

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2018

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
TABLE OF CONTENTS
YEAR ENDED SEPTEMBER 30, 2018**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF ACTIVITIES	4
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	15
CONSOLIDATING STATEMENT OF ACTIVITIES	16
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 <i>GOVERNMENT AUDITING STANDARDS</i>	17

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 statement of financial position as of September 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the 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 audit. We conducted our audit 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.

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

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

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, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was 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 December 21, 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 results 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.

Emphasis of Matter Regarding Changes in Accounting Principles

As described in Note 7 to the financial statements, the entity elected to change its method of accounting for advertising costs and certain revenue from service contracts. Our opinion is not modified with respect to this matter.



CliftonLarsonAllen LLP

Tampa, Florida
December 21, 2018

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018**

ASSETS

CURRENT ASSETS

Cash	\$ 3,116,747
Accounts Receivable:	
Service Contracts	80,341
Partnership	1,900
Other	578,751
Inventory	61,489
Prepaid Expenses and Other Assets	346,172
Total Current Assets	4,185,400
 Furniture, Equipment, and Leasehold Improvements, Net of Accumulated Depreciation and Amortization	 2,759,080
 Total Assets	 \$ 6,944,480

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 669,625
Accrued Expenses	585,518
Deferred Lease Credits	1,329,271
Capital Lease Payable, Current Portion	41,267
Pass Through Funding	508,891
Unearned Revenue:	
Partnership	243,374
Other	53,792
Total Current Liabilities	3,431,738

CAPITAL LEASE PAYABLE, NET OF CURRENT PORTION

	68,952
Total Liabilities	3,500,690

NET ASSETS

Unrestricted	3,443,790
Total Net Assets	3,443,790
 Total Liabilities and Net Assets	 \$ 6,944,480

See accompanying Notes to Consolidated Financial Statements.

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018**

REVENUES

Service Contracts	\$ 13,725,023
Tourism Marketing District	459,553
Partnership Dues	495,608
Partnership Events	258,738
Promotional Partnerships	712,271
Management Fee Income	31,199
Visitor Information Center	124,973
In-Kind Contributions	208,222
Total Revenues	<u>16,015,587</u>

EXPENSES

Sales and Marketing	12,817,597
Convention Services	905,328
Visitor Center and Services	524,786
Partnership Services	449,859
Total Expenses	<u>14,697,570</u>

CHANGE IN NET ASSETS

1,318,017

Net Assets - Beginning of Year

2,125,773

NET ASSETS - END OF YEAR

\$ 3,443,790

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, 2018

	Program Services				Administration	Total Functional Expenses
	Sales and Marketing	Convention Services	Visitor Center and Services	Partnership Services		
Salaries	\$ 2,171,491	\$ 365,730	\$ 107,684	\$ 61,400	\$ 1,184,960	\$ 3,891,265
Payroll Taxes	159,097	28,311	8,489	3,591	72,521	272,009
Employee Benefits	315,921	59,728	11,193	7,450	117,007	511,299
Total Salaries and Related Expenses	2,646,509	453,769	127,366	72,441	1,374,488	4,674,573
Advertising	4,240,955	-	3,528	-	-	4,244,483
Contract Services	451,328	-	-	-	-	451,328
Cost of Goods Sold	-	-	76,905	-	-	76,905
Depreciation and Amortization	214,278	24,837	54,277	10,072	65,373	368,837
Event Hosting	-	-	-	216,464	-	216,464
Fulfillment	69,758	-	-	-	-	69,758
General and Administrative	83,581	6,117	20,791	1,177	532,415	644,081
In-Kind Contributions	105,236	78,030	-	24,957	-	208,223
Local and Community	21,933	1,586	-	1,130	300,461	325,110
Promotions	1,155,835	27,096	-	-	-	1,182,931
Site Visit	296,261	13,467	-	-	-	309,728
Technology Support	223,978	-	2,696	-	55,693	282,367
Tenancy	521,819	60,841	95,012	25,588	142,955	846,215
Tradeshaw Participation	685,878	-	-	-	-	685,878
Travel	44,787	3,337	-	2,229	60,336	110,689
Total Expenses Before Overhead Allocation	10,762,136	669,080	380,575	354,058	2,531,721	14,697,570
Overhead Allocation	2,055,461	236,248	144,211	95,801	(2,531,721)	-
Total Expenses	<u>\$ 12,817,597</u>	<u>\$ 905,328</u>	<u>\$ 524,786</u>	<u>\$ 449,859</u>	<u>\$ -</u>	<u>\$ 14,697,570</u>

See accompanying Notes to Consolidated Financial Statements.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,318,017
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation and Amortization	368,837
(Increase) Decrease in:	
Accounts Receivable	7,786
Inventory	(32,206)
Prepaid Expenses and Other Assets	(125,622)
Increase (Decrease) in:	
Accounts Payable and Accrued Expenses	(300,780)
Deferred Lease Credits	244,752
Pass Through Funding	204,849
Unearned Revenue	24,086
Net Cash Provided by Operating Activities	<u>1,709,719</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Furniture, Equipment, and Leasehold Improvements	(632,155)
---	-----------

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from Line of Credit	500,000
Payments of Line of Credit	(500,000)
Principal Payments on Capital Lease Payable	<u>(16,060)</u>
Net Cash Used by Financing Activities	(16,060)

NET INCREASE IN CASH

1,061,504

Cash - Beginning of Year

2,055,243

CASH - END OF YEAR

\$ 3,116,747

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

Cash Paid for Interest	<u>\$ 1,531</u>
Equipment Acquired Through Capital Lease	<u>\$ 126,279</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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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 Visit Tampa Bay is to lead the effort of economic development through tourism via meeting and conventions, sporting events, film production, and leisure travelers. The mission of Visit Tampa Bay is to create vibrant growth for the Tampa area by promoting, developing and expanding a united visitor industry. The independent not-for-profit organization represents more than 700 businesses throughout Tampa Bay and promotes the area as a choice destination for conventions and visitors. Film Tampa Bay exists within Tampa Bay, to help boost the overall marketing and economic development impact for Tampa Bay.

The operations of the Organization can be broken down into the following departments, each having specific yet overlapping functions as detailed below.

Sales and Marketing

These departments competitively promote the destination nationally and internationally and lead the effort of economic development through tourism. They sell and market the area as a tourism and meeting destination that targets both the consumer and the travel industry through advertising, digital media, promotions, direct sales, and public relations.

Convention Services

This department coordinates with partners, venues, County and City officials and front-line responders in order to provide a quality experience for conventions and sporting events. The department assists in all phases of planning and execution of meetings and events, as well as trains front line staff of over 700 partners on places to stay and things to do in the destination for a greater level of cohesiveness and service to the visitors.

Visitor Center and Services

These departments create awareness to visitors of our hotels, heritage, attractions, cuisine and shopping for an elevated awareness of the area to create higher visitor satisfaction and spend. It includes a gift shop of a curated selection of Tampa-themed memorabilia and apparel.

Partnership Services

This department secures new partners and services and collaborates with current partnerships to collectively promote the destination for greater visibility and ultimately a higher visitation and spend in Hillsborough County.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Basis of Accounting

The accompanying consolidated financial statements are presented on the accrual basis of accounting.

Basis of Presentation

The Organization has presented its financial statements in accordance with generally accepted accounting principles in the United States of America for nonprofit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

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.

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 their estimated collectible amounts. All of the accounts receivable at September 30, 2018, 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, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization currently invoices for partnership renewals and for 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 and Revenue Recognition

The Organization's revenue comes from both public and private sources. Public revenue from service 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 net realizable value, determined by the weighted average method.

Furniture, Equipment, and Leasehold Improvements

Furniture and equipment are stated at cost. Depreciation and amortization are 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 leasehold improvements 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 and amortization 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, 2018

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 adopted the standard for accounting for uncertain tax positions and management believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements.

PEO Fee Income

The Organization performs PEO (Professional Employer Organization) services for the Tampa Bay Sports Commission, Inc. (the Sports Commission), a Florida nonprofit corporation, along other Florida nonprofit organizations. The Organization recognizes PEO fee income when earned. The PEO fee income is reported in the consolidated statement of activities as Management Fee Income.

Advertising Costs

Advertising costs are charged to operations when the cost is incurred. Advertising costs totaled approximately \$4.2 million for the year ended September 30, 2018.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 year ended September 30, 2018, revenue of approximately \$299,000 was recognized from organizations affiliated with certain members of the board of directors. In addition, the Organization incurred expenses of approximately \$434,000 during the year ended September 30, 2018, 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.

Subsequent Events

We have evaluated subsequent events through December 21, 2018, the date the consolidated financial statements were available to be issued.

NOTE 2 FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

Furniture, equipment, and leasehold improvements consist of the following at September 30, 2018:

Furniture and Equipment	\$ 1,449,324
Leasehold Improvements	2,115,112
Total	3,564,436
Less: Accumulated Depreciation and Amortization	(805,356)
Total	\$ 2,759,080

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 \$147,000 for the year ended September 30, 2018.

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 4 SERVICE CONTRACTS

The Organization received significant funding (approximately 86% during the year ended September 30, 2018) from service 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 \$13.7 million for the year ended September 30, 2018. Under the Organization's primary contract, funds received from the County are based upon the total tourist development tax collected. The Organization received approximately \$12.7 million under this contract for the year ended September 30, 2018. This contract has been renewed through fiscal year-end 2019.

NOTE 5 COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization leases office space in Tampa, Florida under a noncancelable operating lease agreement that expires in 2028. The Organization also leases various equipment under operating leases with terms ranging from two to four years. Rent expense related to these leases totaled approximately \$673,000 for the year ended September 30, 2018.

Under the terms of the office space lease, rental payments for a portion of 2018 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 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, 2018:

<u>Year Ending September 30,</u>	<u>Minimum Lease Payments</u>
2019	\$ 702,046
2020	687,611
2021	662,382
2022	657,718
2023	673,972
Thereafter	3,293,921
Total	<u>\$ 6,677,650</u>

**TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 5 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Capital Leases

The Organization leases various equipment under capital leases expiring at various times through fiscal year 2021. The equipment and the related liability under the capital leases are recorded at the present value of the future payments due under the leases.

The following is a summary of the leased assets included in equipment at September 30, 2018:

<u>Classification</u>	<u>Amount</u>
Equipment	\$ 126,279
Less: Accumulated Amortization	(16,060)
Equipment under Capital Lease, Net	<u>\$ 110,219</u>

The following is a schedule of years of the future minimum lease payments under capital lease together with the present value of the net minimum lease payments as of September 30, 2018:

<u>Year Ending September 30,</u>	<u>Amount</u>
2019	\$ 44,229
2020	44,229
2021	26,031
Total Minimum Lease Payments	114,489
Less: Amount Representing Interest	(4,270)
Capital Lease Payable	110,219
Less: Current Portion of Capital Lease Payable	(41,267)
Capital Lease Payable, Net	<u>\$ 68,952</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 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% (4.29% as of September 30, 2018). Principal is due upon maturity in May 2019. The agreement requires the Organization to comply with certain financial and nonfinancial covenants. The Organization withdrew \$500,000 from the line of credit in fiscal year 2018 which were repaid within the same year. There is no outstanding balance on the line of credit as of September 30, 2018.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 7 CHANGES IN ACCOUNTING PRINCIPLES

During 2018, the Organization changed its method of accounting for certain revenues from service contracts. The Organization occasionally receives overage funding from service contracts if additional funds are available from the public entity providing the funding. The amount of the overage funding the Organization may receive for a given year is not known until after year-end. In prior years, the Organization recorded revenue for this overage funding in the year the funds were generated. Beginning in 2018, the Organization now recognizes revenue from overage funding when the funding source approves the overage funding after year-end. The Organization believes that the new method more accurately reflects periodic results of operations. The effect of the change was to increase service contract revenue by \$741,236 for 2018, which in turn increased the change in net assets by \$741,236 for 2018. This change has been applied retrospectively. As a result, unrestricted net assets have been reduced by \$741,236 as of the beginning of 2018, for the effect of retroactive application of the new method.

During 2018, the Organization also changed its method of accounting for advertising costs to record the expense when advertising costs are incurred rather than when the advertisement is first published. The Organization believes that the new method more accurately reflects periodic results of operations. The effect of the change was to reduce advertising expense by \$91,362 for 2018, which in turn increased the change in net assets by \$91,362 for 2018. This change has been applied retrospectively. As a result, unrestricted net assets have been reduced by \$91,362 as of the beginning of 2018, for the effect of retroactive application of the new method.

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018

	Visit Tampa Bay	Film Tampa Bay	Eliminating Entries	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 3,053,710	\$ 63,037	\$ -	\$ 3,116,747
Accounts Receivable:				
Service Contracts	-	80,341	-	80,341
Partnership	1,900	-	-	1,900
Other	578,351	400	-	578,751
Inventory	61,489	-	-	61,489
Prepaid Expenses and Other Assets	335,502	10,670	-	346,172
Related Party Receivable	94,511	95,719	(190,230)	-
Total Current Assets	4,125,463	250,167	(190,230)	4,185,400
Furniture, Equipment, and Leasehold Improvements, Net of Accumulated Depreciation and Amortization	2,753,450	5,630	-	2,759,080
 Total Assets	\$ 6,878,913	\$ 255,797	\$ (190,230)	\$ 6,944,480
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	\$ 650,395	\$ 19,230	\$ -	\$ 669,625
Accrued Expenses	572,707	12,811	-	585,518
Deferred Lease Credits	1,329,271	-	-	1,329,271
Capital Lease Payable, Current Portion	41,267	-	-	41,267
Pass Through Funding	508,891	-	-	508,891
Unearned Revenue:				
Partnership	243,374	-	-	243,374
Other	53,792	-	-	53,792
Related Party Payable	95,719	94,511	(190,230)	-
Total Current Liabilities	3,495,416	126,552	(190,230)	3,431,738
CAPITAL LEASE PAYABLE, NET OF CURRENT PORTION	68,952	-	-	68,952
 Total Liabilities	3,564,368	126,552	(190,230)	3,500,690
NET ASSETS				
Unrestricted	3,314,545	129,245	-	3,443,790
Total Net Assets	3,314,545	129,245	-	3,443,790
 Total Liabilities and Net Assets	\$ 6,878,913	\$ 255,797	\$ (190,230)	\$ 6,944,480

TAMPA BAY CONVENTION & VISITORS BUREAU, INC.
DBA: VISIT TAMPA BAY AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2018

	Visit Tampa Bay	Film Tampa Bay	Eliminating Entries	Total
REVENUES				
Service Contracts	\$ 13,367,219	\$ 357,804	\$ -	\$ 13,725,023
Tourism Marketing District	459,553	-	-	459,553
Partnership Dues	495,608	-	-	495,608
Partnership Events	258,723	15	-	258,738
Promotional Partnerships	683,627	28,644	-	712,271
Management Fee Income	31,199	-	-	31,199
Visitor Information Center	124,973	-	-	124,973
In-Kind Contributions	208,222	-	-	208,222
Total Revenues	<u>15,629,124</u>	<u>386,463</u>	<u>-</u>	<u>16,015,587</u>
EXPENSES				
Sales and Marketing	12,501,214	316,383	-	12,817,597
Convention Services	905,328	-	-	905,328
Visitor Center and Services	524,786	-	-	524,786
Partnership Services	449,859	-	-	449,859
Total Expenses	<u>14,381,187</u>	<u>316,383</u>	<u>-</u>	<u>14,697,570</u>
CHANGE IN NET ASSETS	1,247,937	70,080	-	1,318,017
Net Assets - Beginning of Year	<u>2,066,608</u>	<u>59,165</u>	<u>-</u>	<u>2,125,773</u>
NET ASSETS - END OF YEAR	<u><u>\$ 3,314,545</u></u>	<u><u>\$ 129,245</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,443,790</u></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, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 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 results 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.

CliftonLarsonAllen LLP

Tampa, Florida
December 21, 2018