members on tourismtofino.com	data dissemination	complete	<p>Timing: Jan - Dec Audience: Local (members, District of Tofino, community)</p> <p>Accurate data is required to inform planning and activities of all tourism organizations, businesses and District of Tofino. Having our documentation available has also been useful for fielding inquiries and to educate local residents of our work.</p> <p>member communication increased due to distribution of COVID-19 information</p> <p>We experienced a significant decline from 2019 when this ranking was 72%; 30% of respondents were neither satisfied nor dissatisfied compared to 13% in 2019; 16% extremely dissatisfied or dissatisfied compared to 15% in 2019. More planning consultation and direct communication with members about our annual tactical plans, goals, strategies, objectives and results is required.</p>
	Operational excellence						
	Engaged Board of Directors	2	create member advertising opportunities	see 'Marketing - Non-peak, mid-week experience development' section within marketing for tactics	see Marketing section	see Marketing section	
		3	grow retail sales	see 'Visitor Services' section for tactics	see Visitor Services section	see Visitor Services section	
		4	utilize Canada accounting standards	conduct full audit	clean audit	clean audit achieved	
		5	annual report to members at AGM	review activities, results and financial statements with members at AGM	20% voting members attending	16% of voting members attended via Zoom	
		6	maintain member communication platform	produce regular posts with information of value to members	30 posts 40% open rate	67 94% delivered; open rate unavailable	
		7	annual member survey	conduct annually as per MRDT annual report requirements	35% members completed 70% satisfaction rate with MRDT spending 90% members value TT as important	46% 54% 76%	
	8	organized and productive Board	continue to support Board development	number of nominees	9 nominees for 6 positions		
Marketing	Increase overnight visitation during the spring, fall and winter	1	infuse consistent brand positioning throughout all initiatives	Paid Advertising: develop and implement integrated digital advertising, social media, content, and paid and organic search strategy	2% Mar - Jun resort occupancy Jul - Aug resort occupancy stable	-53% -15.8%	<p>Timing: Jan - Dec Audience: BC, except for Jan/Feb which included AB, WA</p> <p>Pandemic Impacts: 12 month average resort occupancy was 46%, down from 70% in 2019 and below 2012 resort occupancy rate of 56%. <i>Statistic source: STR Ltd.</i></p>
	Protect current levels of summer business	2	utilize targeted methods to inspire new and return visitors, and generate brand advocacy	primary geographic markets as determined by short-haul drive, non-stop air routing and audiences that align with brand framework and community values	2% Sept - Nov resort occupancy 1.3% Dec 2019 - Feb 2020 resort occupancy increase	-1.7% -0.02%	
		3	develop meetings sector co-op marketing program	intensify focus on increasing Mar-June; Oct-Nov business ensure high visibility of wildlife and water-based excursions		Mar - June delayed; Oct - Dec development started complete	
		4	facilitate the development of non-peak, mid-week experiences including adult learning	leverage Pacific Coastal network promote to RV sector and RV rental companies		delayed destination update provided	
		5	work with industry partners (TVI, DBC, DC) to expand reach and increase exposure	increase exposure for arts and culture within destination brand digital advertising promoting adult learning experiences leverage partner relationships for increased reach with focus on spring/fall travel on-line travel guide content updated and controlled		increased # of arts/culture posts and included in paid advertising delayed participated in DBC co-op recovery advertising programs on-going	

Major Category	2019-2022 Goals	2020 Strategies	Tactics	2020 Objectives	2020 Results (Outputs & Outcomes)	Timeline/Audience	Key Learnings	
			Social media marketing:					
			increase followers and engagement	15% increase in social media followers & engagement for each of Instagram and FaceBook	IG: followers +11.5% IG: engagement -17.4% FB: followers + 6.2% FB: engagement +114.4%	Timing: Jan - Dec Audience: BC, except for Jan/Feb which included AB, WA	Our social media channels performed well as followers were keen to see and engage with Tofino. We maintained destination exposure to keep Tofino top-of-mind and inspire travel when it was allowed	
			cultivate content with brand ambassadors and niche experts		cancelled		Activities were cancelled due to travel restrictions and lost operating revenue.	
			increase amplification by partners		not measured		amplified partner stories about resilience and innovation	
			integrate content into the website		ongoing - user generated content refreshed on website		Maintained current content and COVID-19 travel content	
			Media Relations (earned advertising):					
			identify, pitch and host travel media that align with target markets/experiences	35 journalists hosted	7	Timing: Jan - Dec Audience: BC journalists/bloggers/influencers, except for Jan/Feb which included AB, WA	One journalist was responsible for 69 placements through syndicated Canadian newspapers.	
				55 placements	89			
			augment media targeting with sales events		delayed to 2021			
			collaborate with TVI, DBC, DC and members on media hosting		ongoing			
			Website:					
			website design and functionality improvements	10% increased users	24% increase in users	Timing: Jan - Dec Audience: all users	COVID-19 travel information was prominently displayed on our site and followed DBC protocols and recommended messaging. We provided current information to travellers on "what's open".	
			ongoing content updates and enhancements		Travelling during COVID-19 info kept current			
			Collateral Production and Distribution:					
			Discovery guide distribution		complete	Timing: Jan - Dec Audience: in-market visitors primarily		
			Non-peak, mid-week experience development:					
			build meetings co-op program and advertising	8 members participate	delayed to 2021	Timing: Jan - Apr Audience: meeting planners	All sales and marketing activities to meeting planners were cancelled and delayed to 2021.	
			Festivals/Events:					
			provide marketing grants to festivals fulfilling application requirements	100% of grant funds distributed	discontinued for 2020	Timing: May - Oct Audience: BC, AB, WA	Festivals and events were cancelled in 2020 and funding was not available.	
Visitor Services	Increase visitor spending, longer stays and repeat visits	1	improve VC staff retention year over year	outreach with local students, seniors, First Nations	70% local staff	67% local (4 of 6)	Timing: Jan - Dec Audience: In-market visitors	VS Councillors had to become highly skilled with fielding COVID-19 travel inquiries, very quickly
		2	increase product knowledge training	increase member FAMs	20 member FAMs	10		COVID impacted our FAM schedule
		3	grow retail sales to support Visitor Centre operations	refine visitor centre retail program using branded merchandise and local artisan products	15% revenue increase	98.4%		2020 was first full year of Visitor Centre operations and larger retail offerings.
		4	activate and program Visitor Centre	special events, displays, artisans	15% increase in visitors	-49.1%		3 month closure, fewer summer visitors resulted in lower user numbers; number of visitor inquiries increased dramatically due to the complexities of travelling during pandemic. Visitor inquiries were up by 122.2% over 2019. Visitor Councillors had to be armed with accurate information in an environment where this was changing quickly. They demonstrated just how important Visitor Services is to our destination as they provided a critical service for visitors and supported local businesses by handling their inquiries and communicating their status to inquiring visitors.
		5	use mobile & social media visitor outreach	activate ChesterVan on-site and at events; proactive social media inquiry servicing and community engagement		cancelled		

Major Category	2019-2022 Goals	2020 Strategies	Tactics	2020 Objectives	2020 Results (Outputs & Outcomes)	Timeline/Audience	Key Learnings		
Destination & Visitor Experience Management	Build knowledge with seasonal staff and visitors about local values and expected behaviours	1	PROGRAM: sponsor the Tofino Ambassador Program	support with funding	program operating in 2020	complete	The Tofino Ambassador Program was conducted online in 2020 and received strong uptake. The other tactics were delayed or cancelled.		
		2	PROJECT: build and provide easy-to-use seasonal staff on-boarding tools	work with members to create video tools	40% of members using	delayed due to loss of funding and access to filming. Video completed March 2021			
		3	PROJECT: educate visitors on destination values, behaviours and Tofino regulations including water restrictions	>Welcome brochure and Tips/regulations flat sheet; Every Drop of Water Counts	40% of accommodation members using	not measured - distributed to members		Timing: Apr Audience: members, visitors	
				Create welcome video for accommodations to utilize with bookings - what to expect, local values, regulations, behaviours		delayed due to loss of funding and access to filming. Video completed February 2021			
	4	PROJECT: enhance destination knowledge with Visitor Centre users	develop interpretive touchscreens that showcase local culture, history, geography, environment, activities (dependent on funding approval)		cancelled - grant unavailable	Timing: Aug Audience: visitors			
	Support experience enhancement and development	5	PROGRAM: support festivals, events, and arts and cultural product development in partnership with DoT	provide funding for capacity building, development and administration (pay 1/3 of District staff salary to carry out this strategy)	successful events, as determined by events; arts/culture new product development	festivals and events cancelled; funding for the District of Tofino Culture and Events Programmer staff position continued (1/3 of salary and benefits)		Timing: Jan - Dec Audience: festivals/events/artists	50% of our event marketing grant funds was distributed and events used these funds to run virtual events, bolster social and assets, and improve websites in preparation for when events return.
		6	PROGRAM: support shuttle bus service	provide funding for shuttle bus branding, bus stop signs, schedule creative development, communication and local advertising	visible and well used service	shuttle cancelled for 2020		Timing: Jun - Sep Audience: visitors	
Be an informed tourism community	7	conduct tourism research to inform decision-making and communicate the value of tourism	collect and disseminate industry research to members and communicate the value of tourism	informed industry	ongoing - occupancy polls conducted and final statistics distributed to aid businesses, community and District with uncertainties of summer travel	Timing: Jan - Dec Audience: members, community			
Collaboration & Strategic Alliances	Collaborate and co-ordinate tourism development and management with DoT and members	1	participate in Tourism Master Plan, CEDAC, and other tourism related initiatives	as needed	n/a	ongoing	Timing: Jan - Dec Audience: members, community	The pandemic amplified the importance of collaboration. No one organization could handle the volume of issues and communication requirements needed. Roles were loosely defined so that communication with visitors/potential visitors, businesses and the community at large was conducted in as co-ordinated a fashion as possible. Everyone had to pivot and apply a great deal of their human resources to this task from mid-March - July and again Nov - Dec. During July - Oct our team continued to respond to thousands of travel inquiries and travel issues as a result of the pandemic. Additionally, as issues arose with disrespectful travellers, we utilized our channels to reinforce expectations for responsible travel. Tourism Tofino relied on Destination BC for its messaging and is very appreciative that Destination BC led this effort and provided so much support to the CDMO's throughout BC.	
		2	engage on issues and requests for	as needed	n/a				
		3	work together for greatest positive results	share content and tactics	n/a	ongoing			
	Support TIABC, Chamber of Commerce on tourism advocacy issues								
	Share and align with TVI, DBC, DC								

Appendix B:

Section 1: MRDT Outputs

Tourism Tofino 2020 Performance Output Measures	
	2020 Year End
Earned Media	
Journalists hosted: Tourism Tofino generated	7
Journalists hosted: Partner generated (DC, DC, members) and TT supported	11
Assists: fact checks, images provided, updates	36
Placements: Tourism Tofino Generated	89
Reach: Tourism Tofino generated	6,496,872
Equivalent Advertising Value: Tourism Tofino Generated	\$ 109,225
Advertising & Promotion	
Total investment (media buy)	\$ 174,365
Advertising impressions	27,348,998
Website	
Users	591,421
Sessions (visits)	744,571
Number page views	2,003,066
# Organic search	313,677
# Paid search (Google Adword grant)	46,350
% Other	
Direct	8.6%
Referral	3.7%
Social	27.5%
Display	1.3%
Other	0.0%
Engagement	
Instagram followers	91,009
Instagram likes/comments/shares	283,723
Facebook followers	34,789
Facebook likes/comments/shares	134,197
Twitter followers	12,712
Visitor Services	
# visitors - Visitor Centre	29,614
Inquiries (phone, e-mail, social media)	8,827
Retail Revenue	\$ 85,411
MRDT Revenue	
MRDT Revenue 2%	\$ 974,688
MRDT Revenue 0.8%	\$ 389,883
Total MRDT	\$ 1,364,571

Appendix C

Section 1: Spending by Market (media buy only)

Spend by Market							
Geographic Market	Total Media Budget by Market	% of Total \$ by Market	% of Total \$ for (Jan-Mar) season	% of Total \$ for (Apr-June) season	% of Total \$ for (July-Sept) season	% of Total for (Oct-Dec) season	% Total
BC	\$ 144,072	82.6%	15.0%	0.0%	10.0%	70.0%	95.0%
AB	\$ 22,345	12.8%	5.0%	0.0%	0.0%	0.0%	5.0%
WA	\$ 7,948	4.6%					
General US/Int'l	\$ -		0.0%	0.0%	0.0%	0.0%	0.0%
Total	\$ 174,365	100.0%					100.0%

Appendix 2.1 Financial Report

Under the *Provincial Sales Tax Act*, all designated recipients, including designated recipients not subject to the renewal application requirement, must report back to the Province annually in the form of a Financial Report **by May 31 of each year (changed to June 30 for 2020 reports)**.

The Financial Report must show how all of the money received from the tax was spent and certify that all of the money received from the tax was used solely for approved purposes. The Financial Report must show that spending of money received from the tax was consistent with the Five-Year Strategic Business Plan. The Financial Report must also show the amounts, sources, and uses of all other tourism revenues.

Please do not add lines or customize this template as the data has to be consistently consolidated across all 60+ designated accommodation areas. Please use the "Other" sections to describe any significant items not listed.

Designated Recipient:	District of Tofino
Designated Accommodation Area:	District of Tofino
Date Prepared:	30-Mar-21
MRDT Repeal Date (if applicable):	1-Jun-22
Total MRDT Funds Received:	\$1,517,523
Year Ending:	31-Dec-20

Section 1: MRDT Budget Variance Report

Designated recipients must complete the table as provided below. Refer to Appendix 2.3 for further expense line item

Revenues (MRDT and Non MRDT)	Budget \$	Actual \$	Variance
Starting Carry Forward (All Net Assets Restricted and Unrestricted)			
General MRDT (net of admin fees)	\$ 1,712,140.00	\$ 1,364,572.00	\$ 347,568.00
MRDT from online accommodation platforms (OAP)	\$ 265,000.00	\$ 152,951.00	\$ 112,049.00
Local government contribution	\$ -	\$ -	\$ -
Stakeholder contributions (i.e. membership dues)	\$ -	\$ -	\$ -
Co-op funds received (e.g. CTO; DMO-led projects)	\$ 4,500.00	\$ 10,219.00	-\$ 5,719.00
Grants - Federal	\$ 10,000.00	\$ 12,264.00	-\$ 2,264.00
Grants - Provincial	\$ 25,000.00	\$ 366,000.00	-\$ 341,000.00
Grants/Fee for Service - Municipal	\$ -	\$ 10,232.00	-\$ 10,232.00
Retail Sales	\$ 73,000.00	\$ 85,410.00	-\$ 12,410.00
Interest	\$ 720.00	\$ 361.00	\$ 359.00
Other (please describe) Tourism Vancouver Island grant, PPE grant, PST commision, rent recovery	\$ 6,898.00	\$ 8,661.00	-\$ 1,763.00
Total Revenues	\$ 2,097,258.00	\$ 2,010,670.00	\$ 86,588.00
Expenses MRDT and Non-MRDT	Budget \$	Actual \$	Variance
Marketing			
Marketing staff – wage and benefits	\$ 226,199.00	\$ 161,599.00	-\$ 64,600.00
Media advertising and production	\$ 359,192.00	\$ 304,296.00	-\$ 54,896.00
Website - hosting, development, maintenance	\$ 16,950.00	\$ 12,722.00	-\$ 4,228.00
Social media (included in media advertising and production)	\$ -	\$ -	\$ -
Consumer shows and events	\$ -	\$ -	\$ -
Collateral production and distribution	\$ 3,200.00	\$ 1,241.00	-\$ 1,959.00
Travel media relations	\$ 32,300.00	\$ 9,873.00	-\$ 22,427.00
Travel trade	\$ 1,000.00	\$ -	-\$ 1,000.00
Consumer focused asset development (imagery, written content, video)	\$ 9,500.00	\$ 9,280.00	-\$ 220.00
Other (please describe) Industry meetings, promo items, communication, training and professional development	\$ 7,800.00	\$ 4,235.00	-\$ 3,565.00
Subtotal	\$ 656,141.00	\$ 503,246.00	-\$ 152,895.00
Destination & Product Experience Management			
Destination and Product Experience Management Staff – wage and benefits	\$ 33,725.00	\$ 39,871.00	\$ 6,146.00
Industry development and training	\$ 3,040.00	\$ -	-\$ 3,040.00
Product experience enhancement and training	\$ 42,000.00	\$ 28,300.00	-\$ 13,700.00
Research and evaluation	\$ 6,597.00	\$ 6,516.00	-\$ 81.00
Other (please describe)	\$ -	\$ -	\$ -
Subtotal	\$ 85,362.00	\$ 74,687.00	-\$ 10,675.00
Visitor Services			
Visitor Services - wage and benefits	\$ 185,344.00	\$ 158,450.00	-\$ 26,894.00

Visitor Services operating expenses	\$ 172,805.00	\$ 158,551.00	-\$ 14,254.00
Other (please describe) staff recruiting, advertising, promotional items	\$ 3,650.00	\$ 1,813.00	-\$ 1,837.00
Subtotal	\$ 361,799.00	\$ 318,814.00	-\$ 42,985.00
Meetings and Conventions			
Staff - wage and benefits	\$ -	\$ -	
Meetings, conventions, conferences, events, sport, etc.	\$ -	\$ -	
Subtotal	\$ -	\$ -	\$ -
Administration			
Management and staff unrelated to program implementation - wages and benefits	\$ 85,127.00	\$ 74,253.00	-\$ 10,874.00
Finance staff – wages and benefits	\$ 43,302.00	\$ 44,485.00	\$ 1,183.00
Human Resources staff – wages and benefits	\$ -	\$ -	\$ -
Board of Directors costs	\$ 5,000.00	\$ 1,310.00	-\$ 3,690.00
Information technology costs – workstation related costs (i.e. computers, telephone, support, networks)	\$ 27,144.00	\$ 25,753.00	-\$ 1,391.00
Office lease/rent	\$ 8,680.00	\$ 19,373.00	\$ 10,693.00
General office expenses	\$ 70,523.00	\$ 82,159.00	\$ 11,636.00
Subtotal	\$ 239,776.00	\$ 247,333.00	\$ 7,557.00
Affordable Housing (if applicable)			
Funded by OAP Revenue	\$ 265,000.00	\$ 152,951.00	-\$ 112,049.00
Funded by General MRDT Revenues (if applicable)	\$ -	\$ -	\$ -
Subtotal	\$ 265,000.00	\$ 152,951.00	-\$ 112,049.00
Other			
All other wages and benefits not included above			
Other activities not included above (please describe) Visitor Centre Capital Project - financed with 0.8% MRDT	\$ 489,182.00	\$ 389,883.00	-\$ 99,299.00
Subtotal	\$ 489,182.00	\$ 389,883.00	-\$ 99,299.00
Total Expenses	\$ 2,097,260.00	\$ 1,686,914.00	-\$ 410,346.00
Ending Carry Forward (All Net Assets - Restricted and Unrestricted)	-\$ 2.00	\$ 323,756.00	\$ 496,934.00

By signing this form, you certify that the above information is an accurate representation of the actual tourism related expenditures for the jurisdiction defined under the terms of the Municipal and Regional District Tax. **Form MUST be signed by the Designated Recipient, not the service provider.**

Designated Recipient's Authorized Signing Authority Name

Designated Recipient's Authorized Signing Authority Title

Date

Designated Recipient's Authorized Signing Authority Signature



TOFINO DESTINATION MANAGEMENT ASSOCIATION

**Financial Statements
December 31, 2020**

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF TOFINO DESTINATION MANAGEMENT ASSOCIATION

Opinion

We have audited the financial statements of Tofino Destination Management Association (the "Society"), which comprise:

- the statement of financial position as at December 31, 2020;
- the statement of operations for the year then ended;
- the statement of changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2020, and its results of 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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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. We also:

- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the BC *Societies Act*, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Smythe LLP



Chartered Professional Accountants

Vancouver, British Columbia
March 9, 2021

TOFINO DESTINATION MANAGEMENT ASSOCIATION
Statement of Financial Position
December 31, 2020

	2020	2019
Assets (note 4)		
Current		
Cash	\$ 721,136	\$ 419,979
Accounts receivable (note 5)	138,341	107,573
GST receivable	55,964	59,824
Prepays and deposits	9,762	17,737
Inventory (note 6)	34,118	31,554
	959,321	636,667
Restricted cash (note 7)	132,005	131,645
New visitors centre (note 8)	1,987,835	2,076,754
Property and equipment (note 9)	42,155	62,623
	\$ 3,121,316	\$ 2,907,689
Liabilities		
Current		
Accounts payable and accrued liabilities (note 4)	\$ 73,604	\$ 198,609
Loan payable (note 4)	750,000	1,125,000
	823,604	1,323,609
MRDT deferred for new visitors centre (note 10)	156,828	186,843
Deferred capital contributions (note 10)	1,279,384	951,753
	2,259,816	2,462,205
Net Assets		
Operating fund	728,890	251,216
Invested in property and equipment	605	62,623
Internally restricted operating contingency fund	101,923	101,645
Internally restricted building maintenance fund	30,082	30,000
	861,500	445,484
	\$ 3,121,316	\$ 2,907,689

Approved by the Board:

 Director
 Director

See notes to financial statements

TOFINO DESTINATION MANAGEMENT ASSOCIATION
Statement of Operations
Year Ended December 31, 2020

	2020	2019
Revenues		
Municipal and Regional District Tax	\$ 1,066,948	\$ 1,305,230
Provincial and federal government grants	379,264	43,282
Retail sales (note 6)	85,410	80,903
Other	28,113	4,303
Interest	361	1,293
Advertising	-	2,000
	1,560,096	1,437,011
Expenses		
Wages and benefits (note 11)	373,591	481,676
Advertising, promotion and programs	364,299	493,277
General and administrative	81,386	111,241
Professional fees	53,105	79,127
Retail cost of goods sold (note 6)	39,861	41,961
Loan interest	38,954	28,980
Repairs and maintenance	26,626	16,907
Rent	25,056	17,434
Research	9,966	12,815
Bank and interest charges	8,439	6,201
Training and development	7,473	22,110
Amortization on new visitors centre	94,856	48,065
Amortization on property and equipment	20,468	26,808
	1,144,080	1,386,602
Excess of revenues over expenses for year	\$ 416,016	\$ 50,409

TOFINO DESTINATION MANAGEMENT ASSOCIATION

Statement of Changes in Net Assets

Year Ended December 31, 2020

	Operating Fund	Invested in Property and Equipment	Operating Contingency Fund	Internally Restricted Building Maintenance Fund	Total 2020	Total 2019
Balance, beginning of year	\$ 251,216	\$ 62,623	\$ 101,645	\$ 30,000	\$ 445,484	\$ 395,075
Excess of revenues over expenses	415,656	-	278	82	416,016	50,409
Construction of new visitors centre	(5,936)	5,936	-	-	-	-
Utilization of MRDT deferred for new visitors centre	380,936	(380,936)	-	-	-	-
Repayment of loan payable	(375,000)	375,000	-	-	-	-
Amortization of property and equipment	20,468	(20,468)	-	-	-	-
Amortization of new visitors centre	94,856	(94,856)	-	-	-	-
Amortization of MRDT deferred for new visitors centre	(53,306)	53,306	-	-	-	-
Balance, end of year	\$ 728,890	\$ 605	\$ 101,923	\$ 30,082	\$ 861,500	\$ 445,484

See notes to financial statements

TOFINO DESTINATION MANAGEMENT ASSOCIATION
Statement of Cash Flows
Year Ended December 31, 2020

	2020	2019
Operating activities		
Excess of revenues over expenses	\$ 416,016	\$ 50,409
Items not involving cash		
Amortization on new visitors centre	94,856	48,065
Amortization on property and equipment	20,468	26,808
	531,340	125,282
Changes in non-cash working capital		
Accounts receivable	(30,768)	2,817
GST receivable	3,860	6,021
Prepays and deposits	7,975	3,891
Inventory	(2,564)	(23,871)
Accounts payable and accrued liabilities	(125,006)	(132,188)
	(146,503)	(143,330)
Cash provided by (used in) operating activities	384,837	(18,048)
Investing activities		
Increase in restricted cash	(360)	(30,736)
Construction of new visitors centre	(5,936)	(1,552,501)
Purchase of property and equipment	-	(28,034)
Increase (decrease) in MRDT deferred revenue for new visitors centre	(30,015)	34,783
Increase in deferred capital contributions	327,631	379,447
Cash provided by (used in) investing activities	291,320	(1,197,041)
Financing activities		
Advance of loan payable	-	1,500,000
Repayments of loan payable	(375,000)	(375,000)
Cash provided by (used in) financing activities	(375,000)	1,125,000
Inflow (outflow) of cash	301,157	(90,089)
Cash, beginning of year	419,979	510,068
Cash, end of year	\$ 721,136	\$ 419,979

See notes to financial statements

TOFINO DESTINATION MANAGEMENT ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2020

1. NATURE OF OPERATIONS

Tofino Destination Management Association (the "Society") is a not-for-profit organization incorporated under the *Societies Act* (British Columbia). The principal business of the Society is to market and promote and manage responsible tourism in Tofino with the goal of increasing tourism-related visitation and revenues (primarily in non-peak seasons), managing visitor information, supporting events and festivals and conducting destination management initiatives that enhance the visitor experience.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Society were prepared in accordance with Canadian generally accepted accounting principles using Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

(a) Net assets

The Association internally segregates its net assets into the following funds:

- (i) Operating fund – Contains the operating costs related to the Society.
- (ii) Invested in property and equipment – Contains the Society's property and equipment and incurs the expenses related to amortization.
- (iii) Internally restricted operating contingency fund – Contains internally restricted funds allocated to the continuation of the Society in the event of an unexpected reduction in revenues.
- (iv) Internally restricted building maintenance fund - Contains internally restricted funds allocated to the repairs and maintenance of the new visitors centre.

(b) Inventory

Inventories are measured at the lower of cost and net realizable value, with cost being determined using the first-in first-out method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

(c) Amortization

Purchased property and equipment and new visitors centre are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if the fair value can be reasonably determined.

Amortization is provided using the following methods at rates intended to amortize the cost of the assets over their useful lives.

New visitors centre	25 years straight-line
Furniture and equipment	20% declining balance
Vehicle	5 years straight-line
Computer equipment	55% declining balance

TOFINO DESTINATION MANAGEMENT ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES — continued

(d) Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived assets exceeds its fair value.

(e) Revenue recognition

The Society follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Society recognizes funds from the District of Tofino (the "District") for the Municipal and Regional District Tax ("MRDT") in the year the District recognizes it as revenue from the provincial government. As a result there is a delay between the collection from the local resorts and recognition of revenue.

Grant income is recognized as revenue when received and grant conditions have been fulfilled.

Revenues with external restrictions are recognized as revenue in the year in which the related expenses are incurred.

Contributions for capital are deferred until the assets are purchased and are then amortized on the same basis as the assets.

Revenues from the sale of goods and services are recognized when the service has been provided or at the point of sale.

(f) Income taxes

The Society is a not-for-profit organization and is exempt from the income tax pursuant to section 149(1)(l) of the *Income Tax Act* (Canada).

(g) Accounting estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the recoverability of accounts receivable, valuation of inventory, useful life of the new visitors centre and the balance of the related obligations', useful lives of property and equipment and the balance of accrued liabilities. While management believes these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

TOFINO DESTINATION MANAGEMENT ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES — continued

(h) Contributions

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Society's operations and would otherwise have been purchased.

(i) Government assistance

Government assistance for wages and salary received as a result of the Government of Canada COVID response program is included as a reduction in wage and salaries expense in the corresponding period.

(j) Financial instruments

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include unrestricted and internally restricted cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and loan payable.

The Society has not designated any financial asset or financial liability to be measured at fair value.

3. FINANCIAL INSTRUMENTS

(a) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities.

The Society is exposed to this risk mainly in respect of its accounts payable and loan payable. Cash flow from operations provides a substantial portion of the Society's cash requirements. Additional cash requirements are met with the use of the available operating line of credit.

TOFINO DESTINATION MANAGEMENT ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2020

3. FINANCIAL INSTRUMENTS — continued

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Society is exposed to credit risk with respect to its unrestricted and internally restricted cash and accounts receivable. Credit risk related to cash and restricted cash is mitigated as the amounts are held with major Canadian financial institutions. Credit risk related to accounts receivable is mitigated as the Society enters into credit agreements with credit worthy counterparts including the District.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Interest rate risk consists of two components:

- (i) To the extent that the prevailing market interest rates differ from the interest rates on the Society's monetary assets and liabilities, the Society is not exposed to interest rate price risk.
- (ii) To the extent that payments made or received on the Society's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Society is exposed to interest rate cash flow risk.

The Society is exposed to interest rate cash flow risk on its variable rate loan payable and overdraft facility which is subject to a floating interest rate linked to the lenders prime rate.

4. CREDIT FACILITIES

The Society has an available non-revolving term construction loan of \$1,500,000 (2019 - \$1,500,000) bearing interest at the bank's prime plus 0.87% (2019 - prime plus 0.87%) per annum with monthly payments of \$75,000 (2019 - \$75,000) plus interest, due December 31, 2022 and an operating line of credit of \$200,000 (2019 - \$200,000) bearing interest at the bank's prime plus 1.25% (2019 - prime plus 1.25%) per annum. The aggregate funds drawn on the above facilities shall not exceed \$1,500,000. The facilities are secured by a general security agreement over the assets of the Society. As at December 31, 2020, the Society has drawn \$750,000 (2019 - \$1,125,000) on the non-revolving term construction loan and \$nil (2019 - \$nil) on the operating line of credit.

The Society also has a Visa credit card authorized to \$30,000 (2019 - \$30,000). As at December 31, 2019 the Society has drawn \$7,246 (2019 - \$8,036). This balance is included in accounts payable and accrued liabilities.

5. ACCOUNTS RECEIVABLE

Included in accounts receivable are MRDT grants receivable of \$138,096 (2019 - \$107,443) and trade accounts receivable of \$245 (2019 - \$130).

TOFINO DESTINATION MANAGEMENT ASSOCIATION

Notes to Financial Statements

Year Ended December 31, 2020

6. INVENTORY

During the year, \$39,861 (2019 - \$41,961) of inventory was recorded in expenses as retail cost of sales.

7. INTERNALLY RESTRICTED FUND

As at December 31, 2020, \$132,005 (2019 - \$131,645) of cash was restricted by the Board. Of that balance, \$102,005 (2019 - \$101,645) was restricted for the purpose of an operating contingency and \$30,000 (2019 - \$30,000) was restricted for the purpose of a building maintenance fund.

The internally restricted building maintenance fund will not include any MRDT funds.

8. NEW VISITORS CENTRE

	2020			2019	
	Cost	Accumulated amortization	Net	Net	
New visitors centre	\$ 2,130,755	\$ 142,920	\$ 1,987,835	\$ 2,076,754	

9. PROPERTY AND EQUIPMENT

	2020			2019	
	Cost	Accumulated amortization	Net	Net	
Furniture and equipment	\$ 38,914	\$ 15,663	\$ 23,251	\$ 29,064	
Vehicle	38,026	25,218	12,808	20,013	
Computer equipment	37,950	31,854	6,096	13,546	
	\$ 114,890	\$ 72,735	\$ 42,155	\$ 62,623	

TOFINO DESTINATION MANAGEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

10. MRDT DEFERRED FOR NEW VISITOR CENTRE

The deferred capital contribution consists of 0.8% of the total MRDT revenues that is restricted for the purpose of paying the principal and interest on the loan to build the new visitor centre in Tofino.

The total MRDT revenue was \$1,279,384 (2019 - \$951,753) which was used for the construction of the new visitor centre, completed in the previous year. The amount was transferred to deferred capital contributions. The amount is being recognized as revenue at the same rate as the new visitor centre is being amortized.

*Of the 3% MRDT collected from the guests of fixed roof accommodations, the Society receives 2.8% and the Province of BC retains 0.2% to fund the provincial Tourism Events Program. MRDT generated by online accommodation platforms, such as Airbnb, flows to the District of Tofino for affordable housing initiatives and is not included in these financial statements.

11. GOVERNMENT ASSISTANCE

Government assistance received as a result of the Government of Canada COVID response program of \$91,705 (2019 - \$nil) is included as a reduction of wage and salaries expense.

12. COMMITMENT

In 2019, the Society entered into a 25-year land lease with the District beginning June 1, 2019 ending on May 30, 2044. The annual rents in the first year was \$20,000 and is adjusted in subsequent years by the previous year's rent of \$25,056 multiplied by 1.4, the cumulative increase in Core Consumer Price Index of the previous 12 months.

Annual rent in subsequent years may be reduced proportionately should the Society request the leased area be reduced and District of Tofino agrees to the reduction. The Society can request the reduction once the site has been operational for 24 months.

13. ECONOMIC DEPENDENCE

The Society is economically dependent on the MRDT revenue received from the provincial government. The Society receives 69.20% (2019 - 90.8%) of its total operating revenues and 100% (2019 - 100%) of the MRDT deferred for the new visitor centre from the MRDT revenue.

14. DESTINATION MARKETING AND TOURISM DEVELOPMENT AGREEMENT WITH THE DISTRICT OF TOFINO

An agreement was signed May 15, 2017 with the District requiring the District to forward the hotel room tax (MRDT) funds collected from June 1, 2017 up to and including May 31, 2022 to the Society. In return, the Society will provide tourism marketing, programs and projects on behalf of the District. Under the terms of the Agreement, the Society is to expend all of the funds by May 31, 2022. Any funds unspent at that time will be remitted to the District, except in the event the Agreement is renewed.

TOFINO DESTINATION MANAGEMENT ASSOCIATION
Notes to Financial Statements
Year Ended December 31, 2020

15. SALARIES, HONORARIA AND BENEFITS

The *Societies Act* (British Columbia) requires certain information to be reported with regards to remuneration of employees, contractors and directors.

During the year, the Society had one employee earning more than \$75,000 for a total of approximately \$120,000 (2019 - \$120,000). The Society does not provide remuneration to its Board of Directors.