



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

**Financial Statements  
and Other Financial Information**

**Years ended June 30, 2020 and 2019**



**Florida Tourism Industry Marketing Corporation, Inc.**  
**d/b/a VISIT FLORIDA**  
**Table of Contents**  
**Years ended June 30, 2020 and 2019**

|   | <b>Page</b> |
|---|-------------|
| <b>REPORT</b>   |             |
| Independent Auditors' Report .....  | 1           |
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS .....</b>   | <b>4</b>    |
| <b>FINANCIAL STATEMENTS</b>   |             |
| Statements of Fund Net Position .....   | 10          |
| Statements of Revenues, Expenses, and Changes in Fund Net Position .....  | 11          |
| Statements of Cash Flows .....  | 12          |
| Notes to Financial Statements .....   | 13          |
| <b>OTHER REQUIRED SUPPLEMENTARY INFORMATION</b>   |             |
| Schedule of Changes in Total OPEB Liability and Related Ratios .....  | 24          |
| Notes to Schedule of Changes in Total OPEB Liability and Related Ratios .....   | 25          |
| <b>OTHER REPORTS</b>  |             |
| Independent Auditors' Report on Internal Control Over Financial Reporting<br>and on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with <i>Government Auditing Standards</i> ..... | 26          |
| Independent Auditors' Report on Compliance for the Major State Project<br>and on Internal Control Over Compliance Required by Chapter 10.650,<br>Rules of the Auditor General .....   | 28          |
| <b>OTHER FINANCIAL INFORMATION</b>  |             |
| Schedule of Expenditures of State Financial Assistance .....  | 30          |
| Notes to Schedule of Expenditures of State Financial Assistance .....   | 31          |
| Schedule of Findings and Questioned Costs .....   | 32          |



# REPORT





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## 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, 2020 and 2019, 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 auditors' 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, 2020 and 2019, 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 24, and the Notes to Schedule of Changes in Total OPEB Liability and Related Ratios on page 25, 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 audits were 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 audits 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

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

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 September 11, 2020 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  
September 11, 2020



**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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

The following Management's Discussion and Analysis is for the financial statements of Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA for the fiscal years ended June 30, 2020 and June 30, 2019.

VISIT FLORIDA is a not-for-profit corporation established by s. 288.1226, Florida Statutes, to promote and market Florida tourism. It is considered a component unit of the state of Florida for financial reporting purposes.

### **History**

During the 1996 session, the Florida Legislature voted to dismantle the state's Department of Commerce and transferred the responsibility of promoting and marketing Florida tourism to the Florida Commission on Tourism (the Commission). The Commission operated pursuant to a partnership agreement with the Executive Office of the Governor's Office of Tourism, Trade and Economic Development (OTTED) which outlined the expectations and responsibilities for program implementation. In accordance with Florida law and the OTTED partnership agreement, the Commission formed the Florida Tourism Industry Marketing Corporation, Inc. (which now does business as VISIT FLORIDA) as a direct-support organization responsible for implementing programs under its purview.

Following the 2011 Florida Legislative Session, many Florida public-private partnerships were reorganized, including VISIT FLORIDA. OTTED's duties were transferred to the Department of Economic Opportunity (DEO) and VISIT FLORIDA became a direct-support organization of Enterprise Florida, Inc. (EFI). Thereafter, VISIT FLORIDA's annual public appropriation has been included in DEO's section of the General Appropriations Act and has been made available to VISIT FLORIDA through a contract with DEO and EFI.

Additional Legislative changes in 2017 reduced amounts allowable for match purposes. These revisions provided 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 match<sup>1</sup>. As a result, the total matching funds reported to DEO will be less than the recorded revenue on the financial statements.

### **Structure**

VISIT FLORIDA's exclusive statutory purpose and mission is to promote and market Florida tourism. Its corporate headquarters are located in Tallahassee, Florida. For financial reporting purposes the corporation's marketing activity is organized into the following eight departments:

- The Advertising department develops and executes direct consumer advertising and cooperative advertising efforts with tourism advertising partners. 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.

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<sup>1</sup> Chapter 288.1226 (6) (b) 4., F.S.



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

- The Promotions department develops and executes promotional campaigns in cooperation with a variety of media partners, primarily radio stations.
- The Content department creates and distributes Florida travel content, primarily videos, photography and articles.
- The Public Relations department generates positive media exposure for Florida's tourism industry through broadcast, print and digital media in key international and domestic markets. VISIT FLORIDA has public relations representation and/or contractors in the United States, Canada, Brazil, the United Kingdom, Mexico, and Germany. As of January 2020, VISIT FLORIDA no longer has public relations representation in China.
- The Marketing and Events department develops and leverages relationships with travel agents, tour operators and meetings professionals to drive sales. The International Marketing and Events department in Tallahassee works closely with our contractors in Canada, Brazil, Mexico, Germany, and the United Kingdom to promote Florida. The contracts for international marketing and events in India and China were ended on June 2019, and January 2020, respectively.
- The Visitor Services department operates three highway Welcome Centers (located on the Florida border of I-10, I-75, and I-95) and an information center in the Florida State Capitol. As of July 2019, VISIT FLORIDA no longer operates the US 231 welcome center.
- The Industry Relations and Sales department develops and manages partnership relationships and related activity.
- The Research department sources, analyzes and reports market and marketing performance data.

### **Financial reporting for VISIT FLORIDA for the year ended June 30, 2020 compared to June 30, 2019.**

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, 2020 and June 30, 2019 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 allowable private funds. For the fiscal year ending June 30, 2020, the state appropriation was \$50,000,000, which consisted of \$24,000,000 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, and \$26,000,000 from the State Economic Enhancement and Development Trust fund. For the fiscal year ending June 30, 2019, the state appropriation was \$76,000,000, which consisted of \$31,000,000 from the Tourism

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

Promotional Trust Fund and \$26,000,000 from the State Economic Enhancement and Development Trust fund, and \$19,000,000 from General Revenue fund. Both fiscal years required expenditures of \$1,000,000 on veterans marketing and research. During fiscal year 2020, \$998,432 was spent towards marketing the state of Florida to veterans and due to the COVID-19 pandemic the total spent to market travel to the state was \$35,957,092 resulting in the total appropriation recorded as \$36,955,524. Despite COVID-19, VISIT FLORIDA performed all its contractual and legal obligations, including the match requirement, for fiscal year 2020. DEO determined that the unspent funds of \$13,042,908 could be carried forward to be spent and recorded in fiscal year 2021. During fiscal year 2019, \$994,680 was spent towards marketing the state of Florida to veterans resulting in the total appropriation received \$75,994,680.

In fiscal year 2020, the Florida tourism industry generated \$7,241,627 in cooperative advertising revenue. The related direct advertising expense was \$18,678,170. This resulted in a total expenditure for advertising of \$25,919,797 in fiscal 2020. 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. Total advertising expenditures decreased \$34,802,107 from fiscal 2019 to fiscal 2020 as a result of the \$26,000,000 reduction in appropriated funds from the state of Florida and the inability to advertise travel from March 2020 to June 2020 due to the COVID-19 pandemic.

Trade show and event revenue of \$1,350,529 for fiscal year 2020 and \$2,532,202 for fiscal year 2019 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. The \$1,181,673 reduction is a result of cancelling events due to the COVID-19 pandemic, cancelling the annual Governor's Conference due to the threat posed by Hurricane Dorian and not participating in some of the tradeshow and events as in fiscal year 2019.

Partnership investment revenue results from the dollars received by the VISIT FLORIDA industry Partners. Investments of \$1,065,050 were made by 1,589 investing Partners in fiscal year 2020 and \$1,228,964 were made by 1,813 investing Partners in fiscal year 2019.

Other operating revenue of \$1,531,772 for fiscal year 2020 and \$2,860,094 for fiscal year 2019 consist of the following: revenue from Strategic Alliance Partners, brochure and transparency rental space revenue in the 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. The decrease of \$1,328,322 is due to the COVID-19 pandemic causing campaigns to be cancelled which resulted in a reduction in revenue generated from advertisers in cooperative programs related to those campaigns.

Contributed promotional value of \$59,286,728 for fiscal year 2020 and \$90,455,292 for fiscal year 2019 was the actual market value of the media generated by VISIT FLORIDA's Promotions department. Contributed promotional value qualifies under Florida Statutes towards the required

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

private sector match, but it is not recognized in the audited financial statements. The decrease in promotional value is the result of the reduction in the state appropriation and a decrease in the number of promotions.

Salaries and benefits for fiscal year 2020 were \$7,614,606 and for fiscal year 2019 was \$12,450,525. The corporation funded 85 positions for fiscal year 2020 and 143 positions for fiscal year 2019. 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.

Fulfillment expenses of \$154,378 for fiscal year 2020 and \$214,134 for fiscal year 2019 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 \$1,232,705 for fiscal year 2020 and \$1,330,493 for fiscal year 2019 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 \$201,856 for fiscal year 2020 and \$2,250,087 for fiscal year 2019 were provided to assist VISIT FLORIDA Partners with improving their marketing efforts by offering advertising matching grants, small business grants, minority convention grants, cultural, heritage and nature grants, and targeted marketing assistance program grants. The decrease of \$2,048,231 is primarily due to providing hurricane recovery and red tide recovery grants in 2019 and none in 2020.

The private funds received by VISIT FLORIDA to count toward the match with the State dollars totaled \$70,513,764 for the year ended June 30, 2020 and \$105,456,311 for the year ended June 30, 2019. These amounts include the contributed promotional value and interest income with the decrease for 2020 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 2020 is \$67,594,079.

### Statement of Fund Net Position

The cash balance for fiscal year 2020 was \$30,175,486, which includes the restricted Economic Risk Fund of \$2,164,855. The cash balance for fiscal year 2019 was \$26,323,952, which includes the restricted Economic Risk Fund of \$2,164,855.

The accounts receivable balance of \$199,745 for fiscal year 2020 consists primarily of co-op advertising billings. Accounts receivable of \$18,113,675 for fiscal year 2019 consisted of \$17,494,680 from the state of Florida with the remainder due primarily for future events. Prepaid expenses of \$567,203 for fiscal year 2020 and \$903,855 for fiscal year 2019 consisted of expenditures made in advance of scheduled events.

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

As of June 30, 2020, and 2019, VISIT FLORIDA had invested, net of accumulated depreciation and amortization, \$1,714,447 and \$2,649,822, respectively, in a range of capital assets including furniture, equipment and software, leasehold improvements, and automobiles. A more detailed schedule about VISIT FLORIDA's capital assets is presented in Note 2 (page 16) of the financial statements.

Accounts payable of \$602,167 for fiscal year 2020 and \$2,880,660 for fiscal year 2019 were for invoices received and not yet due for payment. Accrued expenses of \$5,286,605 for fiscal year 2020 and \$23,708,311 for fiscal year 2019 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 \$3,829,163 for fiscal year 2020 and \$737,503 for fiscal year 2019. The 2020 unearned restricted revenue balance includes \$3,044,476, which is the net of the \$13,042,908 unspent State appropriation and the accounts receivable of \$9,998,432 from the state of Florida. VISIT FLORIDA has no long-term debt.

VISIT FLORIDA recorded an increase in net position of \$2,274,116 for the year ended June 30, 2020. This increase was a result of cancelling the planned campaign activities from March 2020 through June 2020 because of the COVID-19 pandemic which caused the remaining private match funds to be unspent. There was a decrease 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.

|                                  | Fiscal Year<br>2019-2020 | Fiscal Year<br>2018-2019 | Year over Year<br>Variance |
|----------------------------------|--------------------------|--------------------------|----------------------------|
| <b>Total Assets</b>              |                          |                          |                            |
| Capital Assets                   | 1,714,447                | 2,649,822                | (935,375)                  |
| Non-capital Assets               | 30,942,434               | 45,341,482               | (14,399,048)               |
|                                  | 32,656,881               | 47,991,304               | (15,334,423)               |
| <b>Total Liabilities</b>         | 9,717,935                | 27,326,474               | (17,608,539)               |
| <b>Total Net Position</b>        |                          |                          |                            |
| Net Investment in capital assets | 1,714,447                | 2,649,822                | (935,375)                  |
| Restricted for economic risk     | 2,164,855                | 2,164,855                | -                          |
| Unrestricted                     | 19,059,644               | 15,850,153               | 3,209,491                  |
|                                  | 22,938,946               | 20,664,830               | 2,274,116                  |
| <b>Total Revenues*</b>           | 48,182,560               | 90,995,699               | (42,813,139)               |
| <b>Total Expenses*</b>           | 45,908,444               | 94,695,199               | (48,786,755)               |

\*Balances exclude value of Contributed Promotional Value - see note 4 of the financial statements.

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

### **Next Fiscal Year**

The appropriation from the Florida Legislature is \$50,000,000 for the upcoming fiscal year ending June 30, 2021. 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. Management is closely monitoring state revenue developments and Legislative activity that may affect the receipt of the full appropriation. As required by law, \$1,000,000 must be expended on veterans marketing and research.

Due to the timing of the COVID-19 pandemic approximately \$13 million of State appropriated funds and \$2.3 million of private match funds for fiscal year 2019-2020 were unspent because the planned campaign activities from March 2020 through June 2020 had to be cancelled. These funds will be spent on the COVID-19 rebound marketing campaign in fiscal year 2020-2021.

VISIT FLORIDA has applied for a \$8 million federal grant from the Economic Development Administration. Should this funding be awarded, it will be used to fund Destination Marketing Organizations (DMO) cooperative opportunities in direct response to COVID-19. The \$8 million grant will be combined with \$2 million in estimated partner participation for a total \$10 million in expenses to spend on COVID-19 rebound media.

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>                         | <b>2020</b>          | <b>2019</b>          |
|---|----------------------|----------------------|
| <b>Assets</b>                           |                      |                      |
| Current assets                          |                      |                      |
| Cash                                    | \$ 28,010,631        | \$ 24,159,097        |
| Accounts receivable, net                | 199,745              | 18,113,675           |
| Prepaid expenses and other assets       | 567,203              | 903,855              |
| Total current assets                    | <b>28,777,579</b>    | <b>43,176,627</b>    |
| Non-current assets                      |                      |                      |
| Restricted cash                         | 2,164,855            | 2,164,855            |
| Capital assets, net                     | 1,714,447            | 2,649,822            |
| Total non-current assets                | <b>3,879,302</b>     | <b>4,814,677</b>     |
| Total assets                            | <b>\$ 32,656,881</b> | <b>\$ 47,991,304</b> |
| <b>Liabilities</b>                      |                      |                      |
| Current liabilities                     |                      |                      |
| Accounts payable                        | \$ 602,167           | \$ 2,880,660         |
| Accrued expenses                        | 5,286,605            | 23,708,311           |
| Unearned restricted revenue             | 3,829,163            | 737,503              |
| Total current liabilities               | <b>9,717,935</b>     | <b>27,326,474</b>    |
| <b>Fund Net Position</b>                |                      |                      |
| Net investment in capital assets        | 1,714,447            | 2,649,822            |
| Restricted for economic risk            | 2,164,855            | 2,164,855            |
| Unrestricted                            | 19,059,644           | 15,850,153           |
| Fund net position                       | <b>22,938,946</b>    | <b>20,664,830</b>    |
| Total liabilities and fund net position | <b>\$ 32,656,881</b> | <b>\$ 47,991,304</b> |

*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>For the years ended June 30,</i>               | <b>2020</b>       | 2019               |
|---|-------------------|--------------------|
| <b>Operating Revenues</b>                         |                   |                    |
| Program support                                   |                   |                    |
| Cooperative advertising                           | \$ 7,241,627      | \$ 8,326,411       |
| Trade show and events                             | 1,350,529         | 2,532,202          |
| Partnership investment                            | 1,065,050         | 1,228,964          |
| Other   | 1,531,772         | 2,860,094          |
| Contributed promotional value (Note 4)            | -                 | -                  |
| State of Florida grants and direct appropriations | 36,955,524        | 75,994,680         |
| <b>Total operating revenues</b>                   | <b>48,144,502</b> | <b>90,942,351</b>  |
| <b>Expenses</b>                                   |                   |                    |
| Advertising                                       | 18,678,170        | 52,395,493         |
| Business promotion                                | 479,621           | 951,398            |
| Citrus juice                                      | -                 | 186,743            |
| Cooperative advertising                           | 7,241,627         | 8,326,411          |
| Depreciation and amortization                     | 1,004,780         | 1,060,657          |
| Fees and services                                 | 4,909,824         | 7,819,746          |
| Fulfillment                                       | 154,378           | 214,134            |
| General and administrative                        | 1,004,424         | 1,531,910          |
| Grants  | 201,856           | 2,250,087          |
| Insurance premiums - hurricane recovery           | 151,633           | 212,381            |
| Printing  | 240,733           | 336,303            |
| Rents   | 569,688           | 554,722            |
| Salaries and benefits                             | 7,614,606         | 12,450,525         |
| Tourism research                                  | 1,232,705         | 1,330,493          |
| Trade show and event direct                       | 1,351,537         | 2,369,514          |
| Travel  | 1,072,862         | 2,704,682          |
| <b>Total expenses</b>                             | <b>45,908,444</b> | <b>94,695,199</b>  |
| <b>Operating income (loss)</b>                    | <b>2,236,058</b>  | <b>(3,752,848)</b> |
| <b>Nonoperating Revenue</b>                       |                   |                    |
| Interest income                                   | 38,058            | 53,348             |
| <b>Total nonoperating revenue</b>                 | <b>38,058</b>     | <b>53,348</b>      |
| <b>Change in fund net position</b>                | <b>2,274,116</b>  | <b>(3,699,500)</b> |
| Fund net position at beginning of year            | 20,664,830        | 24,364,330         |
| Fund net position at end of year                  | \$ 22,938,946     | \$ 20,664,830      |

*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>For the years ended June 30,</i>  | <b>2020</b>          | 2019                  |
|--|----------------------|-----------------------|
| <b>Operating Activities</b>  |                      |                       |
| Cash received from program services  | \$ 11,655,412        | \$ 14,404,911         |
| Cash received from operating grants  | 57,494,680           | 76,499,152            |
| Cash payments to suppliers for goods and services  | (57,300,355)         | (83,155,562)          |
| Cash payments to employees   | (7,765,000)          | (12,255,868)          |
| Cash payments for operating grants   | (201,856)            | (2,250,087)           |
| <b>Net cash provided by (used in) operating activities</b>   | <b>3,882,881</b>     | (6,757,454)           |
| <b>Capital and Related Financing Activities</b>  |                      |                       |
| Purchase of capital assets   | (69,405)             | (57,466)              |
| <b>Net cash provided by (used in) capital and related financing activities</b>                           | <b>(69,405)</b>      | (57,466)              |
| <b>Investing Activities</b>  |                      |                       |
| Interest income received   | 38,058               | 53,348                |
| <b>Net cash provided by (used in) investing activities</b>   | <b>38,058</b>        | 53,348                |
| <b>Net change in cash and restricted cash</b>  | <b>3,851,534</b>     | (6,761,572)           |
| Cash and restricted cash at beginning of year  | 26,323,952           | 33,085,524            |
| <b>Cash and restricted cash at end of year</b>   | <b>30,175,486</b>    | 26,323,952            |
| <b>Cash and restricted cash consist of the following:</b>  |                      |                       |
| Cash   | \$ 28,010,631        | \$ 24,159,097         |
| Restricted cash  | 2,164,855            | 2,164,855             |
| <b>Cash and restricted cash at end of year</b>   | <b>\$ 30,175,486</b> | <b>\$ 26,323,952</b>  |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities</b>  |                      |                       |
| Operating income (loss)  | \$ 2,236,058         | \$ (3,752,848)        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                      |                       |
| Depreciation and amortization  | 1,004,780            | 1,060,657             |
| Net loss on disposal of assets   | -                    | 59,872                |
| Changes in operating assets and liabilities  |                      |                       |
| Accounts receivable, net   | 17,913,930           | 163,879               |
| Prepaid expenses and other assets  | 336,652              | (153,438)             |
| Accounts payable   | (2,278,493)          | (193,043)             |
| Accrued expenses   | (18,421,706)         | (3,680,494)           |
| Unearned restricted revenue  | 3,091,660            | (262,039)             |
| <b>Net cash provided by (used in) operating activities</b>   | <b>\$ 3,882,881</b>  | <b>\$ (6,757,454)</b> |

*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 four official welcome centers. The Corporation contracts with the Florida Department of Economic Opportunity and Enterprise Florida, Inc. for tourism marketing on behalf of the State of Florida and employs a staff of 85 at the Corporation's headquarters in Tallahassee and its four 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.

The accounting policies of the Corporation conform to generally accepted accounting principles (GAAP) as applied to governmental units. The more significant accounting policies of the Corporation are described below.

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Proprietary funds are reported using the economic resources measurement focus and 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 \$31,516,115 and \$26,980,242 at June 30, 2020 and 2019, respectively. Restricted cash represents a noncurrent amount designated for economic risk by the Corporation's Board of Directors at both June 30, 2020 and 2019. 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 5. This amount is reported net of the Corporation's allowance for doubtful accounts of approximately \$2,786 and \$50,000 at June 30, 2020 and 2019, 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. The Corporation's policy is to capitalize asset acquisitions greater than \$1,000 with an estimated useful life in excess of 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

|                        |       |
|------------------------|-------|
| Furniture              | 7     |
| Leasehold improvements | 5     |
| Equipment and software | 3 - 5 |
| Automobiles            | 3     |

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

**Note 1: SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

***Revenue Recognition***

Grant revenue is recognized as income when the applicable grant expense is incurred.

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 5.

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.

Other 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.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make various estimates. Actual results could differ from those estimates.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, September 11, 2020 and determined there were no events that occurred that required disclosure.

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

**Note 1: SUMMARY SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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. Due to COVID-19, the effective date has been postponed by 18 months. The Corporation is currently evaluating the impact of the guidance on its financial statements.

**Note 2: CAPITAL ASSETS, NET**

The following is a summary of changes in capital assets during the year ended June 30, 2020:

|   | July 1, 2019 | Additions    | Deletions | June 30, 2020 |
|---|--------------|--------------|-----------|---------------|
| Furniture                                       | \$ 338,165   | \$ -         | \$ -      | \$ 338,165    |
| Equipment and software                          | 6,691,618    | 69,405       | (12,490)  | 6,748,533     |
| Leasehold improvements                          | 419,393      | -            | -         | 419,393       |
| Automobiles                                     | 31,400       | -            | (31,400)  | -             |
| Total capital assets                            | 7,480,576    | 69,405       | (43,890)  | 7,506,091     |
| Less: accumulated depreciation and amortization | (4,830,754)  | (1,004,780)  | 43,890    | (5,791,644)   |
| Capital assets, net                             | \$ 2,649,822 | \$ (935,375) | \$ -      | \$ 1,714,447  |

The following is a summary of changes in capital assets during the year ended 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     |
| Less: 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  |

Depreciation and amortization expense related to capital assets totaled \$1,004,780 and \$1,060,657 for the years ended June 30, 2020 and 2019, respectively.

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

**Note 3: 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.

Intangible assets, net, consist of the following:

| <i>June 30,</i>                            | <b>2020</b>      | <b>2019</b> |
|--|------------------|-------------|
| 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                    | <b>900,000</b>   | 900,000     |
| Less: accumulated amortization             | <b>(900,000)</b> | (900,000)   |
| <b>Intangible assets, net</b>              | <b>\$ -</b>      | <b>\$ -</b> |

Amortization expense related to intangible assets totaled \$-0- for both the years ended June 30, 2020 and 2019, respectively.

**Note 4: 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 5; however, as a gift in kind, such contributed promotional value is not recognized for financial statement purposes. For the years ended June 30, 2020 and 2019, the total media equivalency value was \$59,286,728 and \$90,455,292, respectively.

**Note 5: 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, 2020 and 2019. 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, 2020 and 2019.

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

**Note 5: PARTNERSHIP AGREEMENT AND OTHER STATE FUNDING (Continued)**

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

| <i>For the years ended June 30,</i>                   | <b>2020</b>          | 2019                 |
|---|----------------------|----------------------|
| Tourism Promotional Trust Fund                        | <b>\$ 17,738,652</b> | \$ 30,994,680        |
| State Economic Enhancement and Development Trust Fund | <b>19,216,872</b>    | 26,000,000           |
| General Revenue Fund                                  | -                    | 19,000,000           |
| <b>Total</b>  | <b>\$ 36,955,524</b> | <b>\$ 75,994,680</b> |

As of June 30, 2020, the Corporation has \$13,042,908 in unspent funds from the agreements that are being carried forward and will be spent in the next fiscal year, \$3,044,476 of which has been received in advance and is included in unearned unrestricted revenue in the statements of fund net position.

Total private contributions for the years ended June 30, 2020 and 2019 were \$70,513,764 and \$105,456,311, respectively, which include interest income and contributed promotional value revenue disclosed in Note 4. Pursuant to Section 288, Florida Statutes, the total amount of private contributions reported to DEO for the match requirement were \$67,594,079 and \$100,919,319 for the years ended June 30, 2020 and 2019, respectively. 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 match. As a result, the total matching funds reported to DEO are less than the total recorded on the financial statements.

For the year ending June 30, 2021, 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 6: 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, 2020 and 2019. As of June 30, 2020 and 2019, the Corporation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

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

**Note 7: 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 \$772,838 and \$930,159 for the years ended June 30, 2020 and 2019, 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>For the years ending June 30,</i> | Amount              |
|--------------------------------------|---------------------|
| 2021                                 | \$ 597,916          |
| 2022                                 | 614,033             |
| 2023                                 | 97,357              |
| 2024                                 | 8,759               |
| 2025                                 | 8,759               |
| <b>Total minimum lease payments</b>  | <b>\$ 1,326,824</b> |

**Note 8: 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, 2020 and 2019, were \$319,837 and \$487,340, respectively, and are included in salaries and benefits on the statements of revenues, expenses, and changes in fund net position.

**Note 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

***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.



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

**Note 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

***Plan Description (Continued)***

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***

The Corporation's other postemployment benefits are unfunded. The Corporation pays 100% of the cost of the retiree and 87% of the cost for any spouse coverage. This policy was established and may be amended by the Corporation's Board of Directors.

***Total OPEB Liability and OPEB Expense***

The Corporation has elected to calculate the total OPEB liability and related information using the Alternative Measurement Method (AMM) 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, 2019. Management is unaware of any changes between the measurement date of the OPEB liability and the Corporation's reporting date of June 30, 2020 that are expected to have a significant effect on the total OPEB liability.

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

| <i>For the years ended June 30,</i>               | <b>2020</b>       | 2019       |
|---|-------------------|------------|
| Service cost                                      | \$ 19,254         | \$ 18,460  |
| Interest on total OPEB liability                  | 13,652            | 14,387     |
| Difference between expected and actual experience | <b>(120,310)</b>  | -          |
| Changes of assumptions                            | <b>(13,490)</b>   | (1,150)    |
| Benefit payments                                  | <b>(63,709)</b>   | (55,257)   |
| Net change in total OPEB liability                | <b>(164,603)</b>  | (23,560)   |
| Total OPEB liability at beginning of year         | <b>389,733</b>    | 413,293    |
| Total OPEB liability at end of year               | <b>\$ 225,130</b> | \$ 389,733 |

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

**Note 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

***Total OPEB Liability and OPEB Expense (Continued)***

The Corporation's OPEB (income) expense was \$(164,603) and \$(33,479) for the years ended June 30, 2020 and 2019, respectively. OPEB (income) expense consisted of the following:

| <i>For the years ended June 30,</i>               | <b>2020</b>         | <b>2019</b>        |
|---|---------------------|--------------------|
| Service cost                                      | \$ 19,254           | \$ 18,460          |
| Interest on total OPEB liability                  | 13,652              | 14,387             |
| Difference between expected and actual experience | <b>(120,310)</b>    | -                  |
| Changes in assumptions and other inputs           | <b>(13,490)</b>     | (11,069)           |
| Benefit payments                                  | <b>(63,709)</b>     | (55,257)           |
| <b>Total OPEB (income) expense</b>                | <b>\$ (164,603)</b> | <b>\$ (33,479)</b> |

***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, 2020 and 2019, the total OPEB liability for benefits was \$225,130 and \$389,733, 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, 2019 and 2018, based on data as of the June 30, 2019 valuation, the most recent complete actuarial assessment, was estimated at \$1,184,179 and \$2,426,108, respectively, and the ratio of the unfunded total OPEB liability to the covered payroll was 19% and 16%, respectively. There were 17 total covered employees, including 15 active employees and 2 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 (OPEB) (Continued)**

***Funded Status and Funding Progress (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 each AMM calculation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. As authorized by GASB Statement No. 75, the Alternative Measurement Method allows the employer to use simplifications of certain assumptions in measuring the costs and liabilities.

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 3.13% discount rate and a general price inflation of 2.25%. 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 5.00%. The healthcare cost trend rates are 7.00% for 2020, decreasing .25% per year, with an ultimate rate of 5.00% for 2028 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.

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

**Note 9: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

***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 the measurement date of June 30, 2019.

| Discount Rate            |            |             | Healthcare Cost Trend Rate               |            |             |
|--------------------------|------------|-------------|--|------------|-------------|
| Current<br>Discount Rate |            |             | Current<br>Healthcare Cost<br>Trend Rate |            |             |
| 1% Decrease              | 3.13%      | 1% Increase | 1% Decrease                              | 7.00%      | 1% Increase |
| \$ 232,787               | \$ 225,130 | \$ 215,973  | \$ 210,237                               | \$ 225,130 | \$ 242,058  |

**Note 10: UNCERTAINTIES**

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Corporation. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



**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 for the year sended June 30,</i>                  | 2019              | 2018              | 2017              |
|--|-------------------|-------------------|-------------------|
| Service cost   | \$ 19,254         | \$ 18,460         | \$ 20,997         |
| Interest on total OPEB Liability                                 | 13,652            | 14,387            | 12,795            |
| Difference between expected and actual experience                | (120,310)         | -                 | -                 |
| Changes of assumptions   | (13,490)          | (1,150)           | (10,911)          |
| Benefit payments   | (63,709)          | (55,257)          | (53,518)          |
| Net change in total OPEB liability                               | (164,603)         | (23,560)          | (30,637)          |
| Total OPEB liability at beginning of year                        | 389,733           | 413,293           | 443,930           |
| <b>Total OPEB liability at end of year</b>                       | <b>\$ 225,130</b> | <b>\$ 389,733</b> | <b>\$ 413,293</b> |
| Estimated covered-employee payroll                               | \$ 1,184,179      | \$ 2,426,108      | \$ 2,355,445      |
| Total OPEB liability as a percentage of covered-employee payroll | 19%               | 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.

*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, 2019

Measurement date: June 30, 2019

**Methods and Assumptions Used to Determine Total OPEB Liability:**

|                             |   |
|-----------------------------|---|
| Actuarial cost method       | Entry Age Normal  |
| Inflation                   | 2.25%   |
| Discount rate               | 3.13%   |
| Salary increases            | 5.00%   |
| Retirement age              | Varies based on several factors including plan-specific retirement eligibility provisions and experience.   |
| Mortality                   | Life expectancies were based on the RP-2000 Generational Combined Healthy Participant mortality tables, projected from the year 2000 using Projection Scale AA. |
| Healthcare cost trend rates | 7.00% for 2020, 6.75% for 2021, and then gradually decreasing to an ultimate trend rate of 5.00%.   |

**Other Information:**

The discount rate was changed from 3.62% as of the beginning of the measurement date to 3.13% as of June 30, 2019 (based on the Long-Term Municipal rate). Premiums were updated based on information provided and healthcare cost trend rates were updated as described above. In addition, withdrawal rates were updated to those used for Regular Class members in the July 1, 2018 Florida Retirement System (FRS) valuation. These changes are 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, 2020, 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 September 11, 2020.

**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.

*Carly Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
September 11, 2020

**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 *Florida 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, 2020. The Corporation's major state project is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**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, 2020.

### **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.

*Cary Riggs & Ingram, L.L.C.*

Tallahassee, Florida  
September 11, 2020



**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, 2020**

| <i>State Agency and Program Title</i>                   | <b>CSFA Number</b> | <b>Contract Number</b> | <b>Expenditures</b>  | <b>Funds Provided<br/>to Subrecipients</b> |
|---|--------------------|------------------------|----------------------|--|
| <b>Department of Economic Opportunity</b>               |                    |                        |                      |  |
| Economic Development Partnerships                       | 40.040             | SB20-003               | \$ 36,955,524        | \$ -                                       |
| <b>Total expenditures of state financial assistance</b> |                    |                        | <b>\$ 36,955,524</b> | <b>\$ -</b>                                |

*See independent auditors' report and the  
notes to schedule of expenditures of state financial assistance.*

**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, 2020. 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, 2020, 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, 2020.

**Florida Tourism Industry Marketing Corporation, Inc. d/b/a VISIT FLORIDA**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2020**

**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> ?  | None noted                        |               |        |                                   |  |
| 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:  | \$1,108,666                       |               |        |                                   |  |

**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.).