

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED SEPTEMBER 30, 2017 AND 2016

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tampa Bay Convention & Visitors Bureau, Inc.
dba: Visit Tampa Bay and Affiliate
Tampa, Florida

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2017 and 2016, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Board of Directors
Tampa Bay Convention & Visitors Bureau, Inc.
dba: Visit Tampa Bay and Affiliate

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay and Affiliate as of September 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2018, on our consideration of Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay and Affiliate's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Tampa, Florida
March 6, 2018

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,055,243	\$ 2,990,754
Accounts Receivable:		
Local Government	937,486	1,049,641
Partnership	2,646	21,445
Other	469,882	289,187
Inventory	29,283	64,893
Prepaid Expenses and Other Assets	<u>220,550</u>	<u>254,587</u>
Total Current Assets	3,715,090	4,670,507
 Furniture, Equipment, and Leasehold Improvements, Net of Accumulated Depreciation and Amortization	 <u>2,796,896</u>	 <u>135,442</u>
 Total Assets	 <u><u>\$ 6,511,986</u></u>	 <u><u>\$ 4,805,949</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,270,889	\$ 890,471
Accrued Expenses	621,085	658,044
Deferred Lease Credits	1,084,519	123,763
Pass Through Funding	304,042	346,336
Unearned Revenue:		
Partnership	245,525	261,461
Other	<u>27,555</u>	<u>41,899</u>
Total Current Liabilities	3,553,615	2,321,974
 NET ASSETS		
Unrestricted	 <u>2,958,371</u>	 <u>2,483,975</u>
 Total Liabilities and Net Assets	 <u><u>\$ 6,511,986</u></u>	 <u><u>\$ 4,805,949</u></u>

See accompanying Notes to Consolidated Financial Statements.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
REVENUES		
Government Contracts	\$ 13,315,986	\$ 12,449,641
Partnership Dues	505,915	541,505
Partnership Events	233,434	251,010
Promotional Partnerships	864,506	874,578
Registration and Housing	-	33,171
Management Fee Income	27,444	21,088
Visitor Information Center	237,662	239,692
In-Kind Contributions	237,673	578,867
Total Revenues	<u>15,422,620</u>	<u>14,989,552</u>
EXPENSES		
Sales, Marketing, and Public Relations	12,949,048	12,147,680
Convention and Visitor Services	1,314,269	1,685,656
Partnership Services	671,454	712,828
Total Expenses	<u>14,934,771</u>	<u>14,546,164</u>
OTHER GAINS (LOSSES)		
Loss from Film Commission Acquisition	<u>(13,453)</u>	<u>-</u>
CHANGE IN NET ASSETS	474,396	443,388
Net Assets - Beginning of Year	<u>2,483,975</u>	<u>2,040,587</u>
NET ASSETS - END OF YEAR	<u><u>\$ 2,958,371</u></u>	<u><u>\$ 2,483,975</u></u>

See accompanying Notes to Consolidated Financial Statements.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2017

	Sales, Marketing, and Public Relations	Convention and Visitor Services	Membership Services	Administration	Total
Salaries	\$ 2,272,112	\$ 360,154	\$ 192,213	\$ 1,182,469	\$ 4,006,948
Payroll Taxes	167,846	28,393	14,937	71,653	282,829
Employee Benefits	353,978	57,611	32,282	175,932	619,803
Total Salaries and Related Expenses	2,793,936	446,158	239,432	1,430,055	4,909,580
Advertising	3,676,761	7,847	-	-	3,684,608
Contract Services	416,316	1,600	-	-	417,916
Cost of Goods Sold	-	120,238	-	-	120,238
Depreciation	64,916	26,927	4,697	23,264	119,804
Event Hosting	-	-	183,791	-	183,791
Fulfillment	78,988	-	-	-	78,988
General and Administrative	167,154	7,489	5,063	479,322	659,029
In-Kind Contributions	124,672	48,310	64,691	-	237,673
Local and Community	19,576	2,375	902	266,168	289,021
Promotions	1,881,281	28,207	-	-	1,909,488
Site Visit	250,491	18,755	-	-	269,246
Technology Support	216,074	-	636	41,894	258,604
Tenancy	448,666	185,001	32,181	151,017	816,865
Tradeshaw Participation	870,530	-	-	-	870,530
Travel	41,150	5,701	4,476	58,063	109,390
Total Expenses Before Overhead Allocation	11,050,511	898,608	535,869	2,449,783	14,934,771
Overhead Allocation	1,898,537	415,661	135,585	(2,449,783)	-
Total Expenses	<u>\$ 12,949,048</u>	<u>\$ 1,314,269</u>	<u>\$ 671,454</u>	<u>\$ -</u>	<u>\$ 14,934,771</u>

See accompanying Notes to Consolidated Financial Statements.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2016

	Sales, Marketing, and Public Relations	Convention and Visitor Services	Membership Services	Administration	Total
Salaries	\$ 2,166,772	\$ 346,957	\$ 213,949	\$ 1,190,834	\$ 3,918,512
Payroll Taxes	163,460	29,205	16,419	69,713	278,797
Employee Benefits	325,298	58,438	34,745	185,213	603,694
Total Salaries and Related Expenses	2,655,530	434,600	265,113	1,445,760	4,801,003
Advertising	3,238,061	-	-	-	3,238,061
Contract Services	364,974	29,251	-	1,877	396,102
Cost of Goods Sold	-	118,299	-	-	118,299
Depreciation	79,026	35,676	6,737	25,574	147,013
Event Hosting	-	-	189,277	-	189,277
Fulfillment	111,530	-	-	-	111,530
General and Administrative	131,777	6,369	8,859	371,554	518,559
In-Kind Contributions	119,708	410,280	48,879	-	578,867
Local and Community	20,224	4,631	6,271	289,890	321,016
Promotions	1,726,170	22,012	-	-	1,748,182
Site Visit	305,178	9,765	-	-	314,943
Technology Support	220,611	-	-	26,469	247,080
Tenancy	419,314	190,416	35,428	126,717	771,875
Tradeshaw Participation	929,535	-	-	3,304	932,839
Travel	64,096	9,052	2,076	36,294	111,518
Total Expenses Before Overhead Allocation	10,385,734	1,270,351	562,640	2,327,439	14,546,164
Overhead Allocation	1,761,946	415,305	150,188	(2,327,439)	-
Total Expenses	<u>\$ 12,147,680</u>	<u>\$ 1,685,656</u>	<u>\$ 712,828</u>	<u>\$ -</u>	<u>\$ 14,546,164</u>

See accompanying Notes to Consolidated Financial Statements.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 474,396	\$ 443,388
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	119,804	147,013
(Increase) Decrease in:		
Accounts Receivable	(49,741)	(971,530)
Inventory	35,610	8,964
Prepaid Expenses and Other Assets	34,037	(53,182)
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	876,802	475,197
Pass Through Funding	(42,294)	346,336
Unearned Revenue	(30,280)	(5,126)
Net Cash Provided by Operating Activities	<u>1,418,334</u>	<u>391,060</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	<u>(2,353,845)</u>	<u>(65,830)</u>
NET INCREASE (DECREASE) IN CASH	(935,511)	325,230
Cash - Beginning of Year	<u>2,990,754</u>	<u>2,665,524</u>
CASH - END OF YEAR	<u><u>\$ 2,055,243</u></u>	<u><u>\$ 2,990,754</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING		
AND FINANCING ACTIVITIES		
Capital Expenditures Financed through Accounts Payable	<u><u>\$ 427,413</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Consolidated Financial Statements.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of the significant accounting policies consistently applied in the preparation of the accompanying consolidated financial statements follow.

Description of the Organization

Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay (Visit Tampa Bay) and Affiliate (collectively, the Organization) includes the accounts of Visit Tampa Bay and its Affiliate, Tampa Hillsborough Film and Digital Media Commission, Inc. (Film Tampa Bay).

The Organization consists of two nonprofit corporations located in Tampa, Florida. The mission of the Organization is to generate economic development within Tampa and Hillsborough County, Florida, by promoting the area as a site for conventions and a destination for visitors.

The operations of the Organization can be broken down into the following divisions, each of which has a specific function as detailed below.

Sales, Marketing, and Public Relations

This division concentrates on promoting Tampa/Hillsborough County as a competitive convention venue in international, national, regional, and state marketplaces. This division is also responsible for promoting the area as a leisure destination and targets both the consumer and the travel industry through advertising, promotions, direct sales, and public relations.

Convention and Visitor Services

This division promotes, facilitates, and coordinates with more than 750 businesses throughout Tampa Bay in order to provide a quality experience to conventions and visitors as the Organization leads the effort of economic development through tourism.

Partnership Services

This division is responsible for managing partnership and developing programs for involvement of community partners in seminars, workshops, special events, and other programs of the Organization.

Basis of Consolidation

The consolidated financial statements include the accounts of Visit Tampa Bay and the Film Tampa Bay. All significant intercompany accounts and transactions have been eliminated in consolidation.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accompanying consolidated financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

The Organization adheres to the provisions of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC).

FASB ASC 958-205 establishes standards for general purpose external financial statements of nonprofit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

FASB ASC 958-605 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values. These three classifications are defined as follows:

Unrestricted Net Assets – Resources not subject to donor-imposed restrictions or the donor-imposed restrictions have expired.

Temporarily Restricted Net Assets – Resources subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or become unrestricted by the passage of time. Currently, the Organization has no temporarily restricted net assets.

Permanently Restricted Net Assets – Subject to donor-imposed stipulations that they be retained and invested permanently by the Organization. Currently, the Organization has no permanently restricted net assets.

Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Accounts Receivable and Unearned Partnership Revenues

Accounts receivable are recorded at estimated net realizable value. All of the accounts receivable at September 30, 2017 and 2016, are deemed to be collectible. Therefore, no provision for uncollectible amounts has been made in the accompanying consolidated financial statements.

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Unearned Partnership Revenues (Continued)

The Organization currently invoices for partnership renewals and event and program sponsorships in advance of the partnership renewal date or the date of the event or program. These amounts are recorded in accounts receivable and unearned partnership revenues when invoiced.

Pass Through Funding

The Organization receives funds from Hillsborough County to promote out of area advertising, local festivals and events, and visitor centers in the Tampa Bay area. The Organization does not control how these funds are spent and reimburses third parties for their costs incurred. As such, the Organization does not recognize any revenue or expense associated with these funds.

Revenue Recognition

The Organization's revenue comes from both public and private sources. Public revenue from government contracts is recognized when earned. Private revenue represents partnership dues, partnership events, and promotional partnerships. Promotional partnerships include advertising, tradeshow and promotional co-ops, as well as visitor center sales. Partnership dues represent revenues from businesses with interests in Tampa Bay that wish to support the Organization's efforts to market our destination. Partnership dues are recognized ratably on a monthly basis over the partnership period. Partnership events revenue is recognized in the period that the underlying event occurs. Promotional partnerships revenue is recognized when earned.

Inventory

Inventory consists primarily of souvenirs and promotional goods. Inventory is stated at the lower of cost or market, determined by the weighted average method.

Furniture, Equipment, and Leasehold Improvements

Furniture and equipment are stated at cost. Depreciation and amortization is computed utilizing the straight-line method over the estimated useful lives (three to ten years) of the related assets. As discussed in Note 5, the Organization recorded a reduction in its rent for the cost of certain leasehold improvements in connection with its office lease. In accordance with generally accepted accounting principles, the amount of this allowance has been recorded in fixed assets and deferred lease credits in the accompanying consolidated financial statements. Such cost is being amortized over shorter of the estimated useful life or the remaining lease term.

Cost and related accumulated depreciation are removed from the accounts when assets are retired or otherwise disposed. The difference between the net book value of the assets and the proceeds from their disposition is recognized as a gain or loss. Routine maintenance and repairs are charged to expense as incurred, while costs of betterments and renewals are capitalized. It is the Organization's policy to capitalize expenditures for furniture and equipment having a unit cost in excess of \$1,000.

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind and Noncash Contributions

In-kind donation items used by the Organization are recorded as contributions and expenses to the extent that an objective basis is available to measure the value of such items.

Contributed services are recorded as contributions and expenses at their fair value, to the extent they create or enhance nonfinancial assets or require specialized skills, are provided by individuals or organizations possessing these skills, and would typically need to be purchased if not provided by donations.

A substantial number of volunteers have donated significant amounts of their time and resources toward the objectives of the Organization; however, no amounts are recorded in the accompanying consolidated financial statements for nonspecialist services.

Income Taxes

The two organizations that comprise the Organization are incorporated as nonprofit organizations and are exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. The Organization is subject to taxation for unrelated business income, which includes income from retail operations. The Organization has income tax matters that may arise from ongoing operations from time to time, and management would make accruals for those matters where appropriate.

The Organization has adopted the standard for accounting for uncertain tax positions.

Management Fee Income

The Organization performs management services for the Tampa Bay Sports Commission, Inc. (the Sports Commission), a Florida nonprofit corporation. The Organization recognizes management fee income when earned.

Advertising Costs

Advertising costs are charged to operations when the advertisement is published. Advertising expense totaled approximately \$3.7 million and \$3.2 million for the years ended September 30, 2017 and 2016, respectively.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs benefited.

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related Party Transactions

The Organization enters into certain promotional partnership and marketing transactions with organizations affiliated with members of the Organization's board of directors. During the years ended September 30, 2017 and 2016, revenue of approximately \$433,000 and \$379,000, respectively, was recognized from organizations affiliated with certain members of the board of directors. In addition, the Organization incurred expenses of approximately \$157,000 and \$220,000 during the years ended September 30, 2017 and 2016, respectively, with organizations affiliated with certain members of the board of directors. These transactions are conducted at arm's length and are in the normal course of business.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

We have evaluated subsequent events through March 6, 2018, the date the consolidated financial statements were available to be issued.

NOTE 2 FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Furniture and equipment consist of the following at September 30:

	2017	2016
Furniture, Computers, and Equipment	\$ 1,191,862	\$ 835,071
Leasehold Improvements	2,041,553	241,719
Total	3,233,415	1,076,790
Less: Accumulated Depreciation	(436,519)	(941,348)
Total	<u>\$ 2,796,896</u>	<u>\$ 135,442</u>

NOTE 3 EMPLOYEE BENEFIT PLAN

The Organization maintains a defined contribution 401(k) plan that provides benefits to all participating full-time employees who have reached 21 years of age and have completed one year of service. The Organization's contributions to the plan are equal to 100% of participant contributions to the plan up to 5% of their annual salary, plus a discretionary profit sharing contribution not to exceed 5% of the annual salary of each participant. The Organization's contributions to the plan totaled approximately \$148,000 and \$131,000 for the years ended September 30, 2017 and 2016, respectively.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

NOTE 4 GOVERNMENT CONTRACTS

The Organization received significant funding (approximately 86% and 83% during the years ended September 30, 2017 and 2016, respectively) from contracts with Hillsborough County, Florida to promote Tampa and Hillsborough County as a site for conventions and a destination for visitors. The total revenue earned on these contracts totaled approximately \$13.3 million and \$12.4 million for the years ended September 30, 2017 and 2016, respectively. Under the Organization's primary contract, funds received from the County are based upon the total tourist development tax collected. The Organization received approximately \$12.1 million and \$11.7 million under this contract for each of the years in the period ended September 30, 2017 and 2016, respectively. This contract has been renewed through fiscal year-end 2019.

NOTE 5 COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Organization previously leased office space in Tampa, Florida under a noncancelable operating lease agreement that expired at the end of fiscal year 2017. On September 1, 2017, they moved to their current office space, which is also a noncancelable operating lease agreement that expires in 2028. Rent expense related to these leases approximated \$465,000 and \$467,000 for the years ended September 30, 2017 and 2016, respectively. In addition, the Organization leased space for a visitor center under a lease that expired in April 2017 and ran on a month-to-month basis until the end of fiscal year 2017. Rent expense related to this lease approximated \$76,000 and \$79,000 for the years ended September 30, 2017 and 2016, respectively.

Under the terms of these leases, rental payments for a portion of 2017 were abated. However, the amount of rent abated was charged to rent expense and included in deferred lease credits in the accompanying consolidated financial statements. In addition, under the terms of the leases, the Organization received an allowance for the cost of tenant improvements to be applied against rent payments. Such allowance has been recorded in leasehold improvements and deferred lease credits in the accompanying consolidated financial statements and will be amortized to reduce rent expense over the remaining life of the lease.

The Organization also leases various equipment under operating leases with terms ranging from two to four years. Rental expenses charged against operations for these equipment leases were approximately \$127,000 and \$62,000 for the years ended September 30, 2017 and 2016, respectively.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016

NOTE 5 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease Commitments (Continued)

The approximate future minimum lease payments, by year and in aggregate, under noncancelable operating leases with terms of one year or more, consist of the following at September 30, 2017:

<u>Year Ending September 30,</u>	<u>Minimum Lease Payments</u>
2018	\$ 291,412
2019	598,815
2020	616,780
2021	635,283
2022	654,342
Thereafter	3,967,893
Total	<u>\$ 6,764,525</u>

Contract Conditions

Various county contracts require the fulfillment of certain conditions as set forth in the originating contracts. Failure to fulfill the conditions could result in the return of funds related to such contracts. Although this is a possibility, management deems the contingency remote, due to both the nature of the contracts and current conditions. Additionally, the availability of funding under these contracts is subject to change with little or no advance notice.

NOTE 6 ACQUISITION

On January 6, 2017, an unrelated third party transferred 100% of its membership interest in Film Tampa Bay to the Organization. The Organization did not pay or receive any consideration related to this transaction. The following table shows the fair values of Film Tampa Bay's assets and liabilities on the transaction date:

Accounts Receivable	\$ 21,573
Less: Accounts Payable and Accrued Liabilities	(35,026)
Net Deficit	<u>\$ (13,453)</u>

As shown in the accompanying consolidated statement of activities, the Organization recognized a loss of \$13,453 to record the net deficit of Film Tampa Bay as of January 6, 2017.

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2017 AND 2016**

NOTE 7 LINE OF CREDIT

The Organization has a \$1,400,000 unsecured revolving line of credit with a bank. Interest is due monthly at a variable rate equal to the 30-day LIBOR plus 2% (3.23% as of September 30, 2017). Principal is due upon maturity in May 2019. The agreement requires the Organization to comply with certain financial and nonfinancial covenants. There is no outstanding balance on the line of credit as of September 30, 2017 and 2016.

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017**

	Tampa Bay Convention & Visitors Bureau, Inc.	Tampa Hillsborough Film and Digital Media Commission, Inc.	Eliminating Entries	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 1,998,198	\$ 57,045	\$ -	\$ 2,055,243
Accounts Receivable:				
Local Government	741,236	196,250	-	937,486
Partnership	2,646	-	-	2,646
Other	469,882	-	-	469,882
Inventory	29,283	-	-	29,283
Prepaid Expenses and Other Assets	219,680	870	-	220,550
Related Party Receivable	194,217	30,000	(224,217)	-
Total Current Assets	3,655,142	284,165	(224,217)	3,715,090
PROPERTY AND EQUIPMENT, NET	2,796,896	-	-	2,796,896
Total Assets	<u>\$ 6,452,038</u>	<u>\$ 284,165</u>	<u>\$ (224,217)</u>	<u>\$ 6,511,986</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 1,250,463	\$ 20,426	\$ -	\$ 1,270,889
Accrued Expenses	610,728	10,357	-	621,085
Deferred Lease Credits	1,084,519	-	-	1,084,519
Pass Through Funding	304,042	-	-	304,042
Unearned Revenue:				
Partnership	245,525	-	-	245,525
Other	27,555	-	-	27,555
Related Party Payable	30,000	194,217	(224,217)	-
Total Current Liabilities	3,552,832	225,000	(224,217)	3,553,615
NET ASSETS, UNRESTRICTED	2,899,206	59,165	-	2,958,371
Total Liabilities and Net Assets	<u>\$ 6,452,038</u>	<u>\$ 284,165</u>	<u>\$ (224,217)</u>	<u>\$ 6,511,986</u>

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017**

	Tampa Bay Convention & Visitors Bureau, Inc.	Tampa Hillsborough Film and Digital Media Commission, Inc.	Eliminating Entries	Total
REVENUES				
Government Contracts	\$ 12,980,986	\$ 335,000	\$ -	\$ 13,315,986
Partnership Dues	505,915	-	-	505,915
Partnership Events	223,310	10,124	-	233,434
Promotional Partnerships	834,506	30,000	-	864,506
Registration and Housing	-	-	-	-
Management Fee Income	27,444	-	-	27,444
Visitor Information Center	237,662	-	-	237,662
In-Kind Contributions	237,673	-	-	237,673
Total Revenues	15,047,496	375,124	-	15,422,620
EXPENSES				
Sales, Marketing, and Public Relations	12,658,422	290,626	-	12,949,048
Convention and Visitor Services	1,314,269	-	-	1,314,269
Partnership Services	659,574	11,880	-	671,454
Total Expenses	14,632,265	302,506	-	14,934,771
OTHER GAINS (LOSSES)				
Loss from Film Commission Acquisition	-	(13,453)	-	(13,453)
CHANGES IN UNRESTRICTED NET ASSETS	415,231	59,165	-	474,396
Unrestricted Net Assets - Beginning of Year	2,483,975	-	-	2,483,975
UNRESTRICTED NET ASSETS - END OF YEAR	<u>\$ 2,899,206</u>	<u>\$ 59,165</u>	<u>\$ -</u>	<u>\$ 2,958,371</u>

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Tampa Bay Convention & Visitors Bureau, Inc.
dba: Visit Tampa Bay and Affiliate
Tampa, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay and Affiliate, which comprise the consolidated statement of financial position as of September 30, 2017, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 6, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay and Affiliate's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay and Affiliate's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Tampa Bay Convention & Visitors Bureau, Inc.
dba: Visit Tampa Bay and Affiliate

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tampa Bay Convention & Visitors Bureau, Inc. dba: Visit Tampa Bay and Affiliate's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Tampa, Florida
March 6, 2018