

CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

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

September 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

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

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 (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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' judgement, 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 that 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 financial position of Tampa Bay Convention & Visitors Bureau, Inc. DBA: Visit Tampa Bay and Affiliate as of September 30, 2020, 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.

Prior Period Financial Statements

The consolidated financial statements of Tampa Bay Convention & Visitors Bureau, Inc. DBA: Visit Tampa Bay and Affiliate as of September 30, 2019 were audited by other auditors whose report dated February 25, 2020, expressed an unmodified opinion on those statements.

Report on Supplementary 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 and changes in net assets 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 June 24, 2021 on our consideration of the Organization's internal control over financial reporting and on our test 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 the Organization'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 the Organization's internal control over financial reporting and compliance.



Tampa, Florida
June 24, 2021

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

September 30,

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets		
Cash and cash equivalents	\$ 7,160,771	\$ 2,477,297
Accounts receivable		
Service contracts	112,500	170,985
Partnership	70,013	8,700
Other	995,203	531,127
Inventory	76,364	74,048
Prepaid expenses and other assets	105,676	511,280
Total current assets	<u>8,520,527</u>	<u>3,773,437</u>
Furniture, equipment, and leasehold improvements, net of accumulated depreciation and amortization	<u>2,188,848</u>	<u>2,436,568</u>
TOTAL ASSETS	<u>\$ 10,709,375</u>	<u>\$ 6,210,005</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 330,838	\$ 478,751
Accrued expenses	106,896	642,746
Deferred lease credits, current portion	-	75,672
Capital lease payable, current portion	42,232	42,624
Pass through funding	369,787	423,804
Unearned revenue		
Partnership	206,803	260,175
Other	71,155	47,317
Total current liabilities	<u>1,127,711</u>	<u>1,971,089</u>
Long-term liabilities		
Deferred lease credits, net of current portion	1,317,856	1,206,493
Note payable - PPP	893,600	-
Capital lease payable, net of current portion	20,748	26,328
Total long-term liabilities	<u>2,232,204</u>	<u>1,232,821</u>
Total liabilities	<u>3,359,915</u>	<u>3,203,910</u>
Net assets		
Without donor restrictions		
Undesignated	6,349,460	2,006,095
Board designated - concessions	1,000,000	1,000,000
With donor restrictions	-	-
Total net assets	<u>7,349,460</u>	<u>3,006,095</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,709,375</u>	<u>\$ 6,210,005</u>

The accompanying notes are an integral part of these consolidated statements.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended September 30,

	2020	2019
Revenues		
Service contracts	\$ 15,925,499	\$ 14,093,640
Tourism marketing district	166,999	749,919
Partnership dues	457,277	503,759
Partnership events	93,010	183,723
Promotional partnerships	590,385	1,164,985
Visitor information center	137,598	227,800
PEO fee income	72,093	36,274
In-kind contributions	66,952	192,519
Total revenues	17,509,813	17,152,619
Expenses		
Convention and sales services	3,648,455	1,527,143
Marketing and leisure sales	8,479,806	14,908,098
Visitor center	598,185	618,195
Partnership services	440,002	536,878
Total expenses	13,166,448	17,590,314
Change in net assets	4,343,365	(437,695)
Net Assets - beginning of year	3,006,095	3,443,790
Net Assets - end of year	\$ 7,349,460	\$ 3,006,095

The accompanying notes are an integral part of these consolidated statements.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended September 30, 2020

	Program Services				Total Program Services	General and Administration	Total Expenses
	Convention Sales and Services	Marketing and Leisure Sales	Visitor Center	Partnership Services			
Salaries	\$ 1,088,393	\$ 939,908	\$ 87,755	\$ 126,572	\$ 2,242,628	\$ 670,618	\$ 2,913,246
Payroll taxes	74,974	62,185	5,742	7,719	150,620	55,623	206,243
Employee benefits	151,124	134,954	6,252	17,729	310,059	101,729	411,788
Total salaries and related expenses	1,314,491	1,137,047	99,749	152,020	2,703,307	827,970	3,531,277
Advertising	-	5,270,021	-	-	5,270,021	-	5,270,021
Community engagement	5,122	7,067	2,495	2,078	16,762	211,859	228,621
Concessions and incentives	289,222	-	-	-	289,222	-	289,222
Cost of good sold	-	-	90,785	-	90,785	-	90,785
Depreciation and amortization	154,723	96,544	83,879	12,447	347,593	80,316	427,909
Independent contractors	32,650	169,938	-	-	202,588	-	202,588
Industry memberships	-	-	-	-	-	209,400	209,400
Industry relations	2,620	18,337	-	6,387	27,344	34,318	61,662
In-kind contributions	-	-	-	66,952	66,952	-	66,952
In-market events	113,011	51,688	-	-	164,699	-	164,699
Other expenses	31,968	57,969	7,279	2,549	99,765	270,377	370,142
Out-of-market events	330,294	383,759	-	-	714,053	-	714,053
Partnership events	-	-	-	87,760	87,760	-	87,760
Research and forecasting	-	325,983	-	-	325,983	-	325,983
Technology	67,950	151,390	15,609	5,467	240,416	133,236	373,652
Tenancy	307,942	188,414	70,737	24,774	591,867	159,855	751,722
Total expenses before overhead allocation	2,649,993	7,858,157	370,533	360,434	11,239,117	1,927,331	13,166,448
Overhead allocation	998,462	621,649	227,652	79,568	1,927,331	(1,927,331)	-
Total expenses per consolidated statement of activities	<u>\$ 3,648,455</u>	<u>\$ 8,479,806</u>	<u>\$ 598,185</u>	<u>\$ 440,002</u>	<u>\$ 13,166,448</u>	<u>\$ -</u>	<u>\$ 13,166,448</u>

The accompanying notes are an integral part of this consolidated statement.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended September 30, 2019

	Program Services				Total Program Services	General and Administration	Total Expenses
	Convention Sales and Services	Marketing and Leisure Sales	Visitor Center	Partnership Services			
Salaries	\$ 2,252,802	\$ 267,172	\$ 111,094	\$ 143,069	\$ 2,774,137	\$ 1,264,584	\$ 4,038,721
Payroll taxes	161,741	19,840	8,977	10,678	201,236	74,567	275,803
Employee benefits	325,655	41,178	5,935	18,513	391,281	117,603	508,884
Total salaries and related expenses	<u>2,740,198</u>	<u>328,190</u>	<u>126,006</u>	<u>172,260</u>	<u>3,366,654</u>	<u>1,456,754</u>	<u>4,823,408</u>
Advertising	6,129,807	-	154	-	6,129,961	-	6,129,961
Contract services	464,307	-	-	-	464,307	34,700	499,007
Cost of goods sold	-	-	123,730	-	123,730	-	123,730
Depreciation and amortization	221,162	25,583	62,472	11,528	320,745	74,217	394,962
Event hosting	-	-	-	162,091	162,091	-	162,091
Fulfillment	75,218	-	-	-	75,218	-	75,218
In-kind contributions	114,247	34,894	-	43,378	192,519	-	192,519
Local and community	10,640	1,397	15,676	3,802	31,515	340,107	371,622
Other expenses	94,352	4,892	9,632	730	109,606	545,631	655,237
Promotions	1,541,006	29,823	-	-	1,570,829	-	1,570,829
Site visit	378,571	20,325	-	-	398,896	-	398,896
Technology support	248,929	-	700	-	249,629	52,523	302,152
Tenancy	509,528	61,473	104,102	26,589	701,692	153,953	855,645
Tradeshow participation	911,741	-	-	-	911,741	-	911,741
Travel	50,297	6,420	2,565	2,819	62,101	61,195	123,296
Total expenses before overhead allocation	<u>13,490,003</u>	<u>512,997</u>	<u>445,037</u>	<u>423,197</u>	<u>14,871,234</u>	<u>2,719,080</u>	<u>17,590,314</u>
Overhead allocation	<u>2,179,948</u>	<u>252,293</u>	<u>173,158</u>	<u>113,681</u>	<u>2,719,080</u>	<u>(2,719,080)</u>	<u>-</u>
Total expenses per consolidated statement of activities	<u>\$ 15,669,951</u>	<u>\$ 765,290</u>	<u>\$ 618,195</u>	<u>\$ 536,878</u>	<u>\$ 17,590,314</u>	<u>\$ -</u>	<u>\$ 17,590,314</u>

The accompanying notes are an integral part of this consolidated statement.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended September 30,

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 4,343,365	\$ (437,695)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	427,909	394,962
Increase in accounts receivable	(466,904)	(49,820)
Increase in inventory	(2,316)	(12,559)
Decrease (increase) in prepaid expenses and other assets	405,604	(165,108)
Decrease in accounts payable and accrued expenses	(683,763)	(133,646)
Increase (decrease) in deferred lease credits	35,691	(47,106)
Decrease in pass through funding	(54,017)	(85,087)
(Decrease) increase in unearned revenue	(29,534)	10,326
Net cash provided (used) by operating activities	3,976,035	(525,733)
Cash flows from investing activities		
Purchases of furniture, equipment, and leasehold improvements	(132,038)	(72,450)
Net cash used by investing activities	(132,038)	(72,450)
Cash flows from financing activities		
Proceeds provided from note payable - PPP	893,600	-
Principal payments on capital lease payable	(54,123)	(41,267)
Net cash provided (used) by operating activities	839,477	(41,267)
Net increase (decrease) in cash and cash equivalents	4,683,474	(639,450)
Cash and cash equivalents - beginning of year	2,477,297	3,116,747
Cash and cash equivalents - end of year	\$ 7,160,771	\$ 2,477,297
Supplemental disclosure of noncash investing and financing activities:		
Cash paid for interest	\$ 1,966	\$ 2,962
Equipment acquired through capital lease	\$ 48,151	\$ -

The accompanying notes are an integral part of these consolidated statements.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2020 and 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. 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 organization represents approximately 800 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 mission of Visit Tampa Bay is to create vibrant economic development for the Tampa community by collaboratively increasing visitation to Tampa Bay. Their mission is accomplished through tourism via meeting and conventions, sporting events, film production, and leisure travelers. 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:

Convention Sales and 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 approximately 800 businesses on places to stay and things to do in the destination for a greater level of cohesiveness and service to the visitors.

Marketing and Leisure Sales

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.

Visitor Center

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.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

2. Principles of Consolidation

The consolidated financial statements include the accounts of Visit Tampa Bay and Film Tampa Bay. The Organizations have been consolidated due to the presence of common control and economic interest as required under generally accepted accounting principles in the United States of America (GAAP). All significant intercompany accounts and transactions have been eliminated in consolidation.

3. Basis of Accounting

The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). Under this guidance, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restriction – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restriction.

4. Cash and Cash Equivalents

The Organization places its cash in high-credit, quality institutions. At times, such balances may be in excess of the U.S. Federal Deposit Insurance Corporation (FDIC) insurance limit.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued

5. Revenue and Service Contracts

Service contracts and the tourism marketing district revenues are classified as with and without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions and corresponding receivable are recognized when an unconditional promise to give is received. An allowance for doubtful contributions and grants receivable is considered unnecessary, as management considers all accounts to be collectible.

There were a total of approximately \$2,675,000 in conditional contributions and grants awarded in the year ended September 30, 2020. Of the total conditional contributions and grants awarded, approximately \$2,675,000 depend on incurring qualified expenses.

Consequently, at September 30, 2020, conditional contributions and grants approximating \$1,278,000, have not been recognized in the accompanying consolidated statement of activities and changes in net assets because the conditions on which they depend have not yet been met. Of the total conditional contributions not recognized, all depend on incurring qualified expenses.

6. Program Service Fees

Program service fees include partnership dues, partnership events, promotional partnerships, visitor information center, and PEO fee income. Program service fees and related receivables are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their program participants. Revenue is recognized as performance obligations are satisfied. Payments received in advance are deferred to the period in which the performance obligation is being met. The following is a description of the Organization's program service fees:

Partnership Dues: Partnership dues include annual partnerships. Annual partnership dues are renewed on anniversary date and are recognized in revenue evenly over the partnership period. With partnership dues, partners receive enhanced website and Official Visitor Guide listings, have access to sales leads, referrals, service requests, and industry research and reports, invitations to partner events and networking events. Partners are billed annually. Unearned partnership revenue is reflected as unearned revenue in the consolidated statement of financial position.

Partnership Events: Ticket sales for events are recognized over time during the duration of the event. Advance ticket sales are held in unearned revenue until the time the event is delivered.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued

Promotional Partnerships: Promotional partnerships include cooperative advertising, sponsorships, and tradeshow. Cooperative advertisement agreements are recognized over time as advertisement campaign is delivered. Sponsorships are recognized as performance obligations are met. Sponsors receive admission to various partnership events, advertising opportunities, and other benefits. Ticket sales for tradeshow are recognized over time during the duration of the tradeshow.

Visitor Information Center: Sales of merchandise are recognized at a point in time upon sale.

7. In-kind Contributions

In-kind donation items used by the Organization are recorded as contributions and expenses at their fair value at the date of donation. 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 non-specialist services.

8. 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.

9. 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. 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, equipment and leasehold improvements having a unit cost in excess of \$1,000.

As discussed in note F1, 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.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued

10. 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. This funding is included in cash in the accompanying consolidated financial statements.

11. Income Taxes

The two entities 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. 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 consolidated financial statements.

12. Professional Employer Organization (PEO) Fee Income

The Organization performs Professional Employer Organization (PEO) services for the Tampa Bay Sports Commission, Inc. (the Sports Commission), a Florida nonprofit corporation, along with other unrelated Florida nonprofit organizations. The Organization recognizes PEO fee income when earned.

13. Advertising

Advertising costs are charged to operations when the cost is incurred.

14. Functional Allocation of Expenses

The costs of providing programs 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. Salaries and related payroll expenses are allocated based on estimated time and effort of the Organization's personnel. Technology, depreciation, and other expenses are allocated based on management's estimate of usage applicable to the programs and supporting services benefited and indirectly allocated based on headcount. Tenancy is indirectly allocated based on headcount. Allocation of all other expenses is based on actual usage or management's estimate of usage applicable to the programs and supporting services benefited.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES - Continued

15. Use of Estimates

The preparation of the consolidated 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 consolidated 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.

16. Change in Accounting Estimate

During 2020, the Organization changed its functional method of allocating technology and other expenses. Technology and other expenses were directly allocated in fiscal year 2019 and indirectly allocated based on headcount in fiscal year 2020. Tenancy expense was directly and indirectly allocated in fiscal year 2019 and indirectly allocated based on headcount in fiscal year 2020. The Organization believes that the new method more accurately allocates its expenditures within the consolidated statement of functional expenses. The accounting change has not been applied retrospectively. There is no impact on the change in net assets as a result of this change in accounting estimate.

17. New Accounting Standards

The Organization has adopted the accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

The consolidated financial statements reflect the application of ASU 2018-08 beginning October 1, 2019. The new guidance does not require prior period results to be restated. The adoption of ASU 2018-08 did not significantly impact the Organization's reported revenues.

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The consolidated financial statements reflect the application of ASC 606 guidance beginning in the year beginning October 1, 2019. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Organization's reported revenues.

18. Reclassifications

Certain amounts previously reported in the consolidated financial statements for the prior year have been reclassified in order for them to be in conformity with the current year presentation.

NOTE B - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	\$ 7,160,771	\$ 2,477,297
Accounts receivable	1,177,716	710,812
Total financial assets	8,338,487	3,188,109
Less: pass through funding	(369,787)	(423,804)
Total financial assets available for general expenditures within one year	\$ 7,968,700	\$ 2,764,305

There is an established board designated fund where the governing board has set funds aside for concessions in the amount of \$1,000,000. As part of the Organization's liquidity management, the Organization has a line of credit in the amount of \$1,400,000 (Note G) which could draw upon in the event of an unanticipated liquidity need. The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents on hand to meet two months of operating expenses of approximately \$2,000,000.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE C - FURNITURE, EQUIPMENT, AND LEASEHOLD IMPROVEMENTS

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

	2020	2019
Leasehold improvements	\$ 2,210,951	\$ 2,127,023
Furniture and equipment	1,237,779	1,141,518
Software	368,345	368,345
	3,817,075	3,636,886
Less: accumulated depreciation and amortization	(1,628,227)	(1,200,318)
	\$ 2,188,848	\$ 2,436,568

NOTE D - 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 \$93,000 and \$135,000 for the years ended September 30, 2020 and 2019, respectively.

NOTE E - SERVICE CONTRACTS

The Organization received significant funding (approximately 91% and 82% during the years ended September 30, 2020 and 2019, respectively) 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 \$15.9 million and \$14.1 million for the years ended September 30, 2020 and 2019, 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 \$14.4 million and \$13.0 million under this contract for the years ended September 30, 2020 and 2019, respectively. This contract has been renewed through fiscal year-end 2021.

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE F - COMMITMENTS AND CONTINGENCIES

1. 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 eight years. Rent expense related to these leases totaled approximately \$767,000 and \$664,000 for the years ended September 30, 2020 and 2019, respectively.

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 has been amortized to reduce rent expense over the remaining life of the lease.

The 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, 2020:

<u>Year ending September 30,</u>	<u>Minimum Lease Payments</u>
2021	\$ 832,821
2022	956,118
2023	984,832
2024	1,014,416
2025	1,044,809
Thereafter	<u>2,753,881</u>
	<u>\$ 7,586,877</u>

2. Capital Leases

The Organization leases various equipment under capital leases expiring at various times through fiscal year 2023. The equipment and the related liability under the capital leases are recorded at the present value of the future payments due under the leases.

Tampa Bay Convention & Visitors Bureau, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE F - COMMITMENTS AND CONTINGENCIES - Continued

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

<u>Classification</u>	2020	2019
Equipment	\$ 174,430	\$ 126,279
Less: accumulated amortization	(111,450)	(57,327)
Equipment under capital lease, net	\$ 62,980	\$ 68,952

The future minimum lease payments under the capital leases together with the present value of the net minimum lease payments consist of the following at September 30, 2020:

<u>Year ending September 30,</u>	Amount
2021	\$ 43,659
2022	17,022
2023	4,265
Total minimum lease payments	64,946
Less: amount representing interest	(1,966)
Capital lease payable	62,980
Less: current portion of capital lease payable	(42,232)
Capital lease payable, net	\$ 20,748

3. 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.

Tampa Bay Convention & Visitors Bureau, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE F - COMMITMENTS AND CONTINGENCIES - Continued

4. Construction Commitments

During the year ended September 30, 2019, the Organization entered into a contract to renovate office space under an operating lease. The lease amendment, which is effective September 16, 2019, included certain tenant improvement allowances of \$316,708. The Organization expanded upon these allowances and entered into a construction contract totaling \$754,471, of which \$316,708 will be paid by the lessor. As of September 30, 2020, no construction costs have been incurred.

NOTE G - 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% (2.1% and 3.8% as of September 30, 2020 and 2019, respectively). Principal is due upon maturity in June 2022 with automatic annual renewal. 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, 2020 and 2019.

NOTE H - PPP LOAN PAYABLE

In April 2020, the Organization received a \$893,600 U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) loan for organizations who continued to pay their employees during the COVID-19 pandemic. The Organization can apply for loan forgiveness for the amount used for payroll and other specific costs outlined in the loan agreement for an eight or twenty four week period following receipt of loan proceeds. The Organization plans to file for forgiveness in accordance with the terms of the agreement and anticipates a significant portion being forgiven. Any debt not forgiven, or loan proceeds not returned, will turn into a term loan payable at 1% interest over two years. See Note L - Subsequent Events.

NOTE I - RELATED PARTY

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, 2020 and 2019, revenue of approximately \$295,000 and \$472,000, respectively, was recognized from organizations affiliated with certain members of the board of directors. In addition, the Organization incurred expenses of approximately \$305,000 and \$317,000 during the years ended September 30, 2020 and 2019, 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.

Tampa Bay Convention & Visitors Bureau, Inc.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

September 30, 2020 and 2019

NOTE J - RISK AND UNCERTAINTIES

In March 2020, the United States and global financial markets experienced significant volatility resulting from uncertainty caused by the world-wide coronavirus pandemic (COVID-19). General economic uncertainties have arisen that may impact the future cash flows and changes in net assets as a result of the pandemic. The related financial impact cannot be reasonably estimated at this time.

NOTE K - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to September 30, 2020 as of June 24, 2021 which is the date the consolidated financial statements were available to be issued.

In January 2021, the Organization was granted full forgiveness of the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) loan in the amount of \$893,600 as it fully met the requirements for loan forgiveness under the PPP program. The forgiveness will be recognized as revenue in the statement of activities and changes in net assets for the year ending September 30, 2021.

In March 2021, the Organization received \$870,120 from the U.S. Small Business Administration (SBA) Paycheck Protection Program (PPP) as a second draw for organizations who continued to pay their employees during the COVID-19 pandemic. The Organization can apply for loan forgiveness for the amount used for payroll and other specific costs outlined in the loan agreement. The Organization plans to file for forgiveness in accordance with the terms of the agreement and anticipates the loan to be fully forgiven in 2021.

SUPPLEMENTARY INFORMATION

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

September 30, 2020

	Visit Tampa Bay	Film Tampa Bay	Eliminating Entries	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,976,321	\$ 184,450	\$ -	\$ 7,160,771
Related party custodial cash	184,450	-	(184,450)	-
Accounts receivable				
Service contracts	-	112,500	-	112,500
Partnership	70,013	-	-	70,013
Other	995,203	-	-	995,203
Inventory	76,364	-	-	76,364
Prepaid expenses and other assets	105,676	-	-	105,676
Related party receivable	15,368	-	(15,368)	-
Total current assets	<u>8,423,395</u>	<u>296,950</u>	<u>(199,818)</u>	<u>8,520,527</u>
Furniture, equipment, and leasehold improvements, net	<u>2,186,971</u>	<u>1,877</u>	<u>-</u>	<u>2,188,848</u>
TOTAL ASSETS	<u>\$ 10,610,366</u>	<u>\$ 298,827</u>	<u>\$ (199,818)</u>	<u>\$ 10,709,375</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	\$ 324,854	\$ 5,984	\$ -	\$ 330,838
Accrued expenses	98,238	8,658	-	106,896
Capital lease payable, current portion	42,232	-	-	42,232
Pass through funding	369,787	-	-	369,787
Related party custodial cash liabilities	184,450	-	(184,450)	-
Unearned revenue				
Partnership	206,803	-	-	206,803
Other	71,155	-	-	71,155
Related party payable	-	15,368	(15,368)	-
Total current liabilities	<u>1,297,519</u>	<u>30,010</u>	<u>(199,818)</u>	<u>1,127,711</u>
Long-term liabilities				
Deferred lease credits	1,317,856	-	-	1,317,856
Note payable - PPP	893,600	-	-	893,600
Capital lease payable, net of current portion	20,748	-	-	20,748
Total long-term liabilities	<u>2,232,204</u>	<u>-</u>	<u>-</u>	<u>2,232,204</u>
Total liabilities	<u>3,529,723</u>	<u>30,010</u>	<u>(199,818)</u>	<u>3,359,915</u>
Net assets				
Without donor restrictions				
Undesignated	6,080,643	268,817	-	6,349,460
Board designated - concessions	1,000,000	-	-	1,000,000
With donor restrictions	-	-	-	-
	<u>7,080,643</u>	<u>268,817</u>	<u>-</u>	<u>7,349,460</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,610,366</u>	<u>\$ 298,827</u>	<u>\$ (199,818)</u>	<u>\$ 10,709,375</u>

Tampa Bay Convention & Visitors Bureau, Inc.
DBA: Visit Tampa Bay and Affiliate

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended September 30, 2020

	<u>Visit Tampa Bay</u>	<u>Film Tampa Bay</u>	<u>Eliminating Entries</u>	<u>Total</u>
Revenues				
Service contracts	\$ 15,416,999	\$ 508,500	\$ -	\$ 15,925,499
Tourism marketing district	166,999	-	-	166,999
Partnership dues	457,277	-	-	457,277
Partnership events	93,010	-	-	93,010
Promotional partnerships	589,585	60,800	(60,000)	590,385
Visitor information center	137,598	-	-	137,598
PEO fee income	80,076	-	(7,983)	72,093
In-kind contributions	66,952	-	-	66,952
Total revenues	<u>17,008,496</u>	<u>569,300</u>	<u>(67,983)</u>	<u>17,509,813</u>
Expenses				
Convention and sales services	3,648,455	-	-	3,648,455
Marketing and leisure sales	8,128,102	419,687	(67,983)	8,479,806
Visitor center	598,185	-	-	598,185
Partnership services	440,002	-	-	440,002
Total expenses	<u>12,814,744</u>	<u>419,687</u>	<u>(67,983)</u>	<u>13,166,448</u>
Change in net assets	4,193,752	149,613	-	4,343,365
Net assets - beginning of year	<u>2,886,891</u>	<u>119,204</u>	<u>-</u>	<u>3,006,095</u>
Net assets - end of year	<u>\$ 7,080,643</u>	<u>\$ 268,817</u>	<u>\$ -</u>	<u>\$ 7,349,460</u>

COMPLIANCE REPORT

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

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

For the year ended September 30, 2020



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

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

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 consolidated financial statements of Tampa Bay Convention & Visitors Bureau, Inc. DBA: Visit Tampa Bay and Affiliate (the "Organization"), which comprise the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of 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 consolidated 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Buco, Gardner & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida
June 24, 2021