



**Florida Tourism Industry
Marketing Corporation, Inc.
d/b/a
VISIT FLORIDA**

**Financial Statements
and Other Financial Information**

Years ended June 30, 2019 and 2018



Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
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REPORT



INDEPENDENT AUDITORS' REPORT

The Board of Directors
Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA (the Corporation), which comprise the statements of fund net position as of June 30, 2019 and 2018, and the related statements of revenues, expenses, and changes in fund net position, and cash flows as of and for the years 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 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 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 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA, as of June 30, 2019 and 2018, and the changes in its fund net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 9, the Schedule of Changes in Total OPEB Liability and Related Ratios on page 23, and the Notes to Schedule of Changes in Total OPEB Liability and Related Ratios on page 24, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by Chapter 10.650, *Rules of the Auditor General*, and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United

States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic 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 August 26, 2019 on our consideration of the Corporation'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 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 Corporation'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 Corporation's internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Tallahassee, FL

August 26, 2019



**MANAGEMENTS DISCUSSION
AND ANALYSIS**

Florida Tourism Industry Marketing Corporation, Inc. Management's Discussion and Analysis

I am proud to present the financial statements of Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA for the fiscal years ended June 30, 2019 and June 30, 2018. VISIT FLORIDA is a not-for-profit corporation that promotes and markets travel to and within the state of Florida.

During the 1996 session, the Florida Legislature voted to dismantle the state's Department of Commerce and turned the responsibility of promoting and marketing Florida tourism over to the Florida Commission on Tourism (the Commission). To fulfill its legislative mandate, the Commission created the Florida Tourism Industry Marketing Corporation, Inc., which today does business under the name VISIT FLORIDA, promoting Florida tourism worldwide. The Commission had a partnership agreement with the Office of Tourism, Trade and Economic Development (OTTED) which outlined the expectations and responsibilities for implementation of programs mandated by the Legislature. The Commission, in accordance with the partnership agreement with OTTED, administered a contractual agreement with VISIT FLORIDA to serve as the Commission's direct support organization.

During the 2011 Session of the Florida Legislature, a reorganization of public/private partnerships, including VISIT FLORIDA, was initiated by Governor Rick Scott and shaped by the legislative leadership in both the Senate and House. This legislation replaced the OTTED with the Department of Economic Opportunity (DEO) which has a partnership agreement with Enterprise Florida, Inc. to contract with VISIT FLORIDA as a direct support organization for tourism marketing on behalf of the state of Florida.

Based on this relationship, VISIT FLORIDA is considered a component unit of the state of Florida for financial reporting purposes. The Corporation operates in accordance with Section 288.1226 of the Florida Statutes. The main office is located in Tallahassee, Florida.

Legislative changes, effective July 1, 2017, reduced amounts allowable for match purposes. Revisions to statutory language mandated that contributions from a government entity or from an entity that received more than 50 percent of its revenue in the previous fiscal year from public sources, including revenue derived from taxes, other than taxes collected pursuant to s. 125.0104, from fees, or from other government revenues, are not considered private contributions for purposes of calculating the required one-to-one match¹. As a result, the total matching funds reported to DEO will be less than the recorded revenue on the financial statements.

VISIT FLORIDA Mission

To strengthen Florida's share of the global travel market with the goal of maximizing the economic impact of travel and tourism to Florida with the objective of \$100 billion in tourism-related spend by 2020.

¹ Chapter 288.1226 (6) (b) 4., F.S.

Florida Tourism Industry Marketing Corporation, Inc. Management's Discussion and Analysis

VISIT FLORIDA has the following departments within the organization to carry out the company mission.

The Advertising department provides direct mass media marketing to potential travelers and travel trade. A primary component of this advertising is to coordinate cooperative advertising programs with the Florida tourism industry. The advertising programs reach consumers inside the state of Florida and targeted markets in the United States and internationally via broadcast, social, print, out-of-home, and digital media channels.

The Promotions department generates maximum exposure for Florida and its visitor amenities by creating exciting market-specific cooperative promotions involving broadcast, print, digital, retail, and packaged goods outlets.

The Content department creates, publishes, and promotes all Florida content, primarily videos, photography and articles. Content is distributed in many ways including on VISITFLORIDA.com, social media, and paid placements.

The Public Relations department works to deliver positive exposure for Florida's Tourism Industry through broadcast, print and digital media in key international and domestic markets. They also host media familiarization tours, media missions and receptions. VISIT FLORIDA has public relations representation and/or contractors in the United States, Canada, Latin America, the United Kingdom, Germany, and China.

The Marketing and Events department works closely with key travel agents, tour operators and meeting professionals to keep Florida in the destination forefront. They also organize educational seminars, reservation training, familiarization tours, trade shows and consumer shows and invite the Florida Industry to participate in these events to create a larger Florida presence. The International Marketing and Events department in Tallahassee works closely with our contractors in Canada, Brazil, Mexico, Germany, China, India, and the United Kingdom to promote Florida.

The Visitor Services department operates the welcome centers located at the four major routes entering Florida (I-10, I-75, I-95, and US 231) as well as the Florida Capitol. Visitors receive a warm welcome at the welcome centers from informative staff, as well as a cup of fresh juice and a vast assortment of brochures promoting all that the state of Florida has to offer.

The Industry Relations and Sales department works with the Florida tourism industry to provide added value to the industry by their participation in the Partners program and advertising and marketing programs. VISIT FLORIDA is an industry driven organization and depends on the active involvement of the state's tourism-related businesses. Through our Partners program, VISIT FLORIDA provides these businesses a vast assortment of marketing opportunities. The revenues generated through Partnership investments help market the entire state as a desirable destination. During the fiscal year 2011, VISIT FLORIDA implemented a "Web Listing Affiliate" platform for those tourism-related businesses solely looking to be listed on VISITFLORIDA.com. As of June 30, 2019, VISIT FLORIDA had 11,596 Web Listing Affiliates and 1,813 fully engaged Partners, for a total of 13,409 tourism businesses being served by VISIT FLORIDA.

Florida Tourism Industry Marketing Corporation, Inc. Management's Discussion and Analysis

The Research department tracks and monitors domestic and international travel trends. It supplies VISIT FLORIDA, its advertising agencies, state officials, Partners, Board members and other members of the tourism industry with vital information needed to support and grow Florida's number one industry.

Financial reporting for VISIT FLORIDA for the year ended June 30, 2019 compared to June 30, 2018.

For financial reporting purposes, VISIT FLORIDA follows the financial statement format required for enterprise funds. The basic financial statements required for enterprise funds include the statement of fund net position (balance sheet), the statement of revenues, expenses, and changes in fund net position (income statement), the statement of cash flows, and the notes to the financial statements. Because the operating activity of the Corporation focuses exclusively on its statutory responsibilities, the financial statements are presented in a singular fund format. Significant transactions and operational issues reflected in the June 30, 2019 and June 30, 2018 financial statements are discussed in the paragraphs below.

Statement of Revenue, Expenses, and Changes in Fund Net Position

Each year VISIT FLORIDA receives a portion of its operating revenue from the state of Florida; these funds are appropriated by the Florida Legislature and remitted to VISIT FLORIDA. VISIT FLORIDA is mandated by the Florida Legislature to match the public funding, dollar for dollar, with private funds. For the fiscal year ended June 30, 2019, the state appropriation was \$76,000,000, which consisted of \$31,000,000 from the Tourism Promotional Trust Fund, which is funded by a designated share (15.75 percent) of the State's per day rental car surcharge, \$26,000,000 from the State Economic Enhancement and Development Trust fund, and \$19,000,000 from General Revenue fund. For the fiscal year ended June 30, 2018, the state appropriation was \$76,000,000, which consisted of \$24,000,000 from the Tourism Promotional Trust Fund and \$52,000,000 from the State Economic Enhancement and Development Trust fund. Both fiscal year appropriations included \$1,000,000 to market the state of Florida to veterans as a permanent home and to disseminate information to improve veterans' knowledge of the access to benefits. During fiscal year 2019, only \$994,680 was spent towards marketing the state of Florida to veterans resulting in the total appropriation received of \$75,994,680. During fiscal year 2018, only \$999,152 was spent towards marketing the state of Florida to veterans resulting in the total appropriation received of \$75,999,152.

In fiscal year 2019, the Florida Tourism Industry generated \$8,326,411 in Cooperative advertising revenue. The related direct advertising expense was \$52,395,493. This resulted in a total expenditure for advertising of \$60,721,904 in fiscal 2019. In fiscal year 2018, the Florida Tourism Industry generated \$8,255,067 in Cooperative advertising revenue. The related direct advertising expense was \$50,071,227. This resulted in a total expenditure for advertising of \$58,326,294 in fiscal 2018. Total advertising expenditures increased \$2,395,610 from fiscal 2018 to fiscal 2019 due to approved additional crisis spend related to Hurricane Michael recovery and red tide recovery spend.

Florida Tourism Industry Marketing Corporation, Inc. Management's Discussion and Analysis

Trade show and event revenue of \$2,532,202 for fiscal year 2019 and \$2,259,001 for fiscal year 2018 was generated from industry participation in programs conducted by various departments throughout the organization. The expenses related to these programs are trade show/events direct expenses, a portion of fees and services, printing, and travel, and the majority of the expenses for business promotion.

Partnership investment revenue results from the dollars received by the VISIT FLORIDA industry Partners. Investments of \$1,228,964 were made by 1,813 investing Partners in fiscal year 2019 and \$1,379,390 were made by 1,863 Partners in fiscal year 2018.

Other operating revenue of \$2,860,094 for fiscal year 2019 and \$2,368,159 for fiscal year 2018 consist of the following: revenue from Strategic Alliance Partners, brochure and transparency rental space revenue in the five official Florida Welcome Centers, research revenue, publication revenue from advertisers in the Florida Vacation Guide, Florida Map!, and Seashell Guide, revenue generated from advertisers in cooperative programs and on the consumer website, and reimbursement from the Florida Department of Citrus for juice served at the Welcome Centers.

Contributed promotional value of \$90,455,292 for fiscal year 2019 and \$106,224,614 for fiscal year 2018 was the value of the media equivalency generated by our Promotions department. Contributed Promotional Value qualifies under Florida Statutes towards the required private sector match, but it is not recognized in the audited financial statements. The decrease in promotional value is due to a decrease in the number of promotions in the program and a reduction in the United Kingdom winter promotion.

Salaries and benefits for fiscal year 2019 were \$12,450,525 and for fiscal year 2018 was \$11,150,943. The corporation funded 143 positions for fiscal year 2019 and 140 positions for fiscal year 2018. At the end of May 2019, due to a legislative budget reduction of one-third or \$26M for fiscal year 2020, VISIT FLORIDA reduced staff by one-third. The number of staff positions at fiscal year-end was 91.

Fulfillment expenses of \$214,134 for fiscal year 2019 and \$251,662 for fiscal year 2018 were costs associated with consumer requests for Florida Vacation Guides and the Florida Map!. These costs include freight, handling, postage, and toll free numbers expenditures. This expense decreased due to reduced provision of items to international warehouses.

Tourism research of \$1,330,493 for fiscal year 2019 and \$1,657,009 for fiscal year 2018 include costs associated with research projects conducted by VISIT FLORIDA's Research department to allow them to report statutory travel data to the state of Florida and to conduct research for the Florida tourism industry on the status of Florida tourism, how it is performing, and what is needed for future growth.

Grants of \$2,250,087 for fiscal year 2019 and \$268,748 for fiscal year 2018 were provided to assist VISIT FLORIDA Partners with improving their marketing efforts by offering advertising matching grants, small business grants, minority convention grants, and cultural, heritage and nature grants. Many of these grants are created in Florida Statute. The increase of \$1,981,339 is primarily due to providing hurricane recovery and red tide recovery grants in 2019.

Florida Tourism Industry Marketing Corporation, Inc. Management's Discussion and Analysis

The private funds received by VISIT FLORIDA to count toward the match with the State dollars totaled \$105,456,311 for the year ended June 30, 2019 and \$120,515,241 for the year ended June 30, 2018. These amounts include the contributed promotional value and interest income with the decrease for 2019 due mainly to a decrease in contributed promotional value. VISIT FLORIDA exceeded the dollar for dollar match for both fiscal years. As noted above, legislative changes effective July 1, 2017 to Chapter 288, Florida Statutes, reduced amounts allowable for match purposes, therefore the total private match reported to DEO for 2019 is \$99,438,021.

Statement of Fund Net Position

The cash balance for fiscal year 2019 was \$26,323,952, which includes the restricted Economic Risk Fund of \$2,164,855. The cash balance for fiscal year 2018 was \$33,085,524, which includes the restricted Economic Risk Fund of \$2,164,855.

The accounts receivable balance of \$18,113,675 for fiscal year 2019 consisted of \$17,494,680 from the state of Florida, with the remainder for both years due primarily for future events. Accounts receivable of \$18,277,554 for fiscal year 2018 consisted of \$17,999,152 from the state of Florida. Prepaid expenses of \$903,855 for fiscal year 2019 and \$750,417 for fiscal year 2018 consisted of expenditures made in advance of scheduled events.

As of June 30, 2019 and 2018, VISIT FLORIDA had invested, net of accumulated depreciation and amortization, \$2,649,822 and \$3,712,885, respectively, in a range of capital assets including furniture, equipment and software, leasehold improvements and automobiles. A more detailed schedule about VISIT FLORIDA's capitals assets is presented in Note 3 (page 16) of the financial statements.

Accounts payable of \$2,880,660 for fiscal year 2019 and \$3,073,703 for fiscal year 2018 were for invoices received and not yet due for payment. Accrued expenses of \$23,708,311 for fiscal year 2019 and \$27,388,805 for fiscal year 2018 were comprised primarily of amounts committed to production and advertising programs through our advertising agencies. Unearned restricted revenue for both fiscal years consists of revenue collected for programs for Welcome Center rentals, meeting and events, and partner investments for the next fiscal year. The balance is \$737,503 for fiscal year 2019 and \$999,542 for fiscal year 2018. VISIT FLORIDA has no long-term debt.

VISIT FLORIDA recorded a decrease in net position of \$3,699,500 for the year ended June 30, 2019 due to additional approved crisis spend related to Hurricane Michael recovery and red tide recovery. There was an increase of \$1,360,184 for the year ended June 30, 2018, some of which was used for capital outlay.

Florida Tourism Industry Marketing Corporation, Inc. Management's Discussion and Analysis

	Fiscal Year 2018-2019	Fiscal Year 2017-2018	Year over Year Variance
Total Assets			
Capital Assets	2,649,822	3,712,885	(1,063,063)
Non-capital Assets	45,341,482	52,113,495	(6,772,013)
	47,991,304	55,826,380	(7,835,076)
Total Liabilities	27,326,474	31,462,050	(4,135,576)
Total Net Position			
Net Investment in capital assets	2,649,822	3,712,885	(1,063,063)
Restricted for economic risk	2,164,855	2,164,855	-
Unrestricted	15,850,153	18,486,590	(2,636,437)
	20,664,830	24,364,330	(3,699,500)
Total Revenues*	90,995,699	90,289,776	705,923
Total Expenses*	94,695,199	88,929,592	5,765,607

**Balances exclude value of Contributed Promotional Value - see note 7 of the financial statements.*

Next Fiscal Year

The appropriation from the Florida Legislature is \$50,000,000 for the upcoming fiscal year ending June 30, 2020. This will be funded by the Tourism Promotional Trust Fund (rental car surcharge) at \$24,000,000, and the State Economic Enhancement and Development Trust fund at \$26,000,000. Included in the appropriation is \$1,000,000 to market the state of Florida to veterans as a permanent home and to disseminate information to improve veterans' knowledge of the access to benefits.

The appropriation by the Florida Legislature for next fiscal year was reduced by \$26,000,000, which is roughly one-third less than the current fiscal year. Due to this reduction, staffing was reduced by one-third and the US 231 highway welcome center will no longer be operated by VISIT FLORIDA effective July 1, 2019. The corporation is funding 85 staff positions for the upcoming fiscal year.

Respectfully submitted,

Shanna Pace
Chief Financial Officer



FINANCIAL STATEMENTS

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Statements of Fund Net Position

<i>June 30,</i>	2019	2018
Assets		
Current assets		
Cash	\$ 24,159,097	\$ 30,920,669
Accounts receivable, net	18,113,675	18,277,554
Prepaid expenses and other assets	903,855	750,417
Total current assets	43,176,627	49,948,640
Non-current assets		
Restricted cash	2,164,855	2,164,855
Capital assets, net	2,649,822	3,712,885
Total non-current assets	4,814,677	5,877,740
Total assets	\$ 47,991,304	\$ 55,826,380
Liabilities		
Current liabilities		
Accounts payable	\$ 2,880,660	\$ 3,073,703
Accrued expenses	23,708,311	27,388,805
Unearned restricted revenue	737,503	999,542
Total current liabilities	27,326,474	31,462,050
Fund net position		
Net investment in capital assets	2,649,822	3,712,885
Restricted for economic risk	2,164,855	2,164,855
Unrestricted	15,850,153	18,486,590
Fund net position	20,664,830	24,364,330
Total liabilities and fund net position	\$ 47,991,304	\$ 55,826,380

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

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Statements of Revenues, Expenses, and Changes in Fund Net Position

<i>Years ended June 30,</i>	2019	2018
Operating revenues		
Program support		
Cooperative advertising	\$ 8,326,411	\$ 8,255,067
Trade show and events	2,532,202	2,259,001
Partnership investment	1,228,964	1,379,390
Other	2,860,094	2,368,159
Contributed promotional value (Note 7)	-	-
State of Florida grants and direct appropriations	75,994,680	75,999,152
Total operating revenues	90,942,351	90,260,769
Expenses		
Advertising	52,395,493	50,071,227
Business promotion	951,398	879,359
Citrus juice	186,743	196,752
Cooperative advertising	8,326,411	8,255,067
Depreciation and amortization	1,060,657	1,383,324
Fees and services	7,819,746	8,188,392
Fulfillment	214,134	251,662
General and administrative	1,531,910	1,446,827
Grants	2,250,087	268,748
Insurance premiums - hurricane recovery	212,381	125,108
Printing	336,303	442,701
Rents	554,722	471,173
Salaries and benefits	12,450,525	11,150,943
Tourism research	1,330,493	1,657,009
Trade show and event direct	2,369,514	1,552,505
Travel	2,704,682	2,588,795
Total expenses	94,695,199	88,929,592
Operating (loss) income	(3,752,848)	1,331,177
Nonoperating revenue		
Interest income	53,348	29,007
Total nonoperating revenue	53,348	29,007
Change in fund net position	(3,699,500)	1,360,184
Fund net position at beginning of year	24,364,330	23,004,146
Fund net position at end of year	\$ 20,664,830	\$ 24,364,330

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

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Statements of Cash Flows

<i>Years ended June 30,</i>	2019	2018
Operating activities		
Cash received from program services	\$ 14,404,911	\$ 14,690,014
Cash received from operating grants	76,499,152	65,999,784
Cash payments to suppliers for goods and services	(83,155,562)	(66,816,034)
Cash payments to employees	(12,255,868)	(11,593,419)
Cash payments for operating grants	(2,250,087)	(268,748)
Net cash (used in) provided by operating activities	(6,757,454)	2,011,597
Capital and related financing activities		
Purchase of capital assets	(57,466)	(178,447)
Net cash used in capital and related financing activities	(57,466)	(178,447)
Investing activities		
Interest income received	53,348	29,007
Net cash provided by investing activities	53,348	29,007
Net change in cash and restricted cash	(6,761,572)	1,862,157
Cash and restricted cash, beginning of year	33,085,524	31,223,367
Cash and restricted cash, end of year	\$ 26,323,952	\$ 33,085,524

Cash and restricted cash consist of the following:

Cash	\$ 24,159,097	\$ 30,920,669
Restricted cash	2,164,855	2,164,855
Cash and restricted cash, end of year	\$ 26,323,952	\$ 33,085,524

Reconciliation of operating income to net cash provided by operating activities

Operating (loss) income	\$ (3,752,848)	\$ 1,331,177
Adjustments to reconcile operating income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,060,657	1,383,324
Net loss on disposal of assets	59,872	-
Changes in operating assets and liabilities		
Accounts receivable	163,879	(9,734,899)
Prepaid expenses and other assets	(153,438)	(140,249)
Accounts payable	(193,043)	(538,880)
Accrued expenses	(3,680,494)	9,547,196
Unearned restricted revenue	(262,039)	163,928
Net cash (used in) provided by operating activities	\$ (6,757,454)	\$ 2,011,597

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

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Financial Statements

NOTE 1 – SUMMARY SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA (the Corporation) is a component unit of the State of Florida. The Corporation is a not-for-profit corporation formed June 9, 1995, to promote travel and drive visitation to and within the State of Florida through cooperative advertising programs, trade shows, promotional events, public relations, publicity efforts, research services, and operation of five official welcome centers. The Corporation contracts with Enterprise Florida, Inc. for tourism marketing on behalf of the State of Florida and employs a staff of more than 140 at the Corporation's headquarters in Tallahassee and its five official Welcome Centers, including outside sales personnel. The Corporation has international contractors in the United Kingdom, Canada, Latin America, Germany, China, and India, as well as in Mexico, from where additional service is provided for Latin America.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

These financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

Proprietary funds report activities generally financed and operated like private businesses and include enterprise funds and internal service funds. For financial reporting purposes, VISIT FLORIDA follows the financial statement format required for enterprise funds. Enterprise funds are used to report activities for which a fee is charged to external users for goods or services.

Enterprise funds use the economic resources measurement focus and thus, the accrual basis of accounting. Revenues are recognized as earned and expenses are recognized when services or benefits are received.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. Operating revenues consist primarily of grant revenues from the Department of Economic Opportunity (DEO) and program support derived from cooperative advertising revenue, trade show and event revenue, partnership investments, other revenue from advertising, website, and Welcome Center activities. These are the principal revenues used by the Corporation to carry out its exempt purpose. Operating expenses include all costs of providing program services and the depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Financial Statements

NOTE 1 – SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Restricted Cash

The financial instruments exposed to concentrations of credit risk consist primarily of cash. Cash consists of demand deposits, for which the aggregate bank balances were approximately \$26,980,242 and \$36,244,597 at June 30, 2019 and 2018. Restricted cash represents a noncurrent amount designated for economic risk by the Corporation's Board of Directors at both June 30, 2019 and 2018. Demand deposits of the Corporation are insured by the Federal Deposit Insurance Corporation or collateralized with securities in Florida's multiple financial institution collateral pool pursuant to Chapter 280, Florida Statutes.

Accounts Receivable

Accounts receivable consists primarily of amounts due for trade shows and events, advertising, and amounts due from the State of Florida associated with the partnership agreement described in Note 8. This amount is reported net of the Corporation's allowance for doubtful accounts of approximately \$50,000 and \$4,000 at June 30, 2019 and 2018, respectively. The Corporation determines its allowance for doubtful accounts based on specific identification.

Capital Assets

Capital assets are recorded at cost less accumulated depreciation and amortization. Capital assets are depreciated or amortized over the related estimated useful lives, ranging from three to seven years, using primarily the straight-line method. The Corporation's policy is to capitalize asset acquisitions greater than \$1,000 with useful lives greater than two years. Upon retirement or disposal, the asset and corresponding accumulated depreciation and amortization are removed from the Corporation's accounts and any gain or loss is reported as a nonoperating item. Repairs are expensed as incurred.

In accordance with the terms of the State of Florida contract, title to capital assets purchased with contract funds shall be vested with the State upon dissolution of the Corporation.

Intangible Assets

At the time of acquisition, the Corporation assesses its intangible assets to determine the estimated useful life of each individually-identifiable intangible asset. Those assets are amortized over the period identified, unless their life is determined to be indefinite in which case the asset(s) are evaluated annually for impairment. All intangible assets currently recognized by the Corporation (other than those included as capital assets) have been assessed with a five year useful life.

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Financial Statements

NOTE 1 – SUMMARY SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues are recognized when earned. Amounts received in advance from businesses for participating in trade shows or events sponsored by the Corporation are included in unearned restricted revenue and recognized as revenue in the period when the trade show or event occurs.

Cooperative advertising revenue represents the amount paid by a third party to an agency or representative handling a Corporation sponsored advertising campaign to promote travel to and within the state of Florida. Such revenue qualifies under Florida Statutes toward the Corporation's matching requirements discussed in Note 8.

Partnership investments represent voluntary contributions from businesses with interests in Florida tourism that wish to support the Corporation's efforts to promote travel and drive visitation to and within the State of Florida.

Subsequent Events

The Corporation has evaluated subsequent events through the date of the Independent Auditors' Report, which is the date the financial statements were available to be issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Accounting Guidance Not Yet Effective

In June 2017, the GASB issued Statement No. 87, Leases. The guidance in this statement and its amendments supersedes previous leasing guidance. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of fund net position, unless the lease is a short-term lease or it transfers ownership of the underlying asset. A lessee should reduce the lease liability over the lease term as payments are made and recognize an expense for interest on the liability. The statement is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Corporation is currently evaluating the impact of the guidance on its financial statements.

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Financial Statements

NOTE 2 – INCOME TAXES

The Corporation received a determination letter from the Internal Revenue Service in July 1996, granting it an exemption from federal income tax under the Internal Revenue Code, Section 501(c)(6), and as such, is liable for income taxes only on business income unrelated to the purposes for which it is exempt. The Corporation had no significant unrelated business income for the years ended June 30, 2019 and 2018. As of June 30, 2019 and 2018, the Corporation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

NOTE 3 – CAPITAL ASSETS, NET

Capital assets, net, consisted of the following at June 30, 2019:

	July 1, 2018	Additions	Deletions	June 30, 2019
Furniture	\$ 346,750	\$ -	\$ (8,585)	\$ 338,165
Equipment and software	6,933,835	26,986	(269,203)	6,691,618
Leasehold improvements	428,726	30,480	(39,813)	419,393
Automobiles	31,400	-	-	31,400
Total capital assets	7,740,711	57,466	(317,601)	7,480,576
Accumulated depreciation and amortization	(4,027,826)	(1,060,657)	257,729	(4,830,754)
Capital assets, net	\$ 3,712,885	\$ (1,003,191)	\$ (59,872)	\$ 2,649,822

Capital assets, net, consisted of the following at June 30, 2018:

	July 1, 2017	Additions	Deletions	June 30, 2018
Furniture	\$ 342,232	\$ 4,518	\$ -	\$ 346,750
Equipment and software	6,795,657	150,636	(12,458)	6,933,835
Leasehold improvements	405,433	23,293	-	428,726
Automobiles	31,400	-	-	31,400
Total capital assets	7,574,722	178,447	(12,458)	7,740,711
Accumulated depreciation and amortization	(2,836,960)	(1,203,324)	12,458	(4,027,826)
Capital assets, net	\$ 4,737,762	\$ (1,024,877)	\$ -	\$ 3,712,885

Depreciation and amortization expense related to capital assets totaled \$1,060,657 and \$1,203,324 for the years ended June 30, 2019 and 2018, respectively.

NOTE 4 – INTANGIBLE ASSETS, NET

The Corporation recognized \$900,000 of specifically-identifiable intangible assets related to the purchase of the Florida Huddle event from Huddle International, LLC during the year ended June 30, 2013. The Corporation began operating the Florida Huddle event in January 2014, and as such the amortization of these intangible assets began during that fiscal year.

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Financial Statements

NOTE 4 – INTANGIBLE ASSETS, NET (CONTINUED)

Intangible assets consisted of the following:

<i>June 30,</i>	2019	2018
Business name, trademarks and web presence	\$ 375,000	\$ 375,000
Customer lists	375,000	375,000
Non-compete agreements	150,000	150,000
Total intangible assets	900,000	900,000
Accumulated amortization	(900,000)	(900,000)
Intangible assets, net	\$ -	\$ -

Amortization expense related to intangible assets totaled \$-0- and \$180,000 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5 – OPERATING LEASES

The Corporation has entered into various operating leases for office equipment and warehouse space. The Corporation also has a lease agreement for office space for a 15 year term. Rental expense was \$930,159 and \$886,610 for the years ended June 30, 2019 and 2018, respectively, and includes rent expense per the Statements of Revenues, Expenses, and Changes in Fund Net Position as well as other equipment and warehouse rental expenses directly allocated to other functional expense categories.

The following is a schedule of future minimum lease payments required under the lease agreements:

<i>Years ending June 30,</i>	Amount
2020	\$ 591,295
2021	588,696
2022	605,274
2023	88,598
Total minimum lease payments	\$ 1,873,863

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Financial Statements

NOTE 6 – EMPLOYEE RETIREMENT PLAN

The Corporation has a defined contribution 401(k) retirement plan (the Plan) that covers substantially all employees. The Corporation has elected, under the safe harbor provisions, to match employee contributions up to the lesser of the amount deferred or 6% of employees’ wages. An employee is eligible to participate in the Plan on the later of the employee’s date of hire or upon attainment of his or her twenty first birthday. Eligible employees immediately become fully vested in the employer’s safe harbor match contribution. Contributions to the Plan for the years ended June 30, 2019 and 2018, were \$487,340 and \$439,055, respectively, and are included in salaries and benefits on the statements of revenues, expenses, and changes in fund net position.

NOTE 7 – CONTRIBUTED PROMOTIONAL VALUE

As part of its statutory purpose, the Corporation assists interested parties in organizing Florida promotional packages. In return for their assistance, the Corporation and other participants receive complimentary advertising in the various print, television, internet, and radio media used in promoting the package. The media equivalency value associated with the complimentary advertising qualifies under Florida Statutes toward the Corporation’s matching requirements discussed in Note 8; however, as a gift in kind, such contributed promotional value is not recognized for financial statement purposes. For the years ended June 30, 2019 and 2018, the total media equivalency value was \$90,455,292 and \$106,224,614, respectively.

NOTE 8 – PARTNERSHIP AGREEMENT AND OTHER STATE FUNDING

The Corporation received annual appropriations from the State of Florida through operating agreements with DEO for the years ended June 30, 2019 and 2018. Under the terms of the operating agreements, the Corporation was required to maintain a one-to-one match of private to public contributions for the years ended June 30, 2019 and 2018.

The following table represents the funding received from the State of Florida:

<i>Years ended June 30,</i>	2019	2018
Tourism Promotional Trust Fund	\$ 30,994,680	\$ 23,999,152
State Economic Enhancement and Development Trust Fund	26,000,000	52,000,000
General Revenue Fund	19,000,000	-
Total	\$ 75,994,680	\$ 75,999,152

Total private contributions for the years ended June 30, 2019 and 2018 were \$105,456,311 and \$120,515,241, respectively, which include interest income and contributed promotional value revenue disclosed in Note 7. Pursuant to Section 288, *Florida Statutes*, the total amount of private contributions reported to DEO for the match requirement were \$99,438,021 and \$114,541,813 for the years ended June 30, 2019 and 2018, respectively.

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Financial Statements

NOTE 8 – PARTNERSHIP AGREEMENT AND OTHER STATE FUNDING (CONTINUED)

In the previous year, the State of Florida appropriated funds from the Hotel and Restaurant Trust Fund to the Corporation to contract with the Florida Restaurant and Lodging Association, Inc. to develop a coordinated marketing, media, and events program to promote Florida's tourism by residents of the state. There were no funds appropriated for the years ended June 30, 2019 and 2018. The Corporation expended \$392,746 for the year ended June 30, 2018 related to this campaign carried over from the prior year. The campaign required a private matching program, which totaled \$-0- and \$374,856 of contributed promotional value for the years ended June 30, 2019 and 2018, respectively.

For the year ending June 30, 2020, the Corporation has a \$24,000,000 appropriation from the Tourism Promotional Trust Fund and a \$26,000,000 appropriation from the State Economic Enhancement and Development Trust Fund.

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description. The Corporation administers a single-employer defined-benefit health-related benefit plan (the Retiree Health Plan). The plan provides health-related benefits for eligible retirees and their dependents after the attainment of age 60 through the Corporation's group medical/prescription insurance and dental plans, which cover both active and retired members, until the retirees are eligible for Medicare benefits on their 65th birthday. These benefits were established and may be amended by the Corporation's Board of Directors. During the fiscal year ended June 30, 2009, the Board amended the plan to provide these benefits only to employees hired on or before December 31, 2008, and the plan is closed to new entrants. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Premiums for single retiree medical/prescription, dental, and vision coverage are subsidized and fully paid by the Corporation. For dependent coverage, premium contributions are required from the retiree at a rate of 14% of gross premium. This policy was established and may be amended by the Corporation's Board of Directors. The Corporation paid benefits of \$55,257 and \$62,003 to the Retiree Health Plan for the years ended June 30, 2019 and 2018, respectively.

Total OPEB Liability and OPEB Expense. The Corporation has elected to calculate the total OPEB liability and related information using the Alternative Measurement Method permitted by GASB Statement No. 75 for employers in plans with fewer than one hundred total plan members. The measurement date of the OPEB liability is June 30, 2018. Management is unaware of any changes between the measurement date of the OPEB liability and the Corporation's reporting date of June 30, 2019 that are expected to have a significant effect on the total OPEB liability.

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Financial Statements

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The following table shows the changes in the Corporation’s total OPEB liability to the Retiree Health Plan:

<i>Years ended June 30,</i>	2019	2018
Service cost	\$ 18,460	\$ -
Interest on total OPEB liability	14,387	-
Changes of assumptions	(1,150)	-
Benefit payments	(55,257)	-
Net change in total OPEB liability	(23,560)	-
Total OPEB liability at beginning of year	413,293	413,293
Total OPEB liability at end of year	\$ 389,733	\$ 413,293

The Corporation’s OPEB (income) expense was \$(33,479) and \$-0- for the years ended June 30, 2019 and 2018, respectively. OPEB expense consisted of the following:

<i>Year ended June 30,</i>	2019	2018
Service cost	\$ 18,460	\$ -
Interest on total OPEB liability	14,387	-
Changes in assumptions and other inputs	(11,069)	-
Benefit payments	(55,257)	-
Total OPEB expense	\$ (33,479)	\$ -

Recognition of Deferred Outflows and Inflows of Resources. Differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active employees and inactive employees) determined as of the beginning of the measurement period.

At the beginning of the current measurement period, the average of the expected remaining service lives for purposes of recognizing the applicable combined deferred outflows and inflows of resources established in the current measurement period is 10 years.

Funded Status and Funding Progress. As of June 30, 2019 and 2018, the total OPEB liability for benefits was \$389,733 and \$413,429, respectively, all of which is unfunded. There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The covered payroll (annual payroll of active employees covered by the plan) during the measurement years ended June 30, 2018 and 2017, based on data as of the June 30, 2017 valuation, the most recent complete actuarial assessment, was estimated at \$2,426,108 and \$2,355,445, respectively, and the ratio of the unfunded total OPEB liability to the covered payroll was 16% and 18%, respectively. There were 37 total covered employees, including 34 active employees and 3 inactive employees currently receiving benefits.

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Financial Statements

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Retiree Health Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in OPEB liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age actuarial normal cost method with an increasing normal cost pattern consistent with salary increase assumptions was used. The actuarial assumptions included a 3.62% discount rate and a general price inflation of 1.80%. The discount rate is equal to the tax-exempt municipal bond rate based on Fidelity’s “20-Year Municipal GO AA Index”. The unfunded total OPEB liability is being amortized as a level percentage of projected payroll on a closed basis. Payroll growth, including inflation, for the plan is assumed at 3%. The healthcare cost trend rates are 3.75% for 2018, decreasing .25% per year, with an ultimate rate of 5.6% for 2026 and later years. Life expectancies were based on the Generational RP2000 Generational Combined Healthy Male and Female mortality tables. Because the plan is funded on a pay-as-you-go basis, no experience study has been completed for this program.

Sensitivity Analysis. The following tables demonstrate the sensitivity of the total OPEB liability to changes in the health cost trend rate and discount rate. The sensitivity analysis shows the impact on the total OPEB liability if the health cost trend rate and discount rate were 1.00% higher or 1.00% lower than the current rates at June 30, 2018.

Discount Rate			Healthcare Cost Trend Rate		
Current Discount Rate			Current Healthcare Cost Trend Rate		
1% Decrease	3.62%	1% Increase	1% Decrease	3.75%	1% Increase
\$ 406,638	\$ 389,733	\$ 368,631	\$ 344,754	\$ 389,733	\$ 442,235

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Financial Statements

NOTE 10 – RELATED PARTY TRANSACTIONS

During the years ended June 30, 2019 and 2018, the Corporation was related to the Florida Restaurant and Lodging Association, Inc. (FRLA) by virtue of FRLA's President/CEO being a member of the Corporation's Board of Directors. As a result, the Corporation's contract with FRLA to develop a coordinated marketing, media, and events program to promote Florida tourism by residents of the state is considered a related party transaction. As noted earlier, the FRLA contract was funded by a direct appropriation to the Corporation from Florida's Hotel and Restaurant Trust Fund. There were no funds appropriated for the years ended June 30, 2019 and 2018. The program requires a private match, which is administered jointly by the Corporation and FRLA. The match totaled \$-0- and \$374,856 of contributed promotional value for the years ended June 30, 2019 and 2018, respectively.



OTHER REQUIRED SUPPLEMENTARY INFORMATION

**Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Schedule of Changes in Total OPEB Liability and Related Ratios**

<i>Measurement year ended June 30,</i>	2018	2017
Service cost	\$ 18,460	\$ 20,997
Interest on Total OPEB Liability	14,387	12,795
Changes of assumptions	(1,150)	(10,911)
Benefit payments	(55,257)	(53,518)
Net change in total OPEB liability	(23,560)	(30,637)
Total OPEB liability at beginning of year*	413,293	443,930
Total OPEB liability at end of year	\$ 389,733	\$ 413,293
Estimated covered-employee payroll	\$ 2,426,108	\$ 2,355,445
Total OPEB liability as a percentage of covered-employee payroll	16%	18%

Fiscal year 2018 was the first year of implementation of GASB Statement No. 75; additional years' information will be included as it becomes available in future years.

Note: Covered-employee payroll presented above is an estimate based on the data as of the June 30, 2017 valuation. GASB Statement No. 75 defined covered-employee payroll as the payroll of employees that are provided with OPEB through the OPEB plan, including employees terminating during the measurement period (fiscal year ending June 30, 2018).

See Independent Auditors' Report.

**Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA**

Notes to Schedule of Changes in Total OPEB Liability and Related Ratios

Valuation date: June 30, 2017

Measurement date: June 30, 2018

Methods and Assumptions Used to Determine Total OPEB Liability:

Actuarial cost method Entry Age Normal

Discount rate 3.62%

Salary increases 5.00%

Mortality Life expectancies were based on the RP2000 Generational Combined Healthy Male and Female mortality tables.

Other Information:

The discount rate was changed from 3.56% as of the beginning of the measurement date to 3.62% as of June 30, 2018. This change is reflected in the Schedule of Changes in Total OPEB Liability.

There were no benefit changes during the year.

See Independent Auditors' Report.



OTHER REPORTS

**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
Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA
Tallahassee, 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 Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA (the Corporation), which comprise the statement of fund net position as of June 30, 2019, and the related statements of revenues, expenses, and changes in fund net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation'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 the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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.

Carri Riggs & Ingram, L.L.C.

Tallahassee, Florida

August 26, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR STATE PROJECT
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY CHAPTER 10.650, RULES OF THE AUDITOR GENERAL**

Board of Directors
Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA
Tallahassee, Florida

Report on Compliance for the Major State Project

We have audited Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA (the Corporation)'s compliance with the types of compliance requirements described in the *Department of Financial Services' State Projects Compliance Supplement* that could have a direct and material effect on the Corporation's major state project for the year ended June 30, 2019. The Corporation's major state project is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs - State Financial Assistance.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state financial assistance applicable to its state project.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Corporation's major state project based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Chapter 10.650, *Rules of the Auditor General* (Rules of the Auditor General). Those standards and Rules of the Auditor General require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state project occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major state project. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on the Major State Project

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major state project for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on its major state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major state project and to test and report on internal control over compliance in accordance with Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Rules of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Carly Riggs & Ingram, L.L.C.

Tallahassee, Florida

August 26, 2019



OTHER FINANCIAL INFORMATION

**Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Schedule of Expenditures of State Financial Assistance
Year ended June 30, 2019**

<i>State Agency and Program Title</i>	CSFA Number	Contract Number	Expenditures	Funds Provided to Subrecipients
Department of Economic Opportunity				
Economic Development Partnerships	40.040	SB18-003	\$ 75,994,680	\$ -
Total expenditures of state financial assistance			\$ 75,994,680	\$ -

See Independent Auditors' Report.

Florida Tourism Industry Marketing Corporation, Inc.
d/b/a VISIT FLORIDA
Notes to Schedule of Expenditures of State Financial Assistance

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of State Financial Assistance (the Schedule) includes the state award activity of the Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA (the Corporation) under programs of the State of Florida for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Chapter 10.650, *Rules of the Auditor General*. Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net position or cash flows of the Corporation.

For purposes of the Schedule, state awards include all grants, contracts, and similar agreements entered into directly with the State of Florida and other pass-through entities. The Corporation has obtained Catalog of State Financial Assistance (CSFA) numbers to ensure that all programs have been identified in the Schedule.

NOTE 2 – BASIS OF ACCOUNTING

The Schedule was prepared on the accrual basis of accounting.

NOTE 3 – CONTINGENCIES

Grant monies received and disbursed by the Corporation are subject to review by the grantor agency. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Corporation does not believe that such disallowance, if any, would have a material effect on the financial position of the Corporation. As of June 30, 2019, there were no material questioned or disallowed costs as a result of grant audits in process or completed.

NOTE 4 – NONCASH ASSISTANCE

The Corporation did not receive any state noncash assistance for the year ended June 30, 2019.

Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA
Schedule of Findings and Questioned Costs – State Financial Assistance
Year ended June 30, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements:

- | | |
|--|------------|
| 1. Type of auditors’ report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted |
| c. Noncompliance material to the financial statements noted? | No |

State Financial Assistance:

- | | | | | | |
|--|-----------------------------------|---------------|--------|-----------------------------------|--|
| 1. Type of auditors’ report issued on compliance for major projects | Unmodified | | | | |
| 2. Internal control over major projects: | | | | | |
| a. Material weaknesses identified? | No | | | | |
| b. Significant deficiencies identified not considered to be material weaknesses? | None noted | | | | |
| 3. Any audit findings disclosed that are required to be reported in accordance with Chapter 10.650, <i>Rules of the Auditor General</i> ? | No | | | | |
| 4. Identification of major projects: | | | | | |
| <table style="display: inline-table; border: none;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;">CSFA Number</td> <td style="text-align: center; border-bottom: 1px solid black;">State Project</td> </tr> <tr> <td style="text-align: center;">40.040</td> <td style="text-align: center;">Economic Development Partnerships</td> </tr> </table> | CSFA Number | State Project | 40.040 | Economic Development Partnerships | |
| CSFA Number | State Project | | | | |
| 40.040 | Economic Development Partnerships | | | | |
| 5. Dollar threshold used to distinguish between type A and type B projects: | \$2,279,840 | | | | |

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted

SECTION III – STATE FINANCIAL ASSISTANCE FINDINGS

None noted

OTHER MATTERS

- (a) No management letter is required because there were no findings required to be reported in the management letter (see AG Rule Section 10.656(3)(e)).
- (b) No Summary Schedule of Prior Audit Findings is required because there were no prior audit findings related to State projects (see AG Rules 10.557(3)(e)5. and 10.656(3)(d)5.).