



2015 Year in Review

BERMUDA
TOURISM AUTHORITY

At the heart of the Bermuda Tourism Authority’s overall strategic effort lies one key objective – to build demand. This certainly came into focus in 2015 as the local and overseas offices worked together to build demand in a number of areas, which included off-season activities and events to build year-round visitors, adventure experiences to attract thrill seekers, creating a more vibrant beach economy for sun, sea and sand lovers, as well as partnerships and opportunities for infrastructure investment, to name but a few.

As can be seen in the highlights covered in this report, many of our initiatives have already borne fruit, which inspires us to continue on this path towards building a successful, sustainable tourism industry for Bermuda. From all of this is the ultimate demand that we are working to build – economic opportunities for Bermudians.

Contents

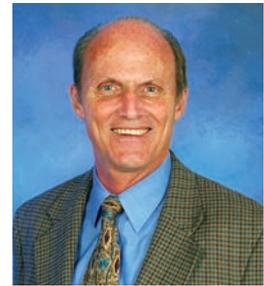
Chairman’s Letter	1
CEO’s Letter	3
Research & Business Intelligence Division	5
Product & Experience Division	8
Sales & Marketing Division	17
Investment Division	28
Operations Division	30
Management’s Responsibility Letter	42
Independent Auditor’s Report	43
Statement of Financial Position	45
Statement of Operations	46
Statement of Change in Net Financial Assets	47
Statement of Cash Flows	48
Notes to the Financial Statements	49
Corporate Information	63



Dear Stakeholder,

Sometimes I am asked to explain what the Bermuda Tourism Authority (BTA) has accomplished since its inception in April of 2014. It's a fair question. However, what the questioner is usually looking for is blockbuster statistics. It's tough to deliver those kinds of numbers because so much of our progress to date is strategic – with a payoff that comes later. After all, it's very difficult to arrest a multi-year decline in just two or three years.

The 2015 changes we executed in group travel, for example, are seismic, but it will take a while before those strategic moves actually show up in statistical reports.



An example of the time lag between group business proposals and when the group actually arrives in Bermuda.

With the time it takes to secure group travel in mind, the Board is extremely pleased with the progress the BTA team has made retraining the market's attention on the importance of group travel. In fact, this travel segment cannot be overstated. It is critically important, not only because it sells high volumes of room nights, but because it keeps employment levels high in the hotel sector. At more than 2,800 workers, the hotel sector is the single biggest employer in the tourism industry and clearly has a real impact on the lives of many Bermudians.

As 2015 came to a close, the largest hotel on the Island, Fairmont Southampton, was elated to report that, as a result of strong group travel on the books, it would not lay off any of its workers for January and February of 2016. That's a tremendous accomplishment for an industry fighting hard to stave off a seasonality challenge that sees occupancy numbers dip in the wintertime. It's also a big win for a great many Bermudian families who have rent, power and medical bills that don't stop in the tourism's shoulder season. That's why the BTA wants to break the back of seasonality and achieve full employment in the tourism industry year-round, for all stakeholders and the people they employ.

It's clear to us that without a solid foundation of group travel Bermuda tourism will not grow. That's why our Chief of Sales & Marketing, Victoria Isley, restructured the way the BTA pursues group travel and reorganised her staff of business development managers. Instead of those managers pursuing leads based on geography, as was the case before, they now pursue leads based upon areas of expertise. One person is responsible for managing each of the main group travel categories Bermuda attracts: (1) Corporate/Incentive; (2) Speciality Association, (3) Golf & Sport and (4) Social Events like destination



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weddings, family reunions or bachelorette parties. Then, when group travellers come to Bermuda, we ask them to report on the Visitors' Arrivals Card which group travel category best describes their visit. This is how we introduced another level of accountability to the performance of the business development managers. In 2015, business development managers generated \$10.6 million in business for the local tourism industry and 25,000 room nights. That's a fantastic start to a new system and we're optimistic about more impressive results in the years ahead.



When we are replicating this level of performance more frequently, we will grow our tourism industry, we will attract new hotel developments, we will see more airlift, we will create more jobs.

We also thought it was important in 2015 to go beyond the industry and educate the general public about group travel. In October, COO Karla Lacey and her Operations team rolled out the Bring It Home campaign. This campaign defines the importance of group travel to the overall local economy, particularly to local small businesses. It also empowers everyday residents to bring group business home to Bermuda, and then holds them up as community heroes when they're successful.



Ultimately, we want an army of people who love Bermuda to see their passion as an economic opportunity for the country.

In my mind, the economic opportunity that group travel presents was best exemplified in October of this year. The list of group events in that month was impressive: Young President Organisation Regional Conference, Argo Gold Cup, Round the Sound Swim, Louis Vuitton America's Cup World Series, Bermuda Tattoo, Commonwealth Parliamentary Association and the Nike Golf PGA of Canada Team Championship. Some of that activity was inspired or financially supported by the BTA and some of it was not, but all together it epitomises what a strong foundation of group travel looks like, it illustrates what success looks like. And it's no surprise that October air arrivals, hotel occupancy and tourism-related retail sales were all through the roof in that month. When we are replicating this level of performance more frequently, we will grow our tourism industry, we will attract new hotel developments, we will see more airlift, we will create more jobs.

With two years now under our belts I hope it's easier for our stakeholders to see how all the dots connect. I hope they can better understand how a sound, sustainable strategy ultimately leads to strong statistics and lasting success.

Sincerely,
David Dodwell, Chairman of the Board



Dear Stakeholder,

Despite tremendous efforts to turn around decades of tourism industry declines, growth was elusive in 2015 for the local tourism economy. However, the Bermuda Tourism Authority (BTA) and our stakeholders in the wider community are well positioned to soon see benefits for the past 18 months of hard work.

An observer of the tourism industry does not have to dig deep to find victories just below the surface of the top-line numbers. Between 2013 and 2014, vacation air arrivals fell by about 10,000 visitors. Between 2014 and 2015, the year-over-year decline was 1,500. This is a clear indication that, in the travel category the BTA has the most influence over, it is arresting the decline. Regrettably, the weakness of the Canadian dollar in 2015 was a contributing factor in preventing the air arrival performance from realising growth. Canadian air arrivals to Bermuda were down 17 percent in 2015 and down similarly to international destinations with price points at a level on par with ours. If Canada's performance had just remained flat, we believe total air arrivals across the board would have been in positive territory for the year.

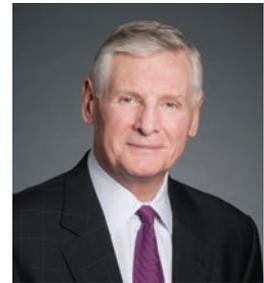
At the same time, reductions in airline seats to Bermuda proved to be a tremendous obstacle. In 2015, the numbers of seats flying to the island decreased in every quarter, down about nine percent year over year – that's 51,090 fewer airline seats. In the end, a 9.2 percent decrease in airline seats resulted in a 1.2 percent decrease in vacation air arrivals.

In 2015, we led a private sector effort to assist the government's airlift strategy team to lobby airlines for more capacity. Thankfully, in 2016, we project air capacity to be up sharply in the first and second quarters and expect it to be up by the end of the year as well. Therefore, the work we conducted in 2015 has us cautiously optimistic about our ability to increase air visitors, particularly in the first three months of the year.

For example, our Product & Experiences team has been swinging for the fences to grow sports tourism as an ongoing and sustainable business segment for our tourism economy. You will see Olympic-level swim teams, Ivy League collegiate rugby programmes and young soccer teams all coming to Bermuda in the first quarter of 2016 as a result of cultivating this market segment in 2015.

The same is true for a string of new sailing events happening on home turf in 2016 – the M32 Bermuda Winter Series, RC44 Bermuda Cup and the Viper North America Race are just three shoulder-season regattas scheduled in the year ahead. Of course, all of those race organisers want to be in Bermuda because it's the home of the 2017 America's Cup.

Along those same lines, the Louis Vuitton America's Cup World Series was a milestone event for the resurrection of the country's tourism product. It showed the world that Bermuda is a serious player in the arena of world-class sporting events. The World Series made up part of a bumper October. Total visitor arrivals for the month were up 44 percent year-over-year, including a 12 percent jump in vacation air arrivals, a 15 percent spike in total air arrivals and a 16 percent boost in hotel room occupancy during the event period. Tourism-related retail sales surged almost one-third.



Tie together our efforts in nautical and sports tourism, throw in the traction our team and partners are generating in the group travel segment, and mix in the pipeline of new hotel inventory and we believe we have a strong foundation for 2016.

In the area of hotel investment we have instigated a volume of activity not seen in Bermuda for almost a generation. Just as the Bermuda Business Development Agency does for the financial services sector, our Investment division has been the non-government organisation that investors need as they navigate the bureaucratic process of hotel development in Bermuda. The BTA has helped drive progress for the projects at Morgan's Point, St. George's and Pink Beach, which will open in early 2017.

Tie together our efforts in nautical and sports tourism, throw in the traction our team and partners are generating in the group travel segment, and mix in the pipeline of new hotel inventory and we believe we have a strong foundation for 2016. Even though there are clearly green shoots, we remain cautiously optimistic – unsure when Canadian visitation will recover and uncertain what is in store for the global economy in the year ahead. The one thing we can say without hesitation, however, is that we have worked tirelessly in 2015 to finally and convincingly reverse the trend of a contracting Bermuda tourism economy. The BTA will continue on our current path because we believe growth is near.

A handwritten signature in black ink that reads "Bill Hanbury". The signature is written in a cursive, slightly stylized font.

Bill Hanbury
CEO, Bermuda Tourism Authority



The tourism industry is a fast-changing market. Up-to-date and relevant intelligence is necessary to create a competitive advantage and meet travellers' desires.

Overview

The Research & Business Intelligence division (RB&I) continued in its remit in 2015 to provide consumer demand and behaviour research and business intelligence to the Bermuda Tourism Authority to help shape strategic decisions, make tactical choices and achieve business objectives.

Collaborating on research and data programme development projects with internal stakeholders remained a focus, as each division worked to develop strategies for their target markets. The collaborative efforts have proven to be extremely helpful in providing a thorough understanding of what the travel industry and visitors look for in a destination, allowing the BTA to support new initiatives and find new market opportunities as well as follow current trends.

Highlights

Over the course of the year, a number of research, tracking, and analysis projects were completed by the RB&I division, including the provision of valuable data and tourism industry intelligence to external parties as well as internal departments. Some of the highlights of the work carried out in 2015 follow.

The division completed analysis on historical and current air service to Bermuda in comparison to hotel inventory and occupancy. This included capacity and load factors, which will be used to assist the BTA's and the Government's efforts in maintaining and increasing air service. As a part of this project, members from the RB&I team attended the World Routes Conference in South Africa to explore opportunities with new airline partners, alongside Airport and Ministry officials.

The RB&I division assisted the Product & Experiences division by tracking Return on Investment (ROI) on BTA-sponsored events and activities as well as Return on Experience (ROE), such as satisfaction, value perception, activities participated, spending, etc. In addition, the division developed a programme with the Product & Experiences division to measure and track quality across the tourism chain vs competitors.

Our division also assisted the America's Cup Bermuda (ACBDA) team by providing all tourism metrics related to the America's Cup Louis Vuitton World Series event held in October, including arrivals and hotel performance.

A "Digging into Data" session was developed and held by the RB&I at the 2015 Annual Tourism Summit in November to give stakeholders a better understanding of the types of data collected and analysed and how it can be leveraged for their businesses. The feedback from this session has been very positive and has encouraged industry partners to avail themselves of key data.



We completed a conversion study to determine the largest barriers to travel to Bermuda amongst customers who considered a trip.



In line with our strategy for transparency and the provision of information to interested parties, we began development of a CRM partner portal, which will enable stakeholders to input data and have access to industry reports.

The RB&I division also saw the full implementation of the new Visitor Arrivals Card and reporting in 2015, which will provide the BTA with more detailed information on the purpose of visit, first time vs. repeat, type of accommodation and America's Cup-related visitation, and help the BTA to better assess how it is performing relative to growing vacation and group travel air arrivals. To better inform the public and industry on the improvements in statistical reporting as a result of the new landing card, a video was produced in conjunction with the On-island Communications team.

Research & Data Collection

A number of specific research initiatives were conducted through the year, namely:

Research on the vacation rental market in Bermuda

The presentation, first made public at the Bermuda Tourism Summit, shows the growth of the vacation rental market in and outside of Bermuda and provides samples of two very different regulation models recently enacted in the United States. A BTA working group, led by COO Karla Lacey, compiled the research and public feedback for the creation of a discussion paper that was delivered to the Ministry of Tourism Development & Transport in the second quarter of 2015. Government officials will use the paper to determine whether current legislation that speaks to Bermuda's vacation rental market is sufficient, should be amended or whether new legislation should be drafted.

Research on travel to Bermuda

Qualitative research (focus groups) was conducted amongst target personas and previous visitors to Bermuda in the key source markets of New York and Boston to determine perceptions/awareness of Bermuda, barriers to travel to Bermuda, and opinions on desired nightlife/entertainment and beach options. We furthermore completed a conversion study to determine the largest barriers to travel to Bermuda amongst customers who considered a trip. Online intercept methodology was used and results shared with on-island stakeholders.

Research on transportation, service standards and golf

BTA's proprietary panel of almost 10,000 Bermuda visitors was used to conduct research on the topic of rental cars, beaches, entertainment, transportation (taxis, buses, ferries), national service standards and golf.

Hospitality and Tourism Forecast 2016 - 2020

A recalibration was completed in 2015 to update the tourism industry forecast for 2016-2020, including arrivals and visitor spending based on current market conditions and outlook for Bermuda.



“The Plein Air Festival captured the essence of Bermuda. These types of events, which speak to authentic and original tourism experiences, are exactly what the BTA is interested in nurturing as we invest in a brighter tourism future for Bermuda.”

Bill Hanbury, CEO BTA

Overview

The main remit of the Product & Experiences division is to develop core products and service offerings that in turn increase the overall attraction of Bermuda and build demand from overseas visitors. In line with those objectives, in 2015 the division established and reached a number of strategic milestones that followed the BTA divisional Growth Plan.

These milestones comprised a Product Quality Management strategy, Market Research on beach and entertainment experiences, new Signature Experiences and the establishment of a Return on Investment (ROI) model for even more effective evaluation of approved events and experiences.

The Product Quality Management strategy establishes a measurement and analysis system for monitoring the quality of products and experiences. The monitoring and reporting covers six product and experience categories: Culture, Entertainment, Sightseeing, Sports & Adventure, Culinary and Lodging. The analysis will measure ongoing performance in each category, and Bermuda’s competitiveness in each area compared to our competitive set of other destinations, based on aggregate customer rating data. Implementation and stakeholder engagement to launch the system will take place through 2016.

In conjunction with the Research and Business Intelligence team, the division also commissioned research into our target visitor expectations regarding beach and entertainment experiences. This perception study surveyed affluent US East Coast travellers and recent visitors to Bermuda, with the goal of better understanding the desires and needs of our visitors related to beaches, entertainment, pricing and amenities. This research is consistent with ensuring our development strategies result in opportunities to develop experiences and entrepreneurial offerings that resonate most with visitors. We are sharing the results with local industry stakeholders as we work collaboratively to make customer-led changes to Bermuda’s beach and entertainment experiences.

Several new experiences were of particular note in 2015, including:

- The Talleton Pairs, which targeted the UK golf market to bring visiting couples to enjoy our appealing golf courses and build further on Bermuda’s appeal for golfing vacations during the winter months.
- The Bermuda Heroes Weekend (BHW 2015), Bermuda’s first carnival event where visitors and locals came together in a safe environment to experience a variety of social and cultural features of the island. The strategy to incorporate one of our biggest assets, the water, into the weekend successfully differentiated Bermuda from other destinations hosting carnival-type events. The coverage BHW 2015 achieved provided tremendous exposure for Bermuda internationally among a new audience, particularly via social media channels.





- Blue Sky Flights, which enables visitors to experience sensational views of the island during aerial tours. This experience targets those adventure-seeking travellers looking for a thrilling way to see the island, while building on Bermuda’s overall tour offerings.

A number of new initiatives and programmes were also launched throughout the year, from the new product and service offerings in Hub 1 (St. George’s and St. David’s), the Bermuda Arts & Crafts Fair, Bermuda’s Best Fish Sandwich Competition, and the Uncover the Arts programme through to programmes initiated for Sports Training Camps, Executive Women’s Golf Association Golf School, Antigua-Bermuda Classic Regatta, International Women’s Keelboat Championship, and the Plein Air Festival.

A comprehensive ROI review of BTA-funded initiatives was also completed in 2015. The ROI review measures the effectiveness of the investment application through room nights generated, visitor spend and media investment, and has enabled us to evaluate BTA-supported events even more effectively. Through our ROI reviews the BTA has been able to determine an event’s success against objectives, together with assessing likelihood of future investment support and calculating the overall economic impact generated to the island.

Experience Investment Programme

Round 3 of the Experience Investment Programme opened on 3 September and applications closed on 2 October. This round covered experiences and events primarily designed to take place from January – December 2016. Outreach and education activities during the quarter to disseminate information to the community included a series of lunch and learn information sessions as well as a pre-application workshop. We also achieved further alignment between product/experience investments and the BTA’s sales and marketing programme during this latest applications round. In particular, many of the new supported experiences will provide additional content and visual assets for BTA’s promotional



Overall, a grand total of approximately \$2.3 million has been invested in home grown visitor experiences since 2014.



initiatives across traditional and digital media. Experiences approved to receive marketing support, rather than funding, will benefit from extended exposure via the BTA's public relations and social media channels locally and overseas.

In all, we received 61 applications of which 38 were approved for support. This latest round will result in over \$600,000 of funding being provided to the successful applications next year. Overall, a grand total of approximately \$2.3 million has been invested in homegrown visitor experiences since 2014.

Sports Tourism Highlights

As part of our Sports Tourism strategy, the Product & Experiences division established BTA's new partnership with the National Sports Centre (NSC), which has the potential to extend the sports team training camps opportunity for Bermuda year-round by incentivising teams to organise training and playing tournaments here. The incentive is that the BTA will pay for usage time at the NSC pool, field, etc. So far, over a dozen teams have been confirmed for training in Bermuda under the new agreement, including the Olympic swim team from Denmark.



Golf strategy

The golf strategy and related events are bearing fruit in terms of driving demand, on-island spend and overall ROI. Several golf tournaments took place successfully during the quarter, with high levels of participant feedback and satisfaction. These included:

Women and Golf	15 – 22 November
Nike PGA Canada	27 – 29 October*
Goslings Invitational	29 November – 3 December
Bermuda Goodwill Tournament	6 – 11 December

* a new event for Bermuda



Overall, assessment as at the end of the fourth quarter showed that our golf strategy generated almost 3,800 room nights, with an estimated economic impact of \$2.14 million.

In addition, and as part of further progress on our strategy targeting women golfers, we confirmed a two-year agreement with the Executive Women Golfers Association (EWGA) for a new women's group golf vacations and tournament play for Bermuda's shoulder season (March 2016 and 2017). EWGA is a US-based national golf organisation for businesswomen with chapters for ladies in almost every state as well as four countries around the world, including Bermuda. They will golf at a variety of courses in Bermuda and local female golfers will be included throughout the rounds played.

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Sailing strategy

Our strategy to position Bermuda as the preeminent choice for global sailing events – and also strategically leverage the America's Cup for the long term – continued to yield effective results through the year.

New events included the Amlin Moth Regatta (5–11 December 2015), M32 Winter Series (January – April 2016) and the Viper North America Race (14–19 November 2016). We also confirmed support for the inaugural Antigua Bermuda Race, organised by the Royal Bermuda Yacht Club in association with Antigua Sailing Week, for May 2017. This new regatta will feature Bermuda's "Spirit of Bermuda" racing the schooner "America", the replica of the original winner of the America's Cup.

The RC44 Championship Regatta is also a new event and confirmed to take place in Bermuda from 2–6 March 2016. This event represents additional visitors in a historically soft tourism period. Our opera-

tional team includes representatives from the BTA, the Royal Bermuda Yacht Club, Bermuda Business Development Agency and the Hamilton Princess Hotel. The RC44 Championship Tour is an international sailing circuit of events held in various locations worldwide. There are 14 teams from 10 countries that compete in the league. For this fleet racing series, teams sail high performance RC44 boats designed by globally- recognised America's Cup winner Russell Coutts. Each team comprises an owner, three amateurs and four professional sailors. The professionals are all either America's Cup or Olympic sailors. The owners of the RC44 vessels are high-level business executives and entrepreneurs of billionaire status, primarily from Europe and the US.



All of the above new events are set to join other key existing regattas, e.g. Annapolis Bermuda Ocean Race (10-17 June 2016) and the Newport Bermuda Race (17-25 June 2016), with the goal of expanding Bermuda's sailing calendar to help drive business year-round.

As a regular feature on the sailing circuit, the Marion to Bermuda yacht race celebrated its 20th anniversary in 2015 and brought 45 boats to Bermuda, an increase of 35 percent on the 2013 event, and over 330 skippers and crew. This event has now been elevated to a Signature Experience, as the organisers continue to provide significant ROI, including in terms of the quality of visiting participants and ongoing addition of features targeting a new generation of sailors for long-term sustainability.

America's Cup

During the latter part of the year we commenced work on Legacy Activities – a post-America's Cup (AC) strategy. This is designed to leverage AC's presence by developing a sailing calendar of new and existing visitor-focused events and experiences. The strategy includes establishing experiences in four categories: events/regattas, learn-to-sail, sports spring break (sailing) and repositioning (winter) sailing opportunities. The calendar specifically presents either large-scale spectator events or individual/group participative opportunities.

Cultural & Leisure Highlights

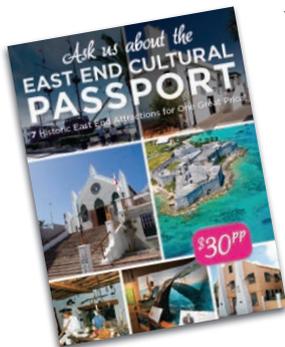
CEO Bill Hanbury describes the BTA's role as "setting the table for growth". Nowhere better does this apply to the Product & Experiences division as we work to create an environment where entrepreneurs and small businesses can go to work, creating new experiences in the culture and leisure industry in Bermuda. These are the people who have the passion, the ideas and the potential to turn the tide for tourism and they'll create jobs along the way. Here we cover some highlights from new events that took place during the course of 2015.



The inaugural Plein Air Festival in November 2015 saw 25 artists from overseas come to Bermuda to paint at scenic outdoor locations throughout the island, visit local museums, enjoy local food culture and interact with local artists. Feedback from local and international participants was overwhelmingly positive. The Bermuda Plein Air Festival successfully demonstrated its alignment with BTA's goal to attract new, relevant niche or special interest groups during what is becoming Bermuda's peak season for art, culture and sport.

The Bermuda International Town Crier Competition saw 25 Town Criers on-island from the UK and Canada. Accompanied by their spouses, friends and family, the Criers entertained overseas visitors and locals while competing for the illustrious Town Crier champion title.

As a pre-event to Harbour Nights, local vendors, with the support of the BTA and the Corporation of Hamilton, organised the new Bermuda Arts & Crafts Fair for visitors and locals during the month of May. A total of 18 local vendors were able to showcase and sell homegrown merchandise early in the season. As visitors look to immerse themselves in Bermuda culture, this event allowed guests to mix and mingle with locals, purchase locally made products and experience some of Bermuda's rich cultural traditions.



With so many cultural attractions available in the East End, a Cultural Passport, which is currently in its pilot phase, was introduced at the end of 2015. For one price, the passport gives visitors access to the World Heritage Centre, Fort St. Catherine, the Deliverance, Tucker House, St. Peter's Church and the Globe Hotel Museum in St. George's and Carter House in St. David's. As the National Tourism Plan identifies highlighting Bermuda's cultural history as part of the cultural tourism strategy, the East End Cultural Passport supports efforts to increase visitation and expose travellers to the rich cultural assets in Hub 1.

Seasonal Programmes

Recognising that Bermuda has the potential to appeal to travellers for year-round experiences, the Product & Experiences division focused on exploring seasonal offerings to target specific audiences in the culture and leisure market. Building on the existing framework of experiences available, we approached the separation of seasons strategically to add to those experiences on-island.

Uncover the Arts

As part of our strategy to look at the slower season of November to March as an opportunity to focus on Bermuda's cultural and culinary-focused offerings, 18 new tours and offerings were added during this period to provide visitors with a diverse range of activities to experience on-island, which comes under the title of 'Uncover the Arts'. Conducted in partnership with the Department of Community and Cultural Affairs, some of these new experiences included eco tours exploring Cooper's Island, culinary experiences at Sweet Saak Bakery, and cultural tours visiting Bermuda's forts, St. David's Island and scenic sites in Hamilton.



Sizzling Summer Programme

Running from May – October, the Sizzling Summer programme showcases on-island experiences from East to West to drive visitor spending and their exposure to various activities. The new “must do” section in the revised Sizzling Summer brochure was very well received by visitors as they looked to maximise their experience of the wide-ranging cultural events and activities available on-island.

Eight new experiences were added to this year's Sizzling Summer programme, which included:

- a** Hydrobike Bermuda, Daniel's Head Beach Park
- b** Bonfires on the Beach, Snorkel Park Beach
- c** Haunted History, a walking tour in ye Olde Ghost Town, King's Square
- d** St. Gorgeous Sundays, Tobacco Bay
- e** St. David's Beach Bus
- f** Blue Sky flights, St. David's Island
- g** Authentic Bermudian In-home dining experiences
- h** Gunpowder Plot Re-enactment



Food Culture Strategy

In August 2015, the Product & Experiences division conducted Bermuda's first Best Fish Sandwich Competition in conjunction with the Operations/Communications team. This was used as the latest vehicle to highlight local food culture and identify locally rated recommendations and options within the genre for visitors. Over 40 restaurants and outlets participated and follow-up reports indicated that business increased by as much as 30 percent in the two-week competition period for participants.



To support BTA's culinary strategy, this year's Restaurant Weeks added new features aimed at promoting Bermuda's food culture and increasing awareness of it overseas and locally via social media. The first addition had 30 of the 44 participating restaurants – the highest number of total participants to date – providing Bermuda-inspired menus and fusions of local ingredients incorporated into meals. The new People's Choice feature encouraged participants to vote for their favourite Bermuda-inspired menu and share their experience through an online voting process. Through the extended online exposure/engagement, diners and chefs received prizes via the People's Choice Award.

Participating Restaurants

\$29.00 per person - 3 course dinner

- 🦞 *Bermuda's Best of the Beach* City of Hamilton • 292-0218
- 🍷 *Dick's Pub & Restaurant* City of Hamilton • 296-8333
- 🍷 *Hamilton's Irish Pub @ Outlook* City of Hamilton • 290-8289
- 🍷 *Frog @ Outlook Pub* Royal Naval Dockyard • 236-2000
- 🍷 *Hog Penny Restaurant @ Pub* City of Hamilton • 292-2534
- 🍷 *Leather Lounge* Fairmount Southampton • 238-8000
- 🍷 *PEPPER CHICKEN* City of Hamilton • 295-2263
- 🍷 *Victoria Grill* City of Hamilton • 295-5070
- 🍷 *Call Me! Mudd* Royal Naval Dockyard • 236-6009
- 🍷 *Blades* City of Hamilton • 296-8546
- 🍷 *Portofino* City of Hamilton • 292-2795

\$39.00 per person - 3 course dinner

- 🍷 *Agua Viva at the Reef* Southampton • 238-0222
- 🍷 *Bacci* Fairmount Southampton, Southampton • 238-8000
- 🍷 *Booze Fish Bar @ Grill* Royal Naval Dockyard • 236-5151
- 🍷 *Bonchee* City of Hamilton • 295-9795
- 🍷 *Chopsticks Fusion* City of Hamilton • 292-0795
- 🍷 *La Trattoria* City of Hamilton • 295-1077
- 🍷 *Lulu's Noodle* City of Hamilton • 295-3023
- 🍷 *Taberna P&L Restaurant* City of Hamilton • 295-4888
- 🍷 *LYNK&D* City of Hamilton • 296-4877
- 🍷 *Mooz* City of Hamilton • 294-8788
- 🍷 *Pet O'Call* City of Hamilton • 295-5373
- 🍷 *Pompano Beach Club - Cedar Broom @ Ocean Grill* Southampton • 234-0223
- 🍷 *Reed's* City of Hamilton • 295-1912
- 🍷 *Trinidad Inn - Red's Bay* Hamilton Parish • 295-9854
- 🍷 *Trinidad Inn - South Shore* St. George's • 296-7409
- 🍷 *The Tavernet, La Crottepub* Fairmount Southampton • 238-8000
- 🍷 *Waboo's Bistro @ Paris* St. George's • 297-1507
- 🍷 *White Horse Restaurant @ Pub* St. George's • 297-9836

\$49.00 per person - 3 course dinner

- 🍷 *Angie's Bistro* City of Hamilton • 232-0000
- 🍷 *Asolo* Royal Naval, Pembroke • 295-8644
- 🍷 *Baccanta Grill* City of Hamilton • 292-7609
- 🍷 *Beau Bridge* Newstead Belmont Hills, Paget • 232-8686
- 🍷 *Bella Vita Bar @ Grill* Southampton • 232-9100
- 🍷 *Call Once* Cross Beach, Paget • 236-9476
- 🍷 *Call Lulu* Stone Beach, Paget • 299-8884
- 🍷 *Don's Pub Restaurant* City of Hamilton • 292-3285
- 🍷 *Francis* Paget • 238-8137
- 🍷 *Harbourfront* City of Hamilton • 295-4207
- 🍷 *Harry at the Waterfront* City of Hamilton • 292-5553
- 🍷 *Hillman Coast* Grotto Bay Beach Resort, Hamilton Parish • 295-8333
- 🍷 *Red Steakhouse* City of Hamilton • 292-7531
- 🍷 *Sid Verde* Rosewood Tucker's Point, Tucker's Town • 298-8883
- 🍷 *The Point Restaurant* Rosewood Tucker's Point • 298-4000
- 🍷 *The Watchdog Inn* Fairmount Southampton • 238-8000

people's choice awards

We want to hear from you!

For **\$29, \$39 or \$49**, enjoy and select which restaurant has the best 3-course prix fixe Bermudian-inspired menu.

TO VOTE VISIT:
www.table.bm or www.gotobermuda.com

Hub 1 (St. George's & St. David's) Development

Implementation of the Cultural Tourism Plan for St. George's and St. David's began with completing key first-phase objectives: the formation of the Hub 1 Cultural Steering Committee and governance structure, establishing the core responsibilities and scope of work for a Cultural Tourism Manager (CTM) for the Hub, the subsequent appointment of a CTM and approvals of a prioritised action plan, which includes revenue-generating proposals for programme sustainability.

The Hub 1 Cultural Steering Committee's working sub-groups met regularly through the year to set core priorities, which were: volunteer strategy, new cultural experiences, town enhancements and sustainability, and community outreach. The Steering Committee also focused on ongoing fundraising activities.

The BTA reviewed the list of existing and new Hub 1 experiences that were proposed for 2015, with the purpose of selecting for investment those which would be potential "anchor" events for visitor appeal, in turn helping to drive visitor arrivals and spending, and boosting Bermuda's profile. As a result, four new BTA-supported experiences were added to the activity in Hub 1:

- a Haunted History, a walking tour in ye olde ghost town – which has since increased frequency to two nights per week, based on positive customer response and demand
- b The Gunpowder plot re-enactment (240th anniversary)
- c General Assembly Re-enactments
- d Baking with Sweet Saak

In addition, the BTA's support of a new, hop-on/hop-off "beach bus" transportation service during the summer was designed to give visitors easier access to the many rich cultural and beach assets in St. David's. The Hub 1 Steering Committee, in conjunction with Hub 1 cultural partners, also introduced the East End Cultural Passport, which allows visitors to access multiple cultural sites in Hub 1 for one set price.

Visitor Information Centre (VIC) Development

The implementation of the enhanced Visitor Information Services strategy and phased transition to in-house VIC management began with the soft opening of the Dockyard Visitor Information Centre (VIC) on 1 April, in time for the first occasional cruise ship callers of the 2015 season. This marks a significant implementation step in our phased plan to manage all VICs. A total of seven part-time seasonal team members have been recruited to staff the Dockyard VIC. Services are focused on providing impartial, pertinent visitor information, details on new and long-standing Bermuda experiences, and include sales of transportation passes.

Cruise Ship Strategy

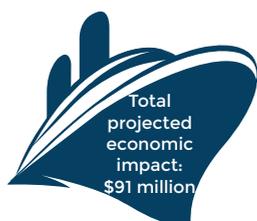
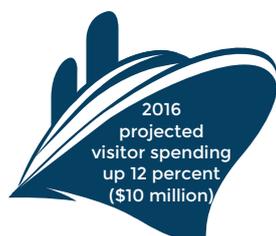
Industry outreach through the year has shown that interest among cruise lines in Bermuda's attractiveness as a premier destination remains very strong. Ongoing dialogue with potential new cruise line partners continued, as well as meetings with the Bermuda Government to explore opportunities and provide input on infrastructure matters. This included North Channel improvements, consideration of port modifications at the East End, which could expand cruise business opportunities, and general upgrades to existing piers.

Members from the Product & Experiences division attended the SeaTrade Miami conference in March, which is among the largest international industry events for the cruise ship sector. We were able to continue discussions with various cruise line partners – including, Norwegian, Royal Caribbean, Celebrity, Carnival – about ongoing matters as well as opportunities around the America's Cup (AC). We were also able to make contact with the new leadership/CEOs of Princess Cruises, Celebrity and Holland America Line, following a round of senior changes at the cruise lines.



Industry outreach through the year has shown that interest among cruise lines in Bermuda's attractiveness as a premier destination remains very strong.

Overall, for the end of the year, our cruise industry outreach results are confirmed as: 150 calls for 2016 (vs. 135 in 2015), from our targeting of premium/luxury brands:



In September, we attended the SeaTrade Europe conference to hold meetings and continue outreach with target cruise lines and homeport management contacts. Discussion highlights included sessions with Viking Cruises about new Atlantic itineraries and Carnival Corporation about opportunities with their range of brands, e.g. Princess, Seabourn, P&O, and Cunard. Discussions also took place with Disney Cruise Line.

Subsequent to these meetings, BTA has held extensive dialogue with five cruise lines who expressed interest in planning charters or America's Cup itineraries – both UK-based and US-based.

Through 2015, strategic targeting of premium and luxury brands has resulted in 50 confirmed occasional callers by high-end cruise brands for 2016, up from 35 in 2015 – an additional 15 calls representing a 43percent increase. Five of these new calls will be to St. George's. Approximately 407,000 cruise visitors are anticipated for 2016, compared to 370,000 for 2015. In 2014, there were 356,000 cruise visitor arrivals.

Experiences Completed

EVENTS	DATES
Bermuda Marathon Weekend*	16 January – 18 January
Bermuda Regional Bridge Tournament	24 January – 30 January
Bermuda Festival of the Performing Arts*	23 January – 8 March
Late Nights @ BNG	20 February – 30 April
Talleton-Bermuda Pairs couples golf tournament	22 February – 1 March
Bermuda Collegiate Golf Invitational	23 March – 24 March
Bermuda Triple Challenge obstacle course series	13 March – 15 March
City Food Festival	16 March – 21 March
Bermuda Open	23 March – 26 March
Grey Goose World Par 3	27 March – 29 March
KiteFest	3 April
Bermuda Open Volleyball	10 April – 12 April
Kitty Michael Invitational Golf Tournament	20 April – 24 April
Bermuda International Town Crier Competition	21 April – 26 April
Bermuda Arts & Crafts Fair	6, 13, 20, 27 May
Bermuda National Swimming Championship	28 May – 31 May
Bermuda Heroes Weekend	12 June – 15 June
Bermuda Fly-fishing Invitational	23 June – 27 June
Marion to Bermuda Yacht Race*	19 June – 27 June
Blue Sky Flights	29 June
Bermuda Triple Crown game fishing tournaments	3 July – 24 July
LIV Bermuda	3 July – 6 July
City Fashion Festival	6 July – 12 July
Cup Match Summer Splash	25 July – 29 July

*Signature Experience



To meet the challenge of smoothing out the shoulder season and increasing air arrivals, the Sales & Marketing team generated more sales through its own efforts. The BTA also won adventure accolades from *Outside Magazine*, *Wall Street Journal*, and others, touting Bermuda’s year-round experiential travel.

Overview

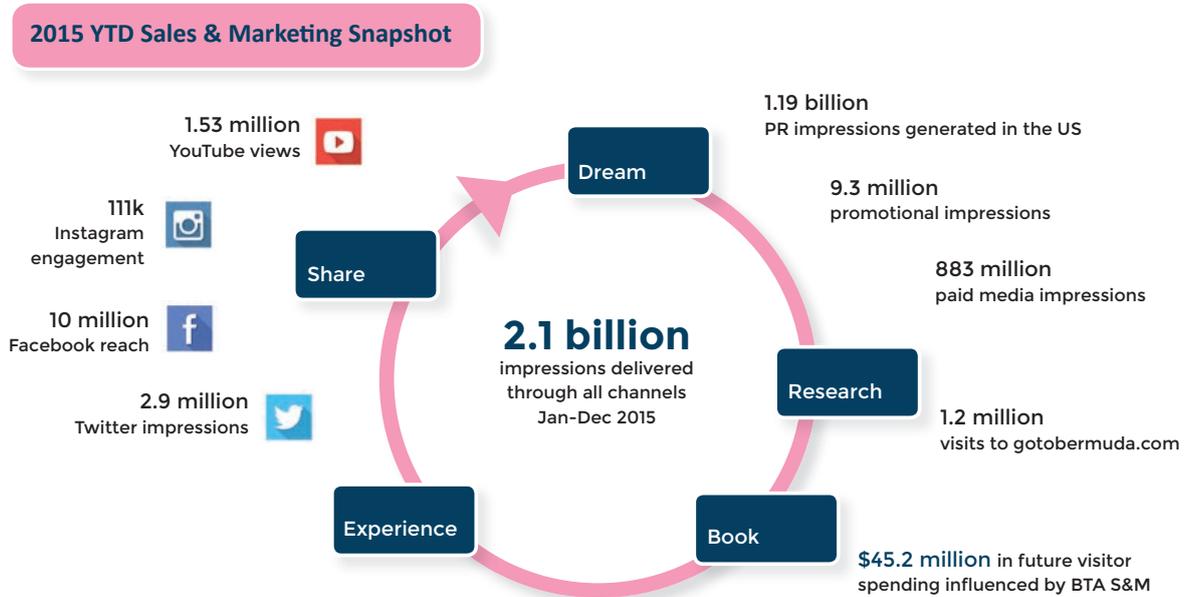
The Sales & Marketing division has been highly active over the past year with extensive efforts to deliver Bermuda’s brand message throughout identified markets, raising both awareness of and demand for travel to Bermuda. The Sales & Marketing team generated \$46 million in visitor spending for Bermuda’s tourism industry through partner marketing with the media and travel trade, hosting local and overseas events, and conducting a variety of promotions, to name but a few.

2015 Highlights



Building on the marketing strategy first launched in 2014, Sales & Marketing focused on experiential travel initiatives, solidifying partnerships with media outlets, industry partners and influencers both on- and off-island with efforts relying on a mix of visual, digital and print channels. The pairing of social

media influencers with traditional media channels was highly successful. What follows are some of the media efforts that stood out in 2015.



Showcasing Bermuda's Adventurous Side

Part of the Bermuda Tourism Authority's (BTA's) strategy is to appeal to a new generation of travellers by showcasing Bermuda's adventurous side, and the BTA team generated significant coverage in 2015. Bermuda is considered a relative newcomer to the sector of **active adventure**, so it was a huge accolade to be recognised by *Outside Magazine* as the Best Island in their 2015 Travel Awards in March. In June, Bermuda was featured in the *Wall Street Journal* as the "New Destination for Adrenaline Junkies"; in the same month, *Triathlete Magazine*, the publication for ironmen and ironwomen everywhere, cast Bermuda in a starring role for its annual swimsuit issue. Then in November, the island also graced the cover of *Climbing Magazine* and was highlighted in a stunning multi-page feature.



Diving has been a mainstay of Bermuda's water sport activities over the years, but in 2015 BTA pushed it to the fore by partnering with *Scuba Diver Life* and on-island partners to create a four-minute storytelling video touting the fabulous diving experience in Bermuda. The results of that partnership have been outstanding:



A further joint dive-sector partnership was established between the BTA and the US PADI Diving Association to drive group dive business to Bermuda. The BTA hosted a familiarisation (FAM) trip for US dive shop owners and tour operators to experience Bermuda’s dive product first-hand during the fall. This was the first time that any of the participants had visited Bermuda. Local dive shops and local hotels partnered in this initiative by offering hotel site visits, dive experiences, training and visits to local attractions. Hosting this FAM trip resulted in securing two separate groups to visit in 2016 and demonstrated how Bermuda as a destination can win business by targeting niche markets.

Top Billings for Bermuda

Another strategy was to shine the spotlight on Bermuda by working on strategic alliances and rankings, to position the island as a “must visit” destination.



- *Conde Nast Traveler* featured Bermuda on the cover of its romance issue, with a feature story on Bermuda’s potential evolution with the hosting of America’s Cup.
- On top of the *Outside Magazine* designation as Best Island for 2015, Bermuda also claimed one of only 20 “Best of the World” trips for 2016 by *National Geographic Traveler*.
- *Robb Report*, an authoritative voice in the global luxury market, ranked Bermuda as one of the top 21 destinations in the world for 2016.

VIRTUOSO.

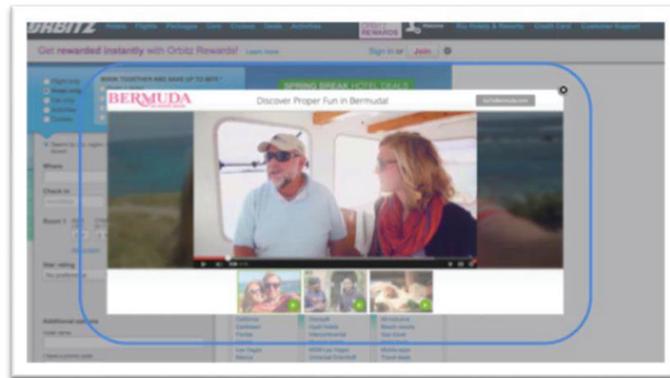
Bermuda became a Virtuoso Preferred Destination, gaining access to the travel industry’s leading luxury network, spanning over 26 countries and 9,000 travel advisors.

The integrated partnership spans events, networking, training, digital and print activations.

- The BTA worked with Virtuoso to position Bermuda as a “preferred destination,” gaining access to the travel industry’s leading luxury network.
- In the meetings market, the BTA aligned the island as a conference destination with the Association of Luxury Hotels International (ALHI) Global Luxury Alliance.

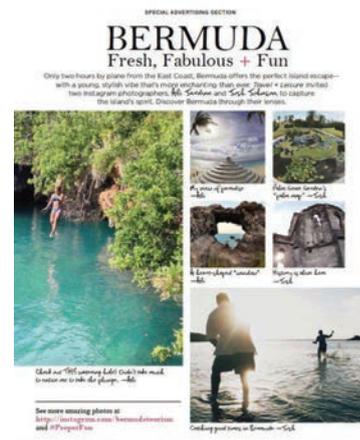
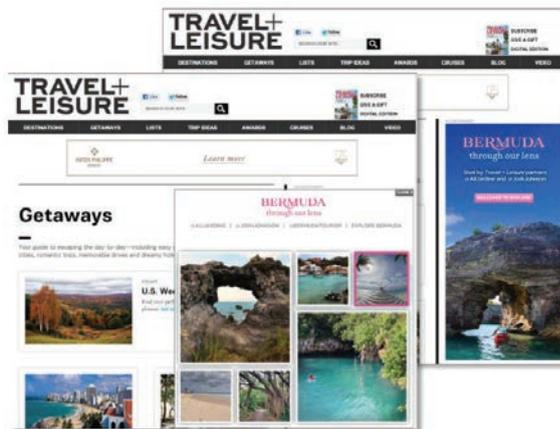
Tapping into the Power of Influencers

In early 2015, the BTA teamed up with Google and Tastemade, a multi-channel network (MCN) partner with 15 million subscribers, to create a six-episode video series that highlighted the culture, food and beauty of Bermuda to inspire audiences to put Bermuda on their destination wish list. Tastemade recruited three influential talents with a passion for travel to journey to the island and capture all it has to offer in fun-filled, adventurous, beautifully-shot videos and social media posts. The video and photo content lives across Tastemade’s, the talent’s and Bermuda’s channels for a robust partnership, and delivered 41 percent lift in ad recall and 17 percent lift in consideration.

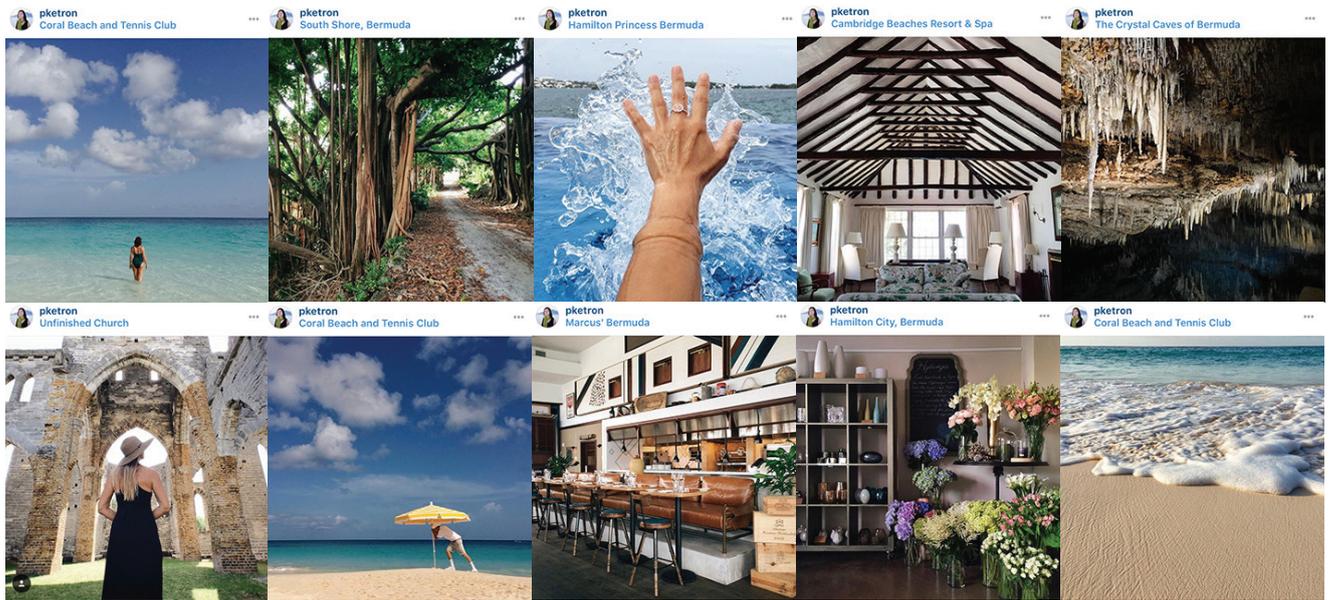


The BTA takeover of the Travel + Leisure Instagram page generated over 33,000 likes and is considered “the most successful Instagram takeover on T+L to date.” The concept for the campaign was “Bermuda Through My Lens”, whereby Travel + Leisure hand-selected two high-profile Instagram photographers to spend a weekend in Bermuda and compile photography and content to post on their Instagram feeds, combined with a one-day takeover of the T+L Instagram page. The digital components were then combined with pages and spreadvertorials in print issues.

”
The BTA takeover of the Travel + Leisure Instagram page generated over 33,000 likes and is considered “the most successful Instagram takeover on T+L to date”.



Local photographer Amanda Temple, through her #BermudaDreaming project, and the BTA collaborated with photographer and top Instagrammer, Pei Ketron, to visit and photograph Bermuda in July. Pei documented her travels around the island through her Instagram posts. Pei's Instagram following is more than 800,000 strong. Bermuda received excellent exposure with an average of 6,000-plus likes for each image she posted. The collaboration with Pei demonstrates the power of social media in reaching audiences who would not automatically be engaged with Bermuda. Like other top Instagrammers, Pei has a loyal audience who trust her recommendations on travel and unique experiences. As a third-party endorser, Bermuda was able to leverage additional exposure (13.7 million total reach) to a previously untapped market, at minimal expense.



Jimmy Chin, a world-renowned director, photographer, mountaineer and professional climber, was brought to Bermuda for a collaborative marketing campaign with *Condé Nast Traveler* magazine and the BTA. Jimmy has an Instagram following of over 1 million. Photographs of Jimmy rock climbing, powerboat racing, jet skiing, kite surfing, paddle boarding and mountain biking were included in an editorial spread featuring Bermuda. The BTA extended its promotional reach through Jimmy's wide audience as well as that of the *Condé Nast Traveler* readership.



Stylish Influencers

- The Sales & Marketing division worked with its PR firm as well as New York-based Bermudian Shiona Turini to coordinate stylish influencers to visit Bermuda during the #SummerFridays promotional period. This included hosting designer Rachel Roy and other journalists during Bermuda Fashion Festival.
- Rachel Roy generated exposure through her social channels, and also resulted in traditional media coverage of Bermuda in the *New York Post* and *Travel + Leisure*.
- Social and style influencer sisters Aimee & Dani Song snapped their way through Bermuda
- Eva Chen, now head of fashion partnerships for Instagram, shared her summer trip to Bermuda with her young family and her social following.
- Solange Knowles, singer, songwriter and actress, visited Bermuda as part BTA's Summer Fridays promotion, showcasing the beauty of the island through her perspective to her many followers. *W Magazine* amplified the Bermuda message by featuring coverage about the trip to more than 1 million followers via its Twitter account.
- Justin Livingston, Lemon Stripes and C'est Christine all documented their Summer Fridays experience with their followers.
- Shiona Turini's Summer Fridays trip home to the island was featured on the Coveteur, a website that chronicles adventures in style, travel, arts and culture.

Stylish Influencers Up Bermuda's Reach

INFLUENCER	FOLLOWERS	# POSTS	LIKES	COMMENTS	AMPLIFIED BY
Aimee Song	3,003,700	52	1,050,678	6,711	Yahoo Style
Dani Song	440,000	32	210,000	1,400	
Eva Chen	577,000	40	52,000	10,133	
Solange Knowles	4,000,500	21	236,000	2,018	W Magazine
Melina Matsoukas		15	14,119,207		
Justin Livingston	332,000	30	34,986,196		
Lemon Stripes	54,159	39	18,935,325		
C'est Christine	109,238	36	10,226,116		
Shiona Turini	63,500		10,900	169	thecoveteur.com



Elevating Brand Partnerships

In tandem with the BTA's strategy to establish Bermuda as a luxury destination for followers of certain brands, the Sales & Marketing division work to create some high-end brand affiliations as leverage.

From July to October 2015, the BTA partnered with Henri Lloyd, the leading UK clothing manufacturer for sailing, yachting and golfing, and also the official clothing supplier of Landrover BAR. The stylish brand is found across the high streets, reaching affluent, fashionable consumers. The partnership includes Point of Sale (POS) in all of the Henri Lloyd stores, concessions and at summer sailing events, such as the America's Cup World Series in Portsmouth, as well as extensive digital and social promotion. The BTA are continuing discussions with Henri Lloyd to further this strategic partnership.



In June, the BTA partnered with Kurt Geiger, a stylish shoe and luggage brand in the UK, to reach their consumers through POS in 40 stores, including major airports, for four weeks, including a competition on their website.

Total Exposure: 5.4 million impressions
Visits to Competition Landing Page: 43,715
Total Entries & Opt-ins: 18,900

From May to July, the BTA partnered with Bermuda-brand Gosling's to push the potential for North American consumers to purchase two of Bermuda's greatest exports this summer - tourism and Gosling's Rum. The "Selfie Yourself to Bermuda!" was a multi-platform promotion that encouraged customers to submit a picture of themselves "toasting Bermuda-style" for a chance to win a vacation for two to the island. The promotion was supported by POS in 750 US retail stores, social integration, digital marketing and sweepstakes components, which included:



150,000
hangtags on bottles
with drink recipes
and Bermuda
travel

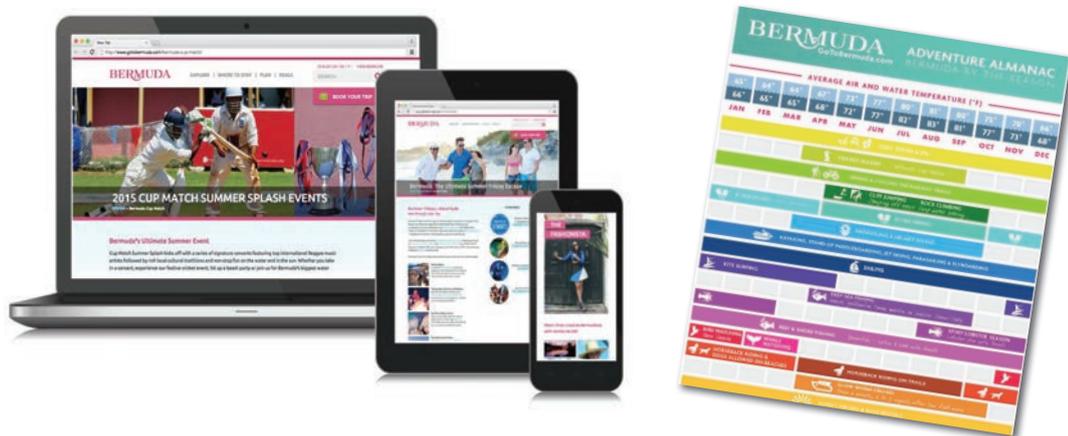
100,000
shelf talkers
in '000's
of stores

750
display case
cards

Website

The BTA's website, www.gotobermuda.com, saw a 50 percent growth in website visitation - from 1.4 to over 2 million. In 2015, two exciting sections were added to the website, furthering the strategic promotions that have played out through Sales & Marketing efforts:

- 21 free & affordable things to do – a wide selection of activities and pursuits to match every interest, for free!
- Adventure almanac – a guide to Bermuda's 40 greatest outdoor adventures.



Leveraging Lifestyle & Cultural Events

A number of themed events were held through the year with the purpose of leveraging existing and striking up new partnerships to promote the lifestyles of the island and encourage like-minded people to visit.

The BTA sponsored the Sunday Gospel Brunch in Charleston, a sold-out event filled with food, drink and the soulful sounds of Bermudian singer Joy T. Barnum. It was a chance to show off the island's diverse flavours to 300+ attendees. Some of Bermuda's acclaimed culinary talents were on hand: Michiko Campbell, Sous-Chef de Cuisine at the Royal Bermuda Yacht Club and creator of a popular brand of seasoning called Chiko's Smokey Rub; Andre Green, who has been Head Chef at such Bermudian favourites as the Bermuda Regiment and Elbow Beach Hotel; Karsten Krivenko, Cheff at Tribal Road Kitchen, a gastro pub-style bistro; and Douglas Sisk, the expert Chef at the Reefs Resort & Club.



In May, the Sales & Marketing division leveraged the BTA's partnership with *Travel + Leisure* to host a Dine in Harlem Dinner during the Harlem Eat Up Festival, celebrating Bermuda's ties with New

York and Charleston and promoting the opening of Marcus' on-island restaurant. The intimate dinner with 85 guests generated 50 opt-ins and was considered a great success.

In June, the Sales & Marketing division participated in the world's first food & wine festival dedicated to Rosé Wine and Rosé Champagne, called La Nuit en Rosé Festival, to leverage the lifestyle and interest in Rosé wines with Bermuda's blush beaches. By integrating Bermuda into the full culinary experience and lavish lifestyle celebration, BTA engaged with 4,000 consumers over the course of five events in three days, serving signature Dark n' Stormies and taking photos in a green screen photo area. For this event, BTA generated 540 opt-ins.



On 20 May, the team partnered with Bermuda's Washington, DC consulate office to produce a fun Bermuda Day themed event that attracted nearly 100 guests including dignitaries, media and meeting planners.

Some high-exposure events took place in New York in the run up to the Louis Vuitton America's Cup World Series Bermuda, successfully promoting Bermuda and engaging socialites and influencers.

In September, the BTA held the #RacetoBermuda launch party at Lightbox in New York. Guests mingled with members from team Oracle and enjoyed Bermudian-inspired fare from chef Marcus Samuelsson. Gosling's created cocktails for the event and Bermudian influencers based in New York were brought in to contribute, such as Damon DeGraff on the turntables, amongst others. In October, the BTA partnered with *Elite Traveler* magazine to host an invitation-only culinary experience surrounded by art and culture at Costata, an upscale steakhouse in New York's vibrant SoHo neighbourhood. The following day, *Robb Report* teamed up with the BTA for an evening sailing adventure around Lower Manhattan on board a 158-foot clipper ship with Dark n' Stormies in hand – the perfect taste to the forthcoming sailing events in Bermuda.



#RacetoBermuda Party Amplification



Elite Traveler Dinner
50 high net worth consumers

Robb Report Rum Sail
150 socialites and influencers

elite traveler
THE PRIVATE LIFE LIFESTYLE MAGAZINE

Join us as we celebrate the new Fall season surrounded by art and culture, inspiring wines and a culinary experience.

COSTATA
206 Spring Street,
New York, New York
Tuesday, October 6th
6:00-8:30pm
PLEASE RSVP BY 9/28 TO
ceo@elitetraveler.com
Invitation admits two and is non-transferable

Sponsored by:
BERMUDA GoToBermuda.com

SET SAIL WITH
Robb Report + BERMUDA
GoToBermuda.com

Robb Report and Bermuda Tourism Authority invite you to join us for an evening sailing adventure around Lower Manhattan. Chase down the sunset aboard a 158-foot clipper ship with a Dark 'n Stormy® as we kick off the countdown to the upcoming Louis Vuitton America's Cup World Series event in Bermuda.

WEDNESDAY, OCTOBER 7, 2015
6pm-8:30pm
The boat will depart promptly at 6:30pm.

Goslings
The sail continues at the LOUIS VUITTON AMERICA'S CUP WORLD SERIES
OCTOBER 14-24, 2015
#ACTIVBERMUDA

CLIPPER CITY TALL SHIP | BATTERY PARK, SLIP 2
(South end of Battery Park in Lower Manhattan)
New York, New York 10007

RSVP
EVENTSRSPV@ROBBREPORT.COM
RSVP by October 2, 2015
Non-transferable. Space is limited.

Influencing Travel through Trade Partnerships

As part of the Sales & Marketing remit in building relationships with the travel trade, three new tour operators added Bermuda to their portfolio, increasing distribution in the UK. Hayes & Jarvis, Thomas Cook and Virgin Holidays are all actively selling Bermuda vacations in 2016. In preparation for the new tour operators and in working with existing ones, personal training for more than 1,100 travel and/or reservation professionals was conducted through the year throughout the United States, Canada, UK and Italy.



HAYES & JARVIS

 **Thomas Cook**

 **HOLIDAYS**



The single greatest accomplishment of the BTA thus far to stimulate infrastructure investment was the role it played in landing the America’s Cup.

Overview

The Investment division’s mandate is to develop an investment environment for domestic and international investors and operators in Bermuda. In 2015, the division’s outreach to the investors and operators therefore remained a core activity and focus.

Over the course of the year, the Investment division worked consistently with the Bermuda Government on a number of important initiatives to encourage and facilitate investment in Bermuda tourism. One of these efforts is seen in the division’s provision of support to the Ministry of Public Works regarding the development of a National Tourism Infrastructure plan, a draft of which was provided to the BTA Board of Directors for review and consideration mid-year. In addition, the team provided support to the Ministry of Home Affairs on various tourism- and immigration- related matters, which came about as a consequence of the changes to the Bermuda Immigration and Protection Act 2015. The division was also integral in its support of the Ministry of Finance in its financial discussions with Morgan’s Point Limited and St George’s Hotel Development.

Most importantly, the investment division met with the General Managers of all the major hotels representing some 80 percent of the on-island hotel room inventory in an effort to understand the investment and operational challenges that face the local sector. The meetings have been instructive to delivering a fuller investment profile of Bermuda to potential investors and in directing attention to key regulatory and legislative changes necessary to improve the investment climate.

As part of the Investment division’s core activities, team members attended key investment and development conferences to raise awareness of impending changes to Bermuda’s investment environment, and held meetings with interested international investors both on- and off-island. This includes the continued engagement with the St. George’s development investment group throughout the year.

Highlights

Moving forward from foundations laid in 2014, the Investment division focused on a number of key initiatives in 2015, some of which were brought to fruition by the end of the year.

Investment Incentives Act

One of these initiatives was the introduction of the new Investment Incentives Act. This Act will introduce revised legislation to attract direct foreign investment in Bermuda. Following due process, the Act was prepared and presented to Government in the first half of the year, and reviewed and approved by Cabinet in the second half. The drafting instructions are on track to be drafted by March 2016 with a final bill scheduled to be presented to the House of Parliament in June 2016.

Tourism Investment Concierge Service

At the start of 2015 an initial draft of the Tourism Investment Concierge Service mandate was drawn up for discussion with the Ministry of Tourism Development and Transport. By the end of the second quarter, the proposed Concierge Service memorandum of understanding (MOU) with key Government departments was agreed and signed. The MOUs are designed to facilitate an expedited application processing experience for investors through Government departments. The intent is to have applications and submissions reviewed and approved within the shortest possible time so as to demonstrate Government's commitment to providing a red carpet experience to foreign direct investment in the hospitality sector.

Horseshoe Bay Redevelopment Proposal

Following meetings with the Ministry of Public Works at the beginning of the year, formal approval by the Development Approvals Board regarding the Horseshoe Bay redevelopment proposal was received and infrastructure development plans were commissioned. In October 2015, the Horseshoe Bay transportation hub redevelopment cabinet paper was presented to the Ministry of Public Works for review, and the approval of development costs are to be added to 2016/17 Ministry of Public Works capital budget. An RFP for the new concessionaire at Horseshoe Bay was published on 11 December 2015 with a submission deadline of 22 January 2016. The BTA will be participating in the review of the submitted RFPs.

St. George's Hotel Development

The Bermuda Government committed to supporting the development of a hotel in the historic town of St. George's through the passage of the following legislative documents:

- The St. George's Hotel Private Act was passed in the House of Parliament during the second quarter of 2015.
- The St. George's Master Development Agreement and Ground Leases passed in the House of Parliament in the fourth quarter of 2015.

The Private Act outlines the permissions and concessions Government has provided to the developers, while the Master Development Agreement outlines the scope of the project, its designs and features. The Ground Leases confers the land to the developers for a period of 262 years on a leasehold basis for a nominal fee.



The ACEA says the BTA was “a significant contributing factor” to Bermuda’s successful bid to host the Cup, and the Board is thrilled with the flurry of infrastructure activity we have seen since: St. George’s Act, Morgan’s Point plans approved, Pink Beach reconstruction underway and the Horseshoe Bay transport hub just to name a few. Our investment division worked with all of those projects to resuscitate investor activity that had gone totally quiet pre-April 2014.”

BTA BOARD OF DIRECTORS IN THE “TOURISM FORWARD” SEPTEMBER 2015 ISSUE



“Tourism is the one part of the Bermuda economy best placed for growth in the near term and the Tourism Authority is the only publicly-funded entity discussing growth.”

CEO Bill Hanbury makes the case for tourism in local media

Overview

The Operations division continued to work through 2015 to maintain a solid organisational foundation on which the Bermuda Tourism Authority can achieve its mandate. A number of new corporate governance polices and procedures were identified, developed and implemented through the year, such as Public Access to Information (PATI) and the Destination Marketing Association International (DMAI) Accreditation, amongst others. Our Human Resources section worked to meet objectives to position the BTA as an Employer of Choice for existing and potential employees, while our Stakeholder Relations and On-island Communications team focused on building relationships with the community through the media and via Stakeholder events, such as the Tourism Summits in January and November. The training and standards programmes that commenced in 2014 are thriving, enabling us to expand our Certified Tourism Ambassador Programme. Another area of importance and focus for the division has been the development of Vacation Rental Property legislation, as we seek to align this sector with five of the National Tourism Plan’s eight strategic objectives.

Corporate Governance

Public Access to Information (PATI)

On 31 March 2015, the BTA published its list of contracts and the organisation’s Information Statement, becoming the first entity under Public Access to Information (PATI) legislation to be in full compliance with the Act. The spirit of PATI is to provide members of the public with access to all organisational records of publicly funded entities. As a recipient of substantial public funding, the Bermuda Tourism Authority is governed first by our own BTA Act and then by PATI.

The Chief Operations Officer holds the role of the BTA’s designated Information Officer. The BTA had been preparing for PATI since early fourth quarter 2014, and has a fully trained PATI team in place to ensure continued compliance. As an organization committed to being results-orientated, accountable and transparent to our stakeholders, the BTA recognises the importance to Bermuda of this historic move and fully supports the spirit and intent of the legislation. Details on all PATI matters relating to the BTA can be found on our corporate website.

Destination Marketing Association International (DMAI) Accreditation

The Board of Directors for the Destination Marketing Accreditation Program (DMAP) completed the review of The Bermuda Tourism Authority’s application for accreditation in the cycle ending 1 June and approved the accreditation of the Bermuda Tourism Authority. The BTA was awarded with the DMAP seal by the Destination Marketing Association International (DMAI), in recognition of our

EXTRACTED FROM THE BTA RESPONSE TO PATI REQUEST 257

The Bermuda Tourism Authority (BTA) has, as a matter of routine, made it a priority to adhere to the spirit of the legislation through the wide release of information pertaining to the business functions and operations of our organisation. Through regular media releases, stakeholder newsletters, community outreach and our website, we have, and continue to, share, inform, update and seek input and feedback from the general public and industry stakeholders. We consider the amount and level of detail shared as a standard for others to follow

commitment to industry excellence and meeting the industry standard for performance and accountability of destination marketing organisations (DMO) around the world. This accreditation decision indicates that the Bermuda Tourism Authority has satisfied the rigorous standards set forth by the professional destination marketing community.

Since its inception in January 2007, the accreditation programme requires a DMO to successfully comply with a multitude of mandatory and voluntary standards that span a variety of performance areas to gain this momentous achievement. The standards cover nearly all aspects related to the management and marketing of a DMO including governance, finance, human resources, sales, communications, destination development and research.

2014 Annual Report

Following the DMO Accreditation, the BTA's commitment to good financial governance was further underscored by our unqualified audit, covering the time period of 16 December 2013 through 31 December 2014. Upon being completed by the Auditor General in July, the financial statements were included in our first Annual Report and released shortly thereafter.



Foreign Currency Purchase Tax Amendment (FCPT)

The BTA's request for a waiver of the Foreign Currency Purchase Tax (FCPT) was agreed by Cabinet, and passed by the Legislature. The resulting Foreign Currency Purchase Tax Amendment Order 2015 was gazetted in December at which time the BTA became exempt from FCPT. This is a significant accomplishment as the BTA paid \$238,447.00 in FCPT over the period of January 2014 through November 2015.

Human Resources

To best support the needs of the BTA, the Human Resources strategic plan focused on six key objectives of HR Management: proactive resource planning, retention initiatives, performance management, team building and employee engagement, HRIS employee portal maximisation, and the tracking and distribution of key employee metrics.

and look forward to seeing the same done by other local organisations entrusted with public funds.

In the spirit of PATI, the BTA has ensured we are open and transparent in all our functions, including accounting for public expenditure (sic). The BTA has been able to attract top talent and incentivise their team while following best practice financial models. This reflects good stewardship and accountability of public funds. It is our conclusion, therefore, that the information that is most in the public interest is already in the public domain and is reasonably accessible to the public.

In line with the plan, team members began to participate in development opportunities identified during the mid-year performance review period. Seminars and workshops attended included Toastmasters, Advanced Photoshop instruction and the “Live2Lead” seminar, which was held at the Elbow Beach Hotel and featured noted speakers John C. Maxwell, a leadership coach, expert and author, and Kevin Turner, Microsoft’s chief operating officer. Our designated management trainee completed a three-month assignment in the New York office and spent the last year completing projects in several divisions of the organisation including Operations and Investments.

The 2015 BTA Employee Strategic Planning Meeting was held in September at the St. George’s Club. This annual meeting allows for frank and open discussion on plans presented for the year ahead, participation in team building exercises and the opportunity for all employees to drill down on solutions being applied to complex industry problems.

HR continues to make enhancements to the BTA Employee portal, which allows full-time staff 24/7 access to their personal information and benefits. The online Performance Management form process was completed, which will also aid in process and record-keeping efficiency.

By year-end, the BTA had 39 employees split between the Bermuda and New York offices. This includes full-time permanent positions and one full-time fixed-term contract. HR remains committed to retaining our high-performing team and has reached its goal of 90 percent retention rate for 2015.

The breakdown of the divisions is as follows:



On-Island Communications

The overall objective for the On-Island Communications team is to strengthen partnerships and communications with industry stakeholders throughout the local community, as well as monitor and report on local media for print, broadcast and online coverage of local tourism press releases and editorial generated by the BTA or by external entities. Some of the objectives achieved are highlighted here.

Advocacy & Stakeholder Engagement

Stakeholder engagement cut across industry through the year, with successful efforts highlighting new and established businesses across the tourism value chain. These ran the gamut from the Louis Vuitton America’s Cup World Series to the launch of a campaign to build group travel business and the BTA’s two Tourism Summits, while Tourism Appreciation expanded to include key community influencers and direct public outreach via television programming.

Among the highlights of stakeholder engagement, was a productive meeting held with Bermuda Industrial Union leadership, following which the BTA made several presentations to transport workers to share the results of our transport survey.

Based on the strides made by the Product & Experiences team to grow the island’s food culture story, we created an end-of-year event to celebrate key Food Culture moments for 2015. This allowed us to celebrate stakeholders helping the BTA to execute on its objectives, while also focusing the public’s attentions on the strides being made to accomplish National Tourism Plan goals relating to gastronomy.

Advocacy on the web

As is consistent with destination marketing organisations around the world, the BTA debuted an advocacy section on its website that includes volumes of historical information about the tourism industry. PATI compliance information was added to this section of the website.

Making the Case for Growth

While in the Parliamentary budget debate and in local media conversations focused on cuts and austerity, CEO Bill Hanbury penned an opinion piece in local media and recorded a short explanatory video that made the following case: tourism is the one part of the Bermuda economy best placed for growth in the near term. The timing of this message was critical as the Tourism Authority was the only publicly funded entity discussing growth. There was zero resistance to his message in local media.

Top 10 Moments

A list was created and distributed on social media to acknowledge some of the most important moments in Bermuda Tourism during 2015.



Promoting our Success

The Best Island Award for adventure travel from *Outside magazine* presented an opportunity and a challenge. Because the BTA's public relations successes had recently generated so much positive editorial coverage (*Delta Sky*, *Condé Nast Traveler*, *Travel & Leisure*, etc.) the BTA ran the risk of the Outside recognition going hardly noticed. To combat that challenge, BTA invited the media to see members of the Tourism Authority team cliff jump at Admiralty Park as a way to celebrate the accolade and to actively show the kind of adventure options available to visitors, particularly younger travellers. Public feedback was overwhelmingly positive, deeming the action a success from a communications standpoint.



America's Cup

To ensure industry relevant information related to the Louis Vuitton America's Cup World Series was shared on a timely basis, the BTA co-ordinated a presentation session in September. The meeting was held to allow tourism industry partners to hear first-hand the event work underway operationally, and from a Sales & Marketing and Product & Experiences perspective. All relevant parties were involved in one way or another, including AECA and ACBDA. The well-attended session garnered positive feedback and the presentations were made available on our corporate website.

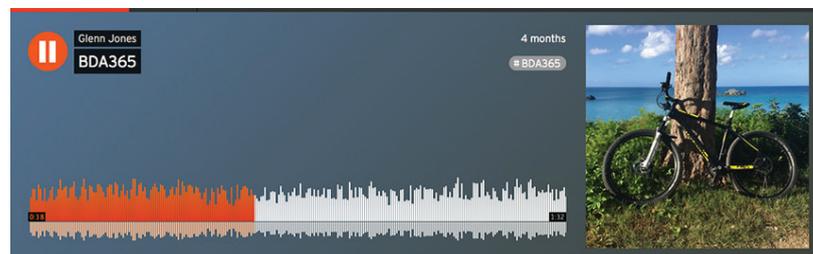
The Louis Vuitton America's Cup World Series in October provided a wealth of opportunities to engage with tourism industry stakeholders in a meaningful way. The most vibrant example of this was the Prep Rally at Hamilton City Hall on the Monday before the start of official festivities on Friday. At least ten America's Cup official partners and hundreds of their employees joined the BTA, the ACEA and others for a 30-minute rally, which included remarks from vendors, entertainers and the Premier. The event was well received and members of Team Artemis attended.



Additionally, Operations partnered with the Product & Experiences team and ACBDA to host America's Cup briefings for local taxi drivers. Operations also handled the logistics and communications to raise more than \$6,200 for the Endeavour Community Sailing Programme by selling bean-bags used at the World Series event. Finally, Glenn Jones presented America's Cup information in a presentation to the Sandy's Rotary Club along with CEO Bill Hanbury.

BDA 365

#BDA365 was created to assist the Product & Experiences team with motivating experience providers to stay open year-round. The #BDA365 campaign approach centred on celebrating those stakeholders who are already open year-round and helping them tell their story online, particularly on social media. #BDA365 was also incorporated into Tourism Forward. Mild winter weather seemed to help with the messaging around this campaign.



Tourism Summits

The first Tourism Summit to be organised by the BTA was held at the Fairmont Southampton in January, and was attended by more than 300 industry stakeholders. Ideally our annual summit will take place in in the fourth quarter to allow stakeholders time to plan for the upcoming year. In 2014, though, it proved a challenge to accomplish this since the BTA was formed in that year. However, the Operations division worked to correct that scheduling at the first opportunity.

A second Tourism Summit was held in November to coincide with the annual travel partners' summit. It was again held at the Fairmont Southampton and, once again, provided a common platform for the local industry to come together in a positive and engaging manner. A total of 248 stakeholders gathered for a full day of presentations and interactive sessions, covering a wide range of topics presented by both international and local industry stakeholders. While the number of attendees decreased by 77 when compared to the first Summit in January, the audience gathered was more reflective of the target market for the event, consisting of a greater number of industry decision makers and influencers.



Post-event survey results indicate the participation fee of \$25 introduced for the November event was not seen as a deterrent to attendance, as nearly 80 percent of respondents agreed that the fee was the 'right price', while 9 percent thought it was either 'too low' or 'irrelevant', and only 4 percent of felt it was 'too high'. Overall, the feedback was extremely positive with 98.5 percent stating it was time well spent, and nearly 90 percent willing to recommend the event to others.

The Operations division conducted two breakout sessions: Vacation Rental Property Update and the Business Benefits of the CTA programme. Both sessions were fully subscribed and well received. The former included an update on the proposed legislation, including discussion of Government's intention-al to require a mandatory listing of all VRPs and the decision to not impose any fees on these properties.

Media Outreach

In line with BTA's commitment to transparency, CEO Bill Hanbury, along with the Chief Operations Officer and Chief Product & Experiences Officer, appeared on the 'Let's Talk' programme with Gary Moreno. The salary disclosure earlier in the year paved the way for an open dialogue with the public and a moderator on this live public affairs television programme, and resulted in positive feedback from stakeholders and the general public.

Glenn Jones, BTA's Director of Stakeholder and Public Relations, was a guest on the Sherri Simmons radio programme (Magic 102.7 FM) and answered questions live on air that came in from the public via phone and email. He also wrote a first-person opinion piece for Bernews that provided a new way for highlighting the BTA's efforts to reimagine its image to the next generation of travellers.

Tourism Forward

In support of the BTA Board of Directors' goal to increase its public communications profile, a series of columns were developed to assist in communicating organisational success. The primary focus of the content for each column covered one of these areas:

- Increase visitor demand
- Grow spending from air and cruise visitors
- Support local entrepreneurs
- Stimulate infrastructure investment
- Increase vacation and group visitor air arrivals

To date the columns have run as paid advertising in the Royal Gazette. They are also mailed electronically to our stakeholder list.



In November, the BTA debuted Tourism Forward TV, airing on local television and online at the BTA's Vimeo channel. The aim of the programme was to deliver industry information directly to the community, and each edition of the six-episode season covered a different topic in the BTA's strategy to grow the island's tourism economy:

- Show 1 – Solving the Shoulder Season
- Show 2 – Visitor Spending
- Show 3 – Target Audiences
- Show 4 – Entrepreneurs & Jobs
- Show 5 – America's Cup
- Show 6 – Infrastructure & Growth Planning

The feedback on the programming has been extremely positive from the community and stakeholders alike.

Community Outreach

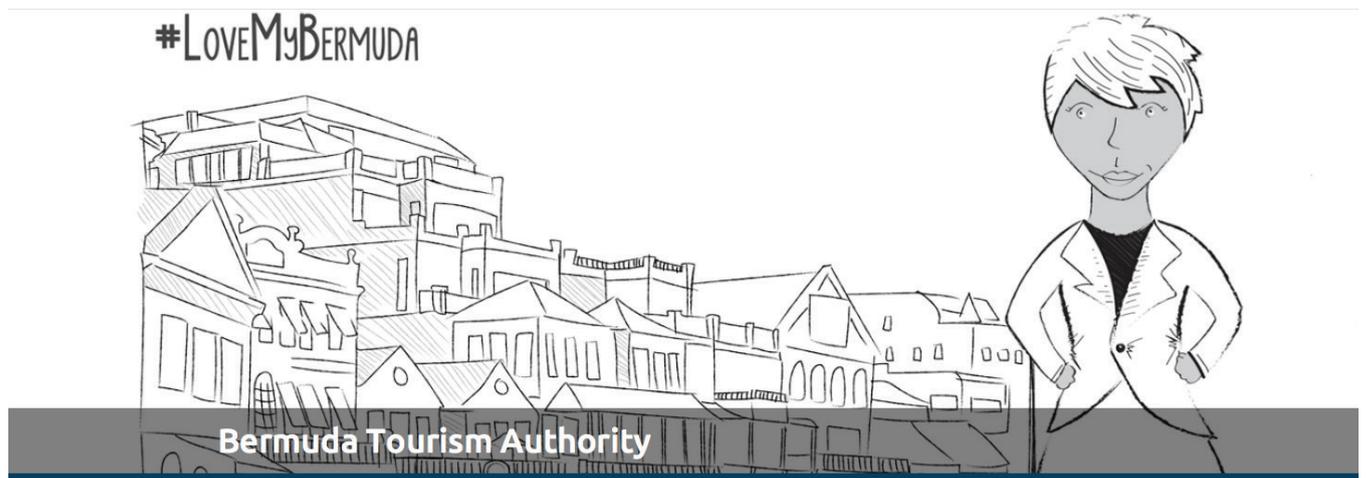
In a dual effort to beautify Bermuda and motivate community spirit, the BTA met with businesses and community organisations to discuss the feasibility of launching a public/private sector neighbourhood beautification initiative. While primarily serving a practical purpose - clearing and beautifying roadsides in Bermuda - the initiative also aims to give residents a greater sense of unity, friendship and purpose, and to connect them more directly with the businesses and service organisations in their areas. Based on stakeholder feedback, the initiative is slated to launch in the first quarter of 2016.



In partnership with Keep Bermuda Beautiful, the BTA team, assisted by CTA's, took part in clean-up efforts that positively impacted public beaches at Clearwater, Warwick Long Bay, Mangrove Bay and Elbow Beach.

Bring it Home Campaign

The Bring It Home Campaign launched in the fourth quarter with the objective of motivating members of the public to influence the group travel decisions of friends and colleagues, and to educate the public on the importance of group travel to the local economy. The campaign has been covered editorially in local media and complemented with local advertising online and in print. A presentation to the Hamilton Rotary Club also proved helpful in the communications of Bring It Home.



Tourism Appreciation

As a component of our tourism appreciation initiative, the Bermuda Tourism Authority developed and underwrote the advertising and promotional activities associated with Hospitality Month in April. The radio campaign featured ambassadors in the tourism industry talking about their commitment to Hospitality and Tourism under phase two of #lovemybermuda. These individuals were taken from a diverse cross-section of the industry, with the aim of reflecting how what each person is doing demonstrates their love for Bermuda. Additional activities included the BTA hosting a reception attended by 150 people, recognising Certified Tourism Ambassadors (CTA's), 'Hospitality Skills = Life Skills' school volunteers, S.T.A.R.T. students and 'Hospitality Heroes.'

In advance of the Experience Investment programme's call for submissions, the BTA hosted a series of Lunch 'n Learn sessions that were aimed at local tourism-minded entrepreneurs to assist them in aligning their ideas with the objectives of the Tourism Experiences investment process. The objective of the four-session series was to help entrepreneurs create strong proposals - particularly for those who had not been through the application process before and wanted to put forward new and unique



"With all the knowledge I obtained, it will help my future endeavours flourish. Open-mindedness and willingness were the key factors in these sessions for me."

CTA RECIPIENT



We want to help you grow your tourism idea!

BTA PRODUCT & EXPERIENCES INVESTMENT PROCESS LUNCH N LEARN SESSIONS

Are you an entrepreneur looking for a boost?

- \$1.7M awarded to entrepreneurs like YOU since 2014!
- Secure up to a \$75,000 investment for a HOME GROWN idea

Session	Date	Location	Time	RSVP By
Unique Experiences & Consumer Research	Tuesday May 19	BTA (22 Church Street)	12:15 – 1:30	May 15
New Proposals & Business Plans	Tuesday May 26	BTA (22 Church Street)	12:15 – 1:30	May 19
Utilising Social Media for Business Growth	Tuesday June 9	BTA (22 Church Street)	12:15 – 1:30	June 2
The Value of Experience (Panel)	Tuesday June 16	BTA (22 Church Street)	1:15 – 2:30	June 9

RSVP – dthomas@bermudatourism.com or 441.279.5576

For more information visit www.gotobermuda.com/bermudatourism

BERMUDA
TOURISM AUTHORITY

ideas. A total of 67 individual attendees took part, many being present for multiple sessions on different aspects of the business proposal application.



Extensive preparation for the third phase of the #lovemybermuda tourism appreciation campaign took place throughout the second half of 2015. A strategy was created to promote and develop a platform where people could share with their community of social media followers, via video, what they love about Bermuda through non-traditional grassroots activities and experiences that they participate in, and to promote a compelling call to action for tourism advocates, individually and collectively, to demonstrate their love and pride for their island. The BTA engaged multiple partners from the island's cultural-centric communities in furthering these objectives and the #lovemybermuda video challenge continues into 2016.

Training & Standards

The National Service Standard Programme (NSSP) started in earnest in January 2015 with field tests conducted as the final step prior to an island-wide launch. Two courses of four hours each, Blue Flag 101 and Certified Tourism Ambassador (CTA), are required for certification. The courses are not held over the summer months.

An incentive programme for CTAs was introduced to help ambassadors experience Bermuda and to subsequently recommend activities, products and experiences to our island visitors. The Bermuda Tourism Ambassador ID card was developed and distributed to CTAs to enable them to receive incentives island-wide. In addition, a monthly newsletter was also introduced and is designed to educate and inform CTAs on new and established activities and attractions. The content also highlights their peers and the businesses that have committed to the programme. In addition to encouraging CTAs to explore and learn more about Bermuda, the newsletter provides ways for CTAs to gain their certification renewal points.

The first CTA mixer, hosted by Rosa's, was well attended. Ambassadors were provided with a platform to mingle with their counterparts and discuss their unique experiences. Information on upcoming industry events was shared, including details on the BTA's Experience Investment process.

Since the introduction of the programme, a total of 601 customer-facing/front-line hospitality and tourism employees have registered to participate in the CTA programme. Of that number, 461 have completed the course and are now recognised as CTA's.



Vacation Rental Properties

There are approximately 273 Vacation Rental units in Bermuda, with roughly 437 bedrooms - the equivalent of 11 percent of Bermuda's licensed accommodation room count. This sector is largely self-regulating and currently operates with complete autonomy. There is no description of these Vacation Rental Properties in Bermuda's legislative or regulatory framework: while a Vacation Rental Property (VRP) is often portrayed as a personal relationship between the VRP owner and visitor, it is undisputedly a commercial relationship. Annual revenues generated by this local industry sector, based on 70 percent occupancy, are estimated to be \$20 million.

As identified in Bermuda's National Tourism Plan, accommodations are an integral part of Tourism Value Chain. Whereas some hold the view that VRPs augment the current lack of licensed hotel beds, and therefore compete in the same arena, this sector has a number of key market differentiators that demonstrate their separation from licensed properties. The Bermuda Tourism Authority undertook a review of the VRP market in relation to the island's challenges and opportunities as identified in the National Tourism Plan (NTP), seeking to align the sector with the NTP's eight strategic objectives.



In preparation of this discussion paper, the BTA sought to actively engage VRP owners and other likely impacted stakeholders, including VRP agents, hoteliers, and potential VRP providers on this topic. The BTA conducted a discussion forum as well as an online survey to gauge the public's opinion on the subject of vacation rentals. The forum, held during the Bermuda Tourism Summit in January 2015, was an interactive session which more than 100 persons attended. The online survey was open for two weeks in February: 216 persons responded, 71 (33 percent) of whom self-identified as VRP owners. Additionally, a position paper on VPR was submitted by the Bermuda Hotel Association. Finally, a VRP focus group consisting of VRP owners and agents was convened to provide input on the BTA's proposed recommendations.

The discussion paper was submitted to the Ministry of Tourism Development and Transport in April 2015. The paper documented the results of the review and proposed a framework by which the VRP market will play a clearly defined and integral part in meeting five of the eight National Tourism Plan objectives:

- Build unique and create competitive positioning
- Increase visitor spending
- Improve quality throughout the Tourism Value Chain
- Build pride and create jobs
- Create economic and social sustainability

The review also presented the path to meeting BTA's overall objectives by:

- Developing a 'light-touch' regulatory framework specific to VRP in Bermuda that enables visitors choosing a VRP for their on-Island stay to do so with confidence.
- Ensuring Bermuda's VRP sector positively reflects on the overall product and experience that Bermuda markets and provides to our visitors.
- Creating a voluntary registry of Bermuda's VRPs to market and promote alongside traditional guest accommodations.

In response to the discussion paper on Vacation Rental Properties submitted, Government support was expressed for the definition of a VRP and all other VRP recommendations made by the BTA, except regulating the 2.5 percent fee. We were prepared for this potential outcome: BTA's legislation was specifically crafted to be broad in scope, giving us the autonomy to raise and generate revenue. The main issue outstanding at the end of 2015 is the legal standing of rent-controlled units operating as VRP. However, the VRP legislation is expected to be laid to Parliament during the first quarter of 2016.

Financial Statements

December 31, 2015

Management's Responsibility for the Financial Statements

These financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. The preparation of financial statements necessarily involves using management's best estimates and judgments, where appropriate.

Management is responsible for maintaining a comprehensive system of accounting records, internal controls, policies and management practices, designed to provide reasonable assurance that transactions are properly authorized and in compliance with legislation, assets are safeguarded, and reliable financial information is available on a timely basis.

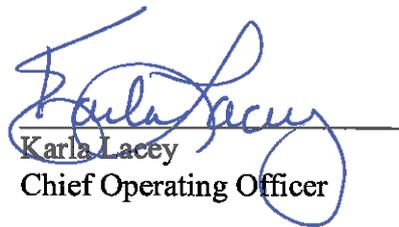
The Bermuda Tourism Authority's Board through the Audit and Risk Committee, is responsible for ensuring that management fulfills its responsibility for financial reporting and internal controls. The Audit and Risk Committee meets periodically with management to discuss matters relating to financial reporting, internal control and audits. The Audit and Risk Committee also reviews the financial statements before recommending approval by the Board. The financial statements have been approved by the Board and have been examined by the Office of the Auditor General.

The accompanying Independent Auditor's Report is presented herein.

On behalf of the Bermuda Tourism Authority



William A. Hanbury
Chief Executive Officer



Karla Lacey
Chief Operating Officer

DATE Feb 13, 2016



Office of the Auditor General

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INDEPENDENT AUDITOR'S REPORT

To the Minister of Tourism, Transport and Municipalities

Report on the Financial Statements

I have audited the accompanying financial statements of the Bermuda Tourism Authority, which comprise the statement of financial position as at December 31, 2015, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with public sector accounting standards generally accepted in Bermuda and Canada 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bermuda Tourism Authority as at December 31, 2015, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended, in accordance with public sector accounting standards generally accepted in Bermuda and Canada.

Report on Other Legal and Regulatory Requirements

As required by Section 20 of the Bermuda Tourism Authority Act 2013, I also report that, in my opinion, proper accounting and other records have been kept and that the receipt, expenditure and investment of moneys and the acquisition and disposal of assets by the Bermuda Tourism Authority during the year ended December 31, 2015, have been in accordance with the provisions of the Bermuda Tourism Authority Act 2013.



Hamilton, Bermuda
July 13, 2016

Heather Thomas, CPA, CFE, CGMA
Auditor General

BERMUDA TOURISM AUTHORITY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

	2015	2014
	\$	\$
FINANCIAL ASSETS		
Cash	2,418,907	4,656,470
Accounts receivable and accrued revenue (note 4)	197,925	200,528
Loans receivable (note 5)	7,529	180,029
Due from the Government of Bermuda (note 10)	21,011	122,165
Inventory	197,313	-
	<u>2,842,685</u>	<u>5,159,192</u>
LIABILITIES		
Accounts payable and accrued liabilities (note 6)	1,633,997	2,013,078
Due to the Government of Bermuda (note 10)	52,913	137,226
	<u>1,686,910</u>	<u>2,150,304</u>
NET FINANCIAL ASSETS	<u>1,155,775</u>	<u>3,008,888</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (note 7)	311,385	333,495
Prepaid expenses	193,715	95,079
	<u>505,100</u>	<u>428,574</u>
ACCUMULATED SURPLUS	<u>1,660,875</u>	<u>3,437,462</u>
CONTRACTUAL OBLIGATIONS (note 14)		

The accompanying notes are an integral part of these financial statements

BERMUDA TOURISM AUTHORITY
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 Budget (note 16) \$	2015 \$	2014 \$
REVENUES			
Government of Bermuda grant (note 10)	22,049,250	22,049,250	21,050,495
Tourism authority fees (note 8)	3,600,000	3,376,484	3,418,706
Other income	<u>50,000</u>	<u>4,501</u>	<u>-</u>
	<u>25,699,250</u>	<u>25,430,235</u>	<u>24,469,201</u>
EXPENSES (note 9)			
Sales & marketing	16,287,500	15,529,331	9,733,834
Operations	9,003,829	8,299,096	6,725,223
Product development & experience	1,994,350	2,169,512	1,469,253
Investment	500,000	518,298	-
Research & business intelligence	394,060	370,585	333,530
Grants	320,000	320,000	225,000
Transition	<u>-</u>	<u>-</u>	<u>3,081,306</u>
	<u>28,499,739</u>	<u>27,206,822</u>	<u>21,568,146</u>
OPERATING (DEFICIT) SURPLUS	<u>(2,800,489)</u>	<u>(1,776,587)</u>	<u>2,901,055</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR		3,437,462	-
ACCUMULATED SURPLUS TRANSFERRED FROM THE TOURISM BOARD (note 17)		<u>-</u>	<u>536,407</u>
ACCUMULATED SURPLUS, END OF YEAR		<u>1,660,875</u>	<u>3,437,462</u>

The accompanying notes are an integral part of these financial statements

BERMUDA TOURISM AUTHORITY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	\$	\$
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>3,008,888</u>	<u>-</u>
Operating (deficit) surplus	(1,776,587)	2,901,055
Transfer of tangible capital assets from the Tourism Board (note 17)	-	(2,110)
Acquisition of tangible capital assets (note 7)	(72,415)	(392,592)
Amortization of tangible capital assets (note 7)	94,525	61,207
Change in prepaid expenses	(98,636)	(79,064)
Transfer of prepaid expenses from the Tourism Board (note 17)	-	(16,015)
Net financial assets transferred from the Tourism Board (note 17)	<u>-</u>	<u>536,407</u>
(DECREASE)/INCREASE IN NET FINANCIAL ASSETS	<u>(1,853,113)</u>	<u>3,008,888</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>1,155,775</u></u>	<u><u>3,008,888</u></u>

The accompanying notes are an integral part of these financial statements

BERMUDA TOURISM AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015	2014
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating (deficit) surplus	(1,776,587)	2,901,055
Adjustments for items not affecting cash:		
Amortization of tangible capital assets	94,525	61,207
Net working capital transferred from the Tourism Board	-	534,297
Changes in non-cash working capital:		
Increase in inventory	(197,313)	-
Decrease (increase) in accounts receivable and accrued revenue	2,603	(200,528)
Decrease (increase) in due from the Government of Bermuda	101,154	(122,165)
(Decrease) increase in accounts payable and accrued liabilities	(379,081)	2,013,078
(Decrease) increase in due to the Government of Bermuda	(84,313)	137,226
Increase in prepaid expenses	(98,636)	(95,079)
	<u>(2,337,648)</u>	<u>5,229,091</u>
CASH FLOWS FROM CAPITAL ACTIVITY		
Acquisition of tangible capital assets	(72,415)	(392,592)
	<u>(72,415)</u>	<u>(392,592)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Decrease (increase) in loans receivable	172,500	(180,029)
	<u>172,500</u>	<u>(180,029)</u>
NET (DECREASE) INCREASE IN CASH	(2,237,563)	4,656,470
CASH, BEGINNING OF YEAR	4,656,470	-
	<u>4,656,470</u>	<u>-</u>
CASH, END OF YEAR	2,418,907	4,656,470
	<u>2,418,907</u>	<u>4,656,470</u>

The accompanying notes are an integral part of these financial statements

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. NATURE OF OPERATIONS

The Bermuda Tourism Authority (the “Authority”) was established on December 16, 2013 under the Bermuda Tourism Authority Act 2013 (the “Act”) following the repeal of the Tourism Board Act 2012. The main functions of the Authority are to develop and promote Bermuda as a tourist destination; to advise the Government on matters relating to travel and tourism; to enhance the travel and tourism sector’s contribution to the Bermuda economy; to provide appropriate tourism education and training; and to implement the National Tourism Plan.

2. SIGNIFICANT ACCOUNTING POLICIES

Pursuant to standards established by the Public Sector Accounting Board (“PSAB”) of the Chartered Professional Accountants of Canada, the Authority is classified as an other government organization. These financial statements have been prepared by management in accordance with public sector accounting standards generally accepted in Bermuda and Canada and the accounting policies considered particularly significant are set out below:

a. Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable. The Authority derives its revenue from a Government of Bermuda grant and tourism authority fees. Government of Bermuda grants are recognized as revenues when the grant is authorized and any eligibility criteria are met.

The tourism authority fees are based on actual returns received and an accrued estimate relating to hotels which are required by the Act to file returns and remit the related tourism authority fees. This estimate has been made by management using information available to the Authority.

b. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the period are expensed.

c. Cash

Cash is comprised of a Bermuda dollar and US dollar checking and savings accounts with a local bank and an overseas bank.

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Loans receivable

Loans receivable are recorded at amortized cost less any amount for valuation allowances. Valuation allowances are made to reflect loans receivable at the lower of amortized cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowances are recognized in the statement of operations and accumulated surplus.

e. Inventory

Inventories consist of items held for resale at the Visitor Information Centre. It is recorded at the lower of cost and net realizable value and cost is determined using the first-in, first-out method.

f. Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are classified according to their function. Amortization is recorded on a straight-line basis over their estimated useful lives as follows:

Computer hardware and software	3 years
Equipment	3 - 5 years
Office furniture & fittings	6 - 7 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Authority's ability to deliver on its mandate, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

g. Prepaid expenses

Prepaid expenses include payments relating to annual service contracts and deposit payments for tourism related services and are charged to expense over the periods expected to benefit from it.

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Measurement uncertainty

These financial statements are prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada. These standards require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Significant areas requiring the use of estimates include the estimated useful lives of tangible capital assets, bad debt allowance and accruals. Estimates are based on best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from these estimates.

i. Financial instruments

Cash is recognized at cost. Accounts receivable and accrued income, loans receivable, due from the Government of Bermuda, accounts payable and accrued liabilities and due to the Government of Bermuda are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the cost or amortized cost category are added to the carrying value of the instrument when initially recognized.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations and accumulated surplus.

j. Statement of remeasurement gains and losses

A statement of remeasurement gains and losses has not been presented as the Authority does not have any significant financial assets or liabilities that would give rise to remeasurement gains or losses.

3. ECONOMIC DEPENDENCE ON GOVERNMENT

The Authority is economically dependent upon the Government of Bermuda (the "Government") and receives an annual grant to fund its operations.

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. ACCOUNTS RECEIVABLE AND ACCRUED REVENUE

	2015	2014
	\$	\$
Accounts receivable	58,593	53,061
Accrued revenue	160,153	160,677
Less: Allowance for doubtful accounts	(20,821)	(13,210)
	197,925	200,528

Accounts receivable pertains to tourism authority fees due based on actual returns received. Accrued revenue is an estimate of tourism authority fees due for which returns have not been received at the year end.

5. LOANS RECEIVABLE

	2015	2014
	\$	\$
Loans receivable	7,529	180,029

In January 2015, the Authority agreed to provide a loan of \$15,000 to an Experience Developer for the development of a tourism product. During the year, \$7,500 of this loan had been paid. The loan is non-interest bearing and is repayable in 2 installments of \$5,000 in November 2015 and \$10,000 in November 2016. The loan is subject to a Promissory Note in favor of the Authority. As at December 31, 2015, this loan has not been repaid.

The loan made in 2014 was repaid on April 30, 2015.

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2015	2014
	\$	\$
Trade payables	819,466	693,088
Accrued expenses	597,573	733,909
Benefits payable	216,958	519,981
Accrued vacation	-	66,100
	1,633,997	2,013,078

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES (continued)

Accounts payable and accrued expenses relate to trade and operational liabilities. Benefits payable relate to employee benefits including health, incentives and pensions.

7. TANGIBLE CAPITAL ASSETS

	Computer hardware and software \$	Equipment \$	Office furniture & fittings \$	Total \$
Cost				
Transfer from Tourism Board	2,329	-	-	2,329
Additions	159,640	53,718	179,234	392,592
At December 31, 2014	161,969	53,718	179,234	394,921
Additions	10,665	3,373	58,377	72,415
At December 31, 2015	172,634	57,091	237,611	467,336
Accumulated amortization				
Transfer from Tourism Board	219	-	-	219
Amortization	39,796	5,472	15,939	61,207
At December 31, 2014	40,015	5,472	15,939	61,426
Amortization	56,270	13,012	25,243	94,525
At December 31, 2015	96,285	18,484	41,182	155,951
Net Book Value				
December 31, 2015	76,349	38,607	196,429	311,385
December 31, 2014	121,954	48,246	163,295	333,495

8. TOURISM AUTHORITY FEES

The tourism authority fee is imposed on each proprietor of a hotel for each guest accommodated in the hotel at a rate of 2.5% of the rack rate charge (the charge made for accommodations at a hotel), payable monthly in arrears.

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

9. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	2015	2014
	\$	\$
<u>Sales & marketing:</u>		
Advertising	8,441,006	5,359,821
Partner marketing	2,369,404	573,965
International representation & activation	1,478,992	466,687
Website	1,160,370	-
Media relations & PR	630,535	614,722
Group sales	593,621	1,076,241
Promotions	456,968	43,934
Travel industry outreach	193,668	80,615
Social Media	186,597	-
Collateral	18,170	7,922
Events sponsorship	-	1,509,927
	15,529,331	9,733,834
	2015	2014
	\$	\$
<u>Operations:</u>		
Staff costs	5,174,566	4,522,333
General expenses	975,123	537,845
Premises	711,972	494,702
Communications & IT	595,932	592,624
Bank fees and exchange costs	269,503	245,777
Professional fees	207,991	224,403
Stakeholder relations & communication	173,248	-
Training & standards	119,183	88,553
Maintenance	65,284	3,384
Marketing	3,776	9,901
Transport	2,518	5,701
	8,299,096	6,725,223

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

9. EXPENSES BY OBJECT (continued)

	2015	2014
	\$	\$
<u>Product development & experience:</u>		
Contributions & Grants	1,090,471	721,766
Services	439,084	327,661
Events sponsorship	341,015	343,242
Real Estate Improvements	96,223	15,666
Product research	69,847	-
Promotional & print	62,583	-
Activities / Attractions	51,446	46,742
Public Relations	18,843	14,176
	<u>2,169,512</u>	<u>1,469,253</u>

	2015	2014
	\$	\$
<u>Investments:</u>		
St. George's project	383,133	-
Horseshoe Bay	134,060	-
Other	1,105	-
	<u>518,298</u>	<u>-</u>

	2015	2014
	\$	\$
<u>Research and business intelligence:</u>		
Current consumer research	352,818	291,352
Local resident research	7,000	13,672
Market research	5,500	17,415
Other	5,267	11,091
	<u>370,585</u>	<u>333,530</u>

	2015	2014
	\$	\$
<u>Grants:</u>		
Bermuda Hospitality Institute	<u>320,000</u>	<u>225,000</u>

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

9. EXPENSES BY OBJECT (continued)

	2015	2014
	\$	\$
<u>Transition:</u>		
Planning and operations	-	1,406,487
Legal & Professional	-	1,200,982
IT costs	-	248,767
Recruitment	-	203,433
Real estate	-	21,637
	-	3,081,306
	27,206,822	21,568,146

Visitor Information Centre

During the year, the Authority operated the Visitor Information Centre in Dockyard which, in addition to providing information to visitors, sold public transportation passes, beach shuttle tokens and some merchandise. The gross revenue and expenses related to this operation were \$3,716,621 and \$3,894,523, respectively, resulting in a net cost of \$177,902 and is included in the services expenses as noted above. The transportation passes were acquired from the Government of Bermuda while rent and service charges and beach shuttle tokens were obtained from The West End Development Corporation (“WEDCO”). Both are related parties to the Authority.

10. RELATED PARTY TRANSACTIONS

The Authority is related to all Government agencies including those jointly controlled or significantly influenced by Government. The Authority enters into transactions with these entities in the normal course of business and such transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

Under the Payroll Tax Act, the Authority is a Class C employer and is exempt from Payroll Tax. The amounts due at the end of the year are inclusive of payments to be made on behalf of employees.

During the period from April 1, 2015 to December 31, 2015 the Authority leased the Visitor Information Centre property from WEDCO. Under the terms of the lease, rent is calculated as a percentage of the turnover of the Visitor Information Centre.

At the end of the year, a balance of \$19,318 was due from WEDCO in relation to the purchase of shuttle passes.

On December 18, 2015 the Minister of Finance enacted the Foreign Currency Purchase Tax Order 2015 to include the Authority as an exempt body.

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

10. RELATED PARTY TRANSACTIONS (continued)

The Authority had the following transactions with the Government:

	Transactions for the period		Due at the period end	
	2015	2014	2015	2014
	\$	\$	\$	\$
Revenues and receivables:				
Government of Bermuda grant	22,049,250	21,050,495	-	-
Reimbursement of funds	25,090	128,368	21,011	122,165
	<u>22,074,340</u>	<u>21,178,863</u>	<u>21,011</u>	<u>122,165</u>
Expenses and payables:				
Transportation passes	3,497,408	-	-	-
Beach shuttle tokens	199,159	-	-	-
Foreign currency purchase tax	184,604	115,872	-	-
Social insurance	30,861	27,622	12,668	11,384
Rent and service charges	32,265	-	-	-
Payroll tax	-	131,470	40,245	125,842
	<u>3,944,297</u>	<u>274,964</u>	<u>52,913</u>	<u>137,226</u>

Two directors of the Board have interests in hotels which had transactions with the Authority in respect to payments of tourism authority fees amounting to \$516,012 (2014: \$514,465). At period-end, there was \$14,724 (2014: \$15,005) of accrued revenue which is included in accounts receivable and accrued revenue.

11. EMPLOYEE FUTURE BENEFITS

Employee benefits include the following:

a. Pension plans

The Authority has three different pension plans all of which are defined contribution plans.

The Registered Plan which is for all Bermudian employees and members of staff that are the spouse of a Bermudian, and is in accordance with the National Pensions Scheme (Occupational Pensions) Act 1988. The non-registered pension plan which is for non-Bermudian employees and spouses mirrors the Registered Plan in all ways except that vested contributions can be withdrawn upon the end of employment with the Authority. There is also a 401k plan which provides for US employees retirement planning. The plans are administered by the Argus Group.

The plans includes a life insurance benefit. All employees who are contributing to the plans are covered under a group life policy.

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

11. EMPLOYEE FUTURE BENEFITS (continued)

a. Pension plans (continued)

The Authority's employees are entitled to workers compensation for eligible expenses in respect of medical aid, death or incapacity while insured under the plans.

Employee contributions to the plans are 5% of gross salary and they are matched by the Authority. These contributions are recognized as pension contribution expenses when they are due. The Authority's contributions to the plans during the period were \$201,272 (2014: \$144,973).

b. Other benefits and compensated absences

Full-time regular employees are eligible for a variety of benefits including Medical insurance, Short Term and Long Term Disability coverage and Life insurance and Accidental Death and Dismemberment (AD&D) insurance. Compensated absences include maternity leave, paternity leave, sick leave and vacation days. All of these benefits are unfunded.

Maternity and paternity leave does not accumulate or vest and therefore an expense and liability is only recognized when extended leave is applied for and approved. There were no maternity or paternity leave benefits applied for or approved during the current period and therefore, no liability has been accrued in the accounts.

Sick leave does not accumulate or vest, and like maternity leave, a liability is recorded only when extended leave is applied for and approved. There was no extended sick leave applied for or approved during the current period and therefore, no liability has been accrued in the accounts.

Vacation days accumulate and vest and therefore a liability is accrued each period. The accrued liability at December 31, 2014 is \$66,100 and is included in accounts payable and accrued liabilities. The accrued liability at December 31, 2015 of \$25,081 has not been accrued in the accounts.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Authority is exposed to various risks through its financial instruments. The Board has overall responsibility for the establishment and oversight of its risk management framework. The Authority manages its risk and risk exposure through sound business practices. The following analysis provides a measure of the risks at the reporting date.

a. Credit risk

Credit risk arises from cash held with banks and other receivables. The maximum exposure to credit risk is equal to the carrying value (net of allowances) of the financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Authority assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors.

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

a. Credit risk (continued)

i. Cash

Cash consists of cash in checking and savings accounts. Credit risk associated with cash is minimized substantially by ensuring that these financial assets are invested with highly rated financial institutions.

ii. Other receivables

Other receivables consist of tourism authority fees, loans receivable and due from the Government of Bermuda. The Authority's credit risk arises from the possibility that a counterparty which owes the Authority money is unable or unwilling to meet its obligations in accordance with the terms and conditions in the contracts with the Authority, which would result in a financial loss for the Authority. This risk is mitigated through established credit management techniques, including ongoing reviews of outstanding balances.

The Authority believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk.

The amounts outstanding at the year-end were as follows:

	Total	Current	31 - 90 days	90 + days
	\$	\$	\$	\$
Accounts receivable	58,593	30,491	13,483	14,619
Accrued revenue	160,153	160,153	-	-
Due from the Government of Bermuda	21,011	21,011	-	-
	<u>239,757</u>	<u>211,655</u>	<u>13,483</u>	<u>14,619</u>
Less: Impairment allowance	(20,821)	-	(6,202)	(14,619)
Net receivables	<u>218,936</u>	<u>211,655</u>	<u>7,281</u>	<u>-</u>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure credit risk.

BERMUDA TOURISM AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

b. Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its financial obligations as they become due. The Authority mitigates such risk by monitoring cash activities and projected outflows through budgeting and maintaining liquid cash balances.

The following table sets out the expected cash flows of financial liabilities:

	Total	Current	31 - 90	90 +
	\$	\$	days	days
			\$	\$
Trade payables	819,466	819,466	-	-
Accrued expenses	597,573	597,573	-	-
Benefits payable	216,958	30,958	-	186,000
Due to the Government of Bermuda	52,913	52,913	-	-
	<u>1,686,910</u>	<u>1,500,910</u>	<u>-</u>	<u>186,000</u>

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure liquidity risk.

c. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is generally comprised of three key risks: currency risk, interest rate risk and other price risks.

i. Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The majority of receivables and payables are generally settled in local currency or in US dollars.

ii. Interest rate risk

Interest rate risk arises from changes in prevailing levels of market interest rates. At period-end, the Authority had no significant interest rate risk exposure.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods to measure market risk.

BERMUDA TOURISM AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015

13. CAPITAL MANAGEMENT

The Authority's objective when managing capital is to hold sufficient accumulated surplus to enable it to withstand negative unexpected financial events. The Authority achieves this objective through management of cash flows. The Authority maintains sufficient liquidity to meet its short-term obligations as they come due. The Authority is not subject to any externally imposed capital requirements.

14. CONTRACTUAL OBLIGATIONS

The Authority has entered into various contracts relating to operational support and direct tourism related initiatives. The aforementioned contracts have commencement terms prior to December 31, 2015 and the latest contract termination date is January 31, 2020. These contractual obligations will become liabilities in the future when the terms of the contracts are met. The remaining obligations of the contracts are as follows:

	2016	2017	2018	2019	2020
	\$	\$	\$	\$	\$
Product development grants	210,000	-	-	-	-
Operational	2,193,573	1,626,550	-	-	-
Property	545,096	545,096	545,096	515,904	16,233
	<u>2,948,669</u>	<u>2,171,646</u>	<u>545,096</u>	<u>515,904</u>	<u>16,233</u>

15. LETTER OF CREDIT

An amount of \$93,267 is held in an overseas savings account against a Letter of Credit issued in favour of Royalty Realty Corp, the landlord of the office in New York, in the event of a rent default.

16. BUDGET FIGURES

The budget was approved by the Board on April 22, 2015.

BERMUDA TOURISM AUTHORITY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2015

17. TRANSFER OF ASSETS AND LIABILITIES

On December 16, 2013, the Tourism Board Act 2012 was repealed as provided in Section 26 of the Act.

All rights, assets and property vested in or held in any manner, on behalf of or for the Tourism Board before commencement of the Act, were vested in the Authority. Additionally, all liabilities and obligations that existed for the Tourism Board immediately before the commencement of the Act, continue to exist against the Authority.

A summary of the balances transferred is detailed below:

	2014 \$
Cash	993,500
Accounts receivable and accrued revenue	519,699
Accounts payable and accrued liabilities	(994,917)
Tangible capital assets	2,110
Prepaid expenses	<u>16,015</u>
	<u>536,407</u>

18. COMPARATIVE FIGURES

The Authority was established on December 16, 2013 and the comparative period figures relate to a period from December 16, 2013 to December 31, 2014. The Authority commenced operations on April 1, 2014 and costs incurred in the period from December 16, 2013 to March 31, 2014 are included in the transition costs within the expenses in the statement of operations and accumulated surplus.

Certain comparative figures have been reclassified to conform with the current year's presentation.

19. SUBSEQUENT EVENTS

On March 28, 2016, an amendment to the Bermuda Tourism Authority Act 2013 was passed which increased the tourism authority fee to 4.5% with effect from May 1, 2016.



BACK ROW - LEFT TO RIGHT: David Dodwell, Jessica Mello, Peter Everson, Earl (Butch) Graves Jr.

FRONT ROW - LEFT TO RIGHT: Paul Telford, Allison Towlson, Phil Barnett, Allison Reid

Board of Directors

David Dodwell (CHAIRMAN)

Owner of The Reefs Hotel & Club in Bermuda and Nisbet Plantation Beach Club in Nevis.

Phil Barnett

Director and President of the Island Restaurant Group.

Peter Everson

President of PEConsultants Ltd.

Earl (Butch) Graves Jr.

President & CEO of Black Enterprise.

Jessica Mello

Director of Consulting Services, Deloitte Bermuda, serving banking and public sector clients in Bermuda and the Caribbean.

Allison Reid

Senior Vice President of Real Estate of Starwood Hotels & Resorts Worldwide Inc.

Paul Telford

Managing Director at the Rosewood Tucker's Point Resort in Bermuda.

Allison Towlson

Regional Executive and Chief Operating Officer for ACE.

BERMUDA
TOURISM AUTHORITY