

Greater Miami Convention and Visitors Bureau, Inc.

Financial Report
September 30, 2020

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Independent Auditor's Report

RSM US LLP

Board of Directors
Greater Miami Convention and Visitors Bureau, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Miami Convention and Visitors Bureau, Inc., which comprise the statements of financial position as of September 30, 2020 and 2019, the related statements of activities and cash flows 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.

Auditor's 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. 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 the Greater Miami Convention and Visitors Bureau, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Miami, Florida
December 29, 2020

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**Greater Miami Convention and
Visitors Bureau, Inc.**

**Statements of Financial Position
September 30, 2020 and 2019**

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,061,537	\$ 6,672,915
Receivables:		
Public sources	523,330	1,528,576
Private memberships	348,323	505,627
Co-op sponsorships	15,967	208,405
Other	9,252	44,494
	<u>896,872</u>	<u>2,287,102</u>
Less allowance for doubtful accounts	<u>133,676</u>	<u>241,167</u>
	<u>763,196</u>	<u>2,045,935</u>
Prepaid and other current assets	<u>1,541,702</u>	<u>1,920,208</u>
Total current assets	7,366,435	10,639,058
Assets whose use is limited, Board-designated cash and cash equivalents and investments	<u>15,227,710</u>	<u>14,316,581</u>
Leasehold improvements and equipment, net	<u>438,145</u>	<u>367,841</u>
Total assets	\$ 23,032,290	\$ 25,323,480
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,993,804	\$ 4,497,152
Deferred revenue	460,174	1,222,402
Deferred rent	533,272	256,479
Total current liabilities	<u>4,987,250</u>	<u>5,976,033</u>
Commitments (Notes 6 and 7)		
Net assets:		
Net assets without donor restrictions:		
Board-designated (Note 3)	15,227,710	14,316,581
Undesignated	2,817,330	5,030,866
Total net assets	<u>18,045,040</u>	<u>19,347,447</u>
Total liabilities and net assets	\$ 23,032,290	\$ 25,323,480

See notes to financial statements.

**Greater Miami Convention and
Visitors Bureau, Inc.**

**Statements of Activities
Years Ended September 30, 2020 and 2019**

	2020	2019
Changes in net assets without donor restrictions:		
Revenue, public and other support:		
Public funds, net	\$ 23,496,715	\$ 31,669,514
Membership dues	1,403,013	1,759,381
Programs	984,437	2,089,578
Contributed services	1,557,146	2,294,730
Interest and other income	65,888	58,904
Investment income, net of expenses	986,128	468,928
Total revenue, public and other support without donor restrictions	28,493,327	38,341,035
Expenses (Note 8):		
Advertising	11,307,248	14,170,040
Promotion	5,910,428	9,246,795
Salaries	7,235,902	7,574,175
Rent	1,015,375	1,019,615
Employee benefits	1,417,727	1,847,082
Interlocal commitments and grants	629,396	725,000
Payroll taxes	133,290	462,300
Depreciation	387,814	163,078
Office equipment rental and maintenance	595,162	663,539
Telephone	65,771	66,396
Commissions	208,150	207,945
Professional fees	243,330	590,145
Provision for doubtful accounts	51,261	166,244
Dues and subscriptions	248,110	290,970
Postage and delivery	67,783	86,312
Office supplies	41,109	69,416
Insurance	107,942	93,041
Miscellaneous	129,936	98,147
Total expenses	29,795,734	37,540,240
Increase (decrease) in net assets without donor restrictions	(1,302,407)	800,795
Net assets, unrestricted:		
Beginning	19,347,447	18,546,652
Ending	\$ 18,045,040	\$ 19,347,447

See notes to financial statements.

**Greater Miami Convention and
Visitors Bureau, Inc.**

**Statements of Cash Flows
Years Ended September 30, 2020 and 2019**

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (1,302,407)	\$ 800,795
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	387,814	163,078
Designated for host city events	(75,000)	200,000
Provision for doubtful accounts	51,261	166,244
Net realized and unrealized gains on investments	(758,076)	(224,267)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	1,231,478	(352,303)
Prepaid and other current assets	378,506	(118,086)
Increase (decrease) in:		
Accounts payable and accrued expenses	(503,348)	(822,732)
Deferred rent	124,359	(14,022)
Deferred revenue	(762,228)	25,401
Net cash used in operating activities	(1,227,641)	(175,892)
Cash flows from investing activities:		
Purchase of leasehold improvements and equipment	(305,684)	(174,011)
Purchase of investments	(7,509,651)	(9,235,375)
Proceeds from sale of investments	7,041,008	8,379,025
Interest, dividends and other	315,590	411,689
Net cash used in investing activities	(458,737)	(618,672)
Net decrease in cash and cash equivalents	(1,686,378)	(794,564)
Cash and cash equivalents:		
Beginning	8,047,915	8,842,479
Ending	\$ 6,361,537	\$ 8,047,915
Classified as:		
Current assets	\$ 5,061,537	\$ 6,672,915
Assets whose use is limited – Board-designated	1,300,000	1,375,000
	\$ 6,361,537	\$ 8,047,915

Noncash item:

Leasehold improvements of \$152,434 was reclassified from deferred rent to capital assets for the year ended September 30, 2020.

See notes to financial statements.

**Greater Miami Convention and
Visitors Bureau, Inc.**

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: The Greater Miami Convention and Visitors Bureau, Inc. (the Bureau) promotes convention type events and tourism in the Greater Miami and Miami Beach area. The Bureau was incorporated as a not-for-profit entity on December 16, 1983. The Bureau is governed by a thirty-member Board of Directors that serve for a four-year term. The Chair of the Board of Directors serves a one-year term, with the possibility of re-election for a second term.

A summary of the Bureau's significant accounting policies follows:

Basis of presentation: A not-for-profit organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions. The Bureau does not have any donor-imposed restrictions. Net assets without donor restrictions are presently available for use by the Bureau at the discretion of the Board of Directors.

Accounting 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. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of the statements of cash flows, the Bureau considers all highly liquid, temporary investments purchased with an original maturity of three months or less to be cash equivalents. For the years ended September 30, 2020 and 2019, cash equivalents consisted of money market funds. Assets whose use is limited for business recovery are not considered cash and cash equivalents for purposes of the statements of cash flows. All of the Bureau's cash is held at one financial institution which, at times, may exceed federally insured limits. The Bureau has not experienced any losses and believes it is not exposed to any significant risk with respect to cash and cash equivalents.

Accounts receivables: Accounts receivables are carried at the original charge amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts, assessing the creditor's ability to pay and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days.

Assets whose use is limited: Assets whose use is limited consists of cash and investments in debt and equity securities, which are set aside by the Board of Directors for future business recovery and host city event commitments.

Investments: Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date for fair value measurements. Realized and unrealized gains and losses are included in the change in unrestricted net assets. Realized gains and losses are reported at date of disposition based on the difference between the net proceeds received and the purchased value of the investment sold, using the specific identification method. Unrealized gains and losses are reported for the change in fair value between reporting periods. Interest and dividend income is reported when earned. In the case of certain less marketable investments, fair value is established by using the net asset value (NAV) of each investment fund as provided by the investment fund manager.

**Greater Miami Convention and
Visitors Bureau, Inc.**

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Risks and uncertainties: The Bureau's investments include various types of investment securities which are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in risks in the near term could materially affect the Bureau's investment balance reported in the statements of financial position.

Leasehold improvements and equipment: Leasehold improvements and equipment are recorded at cost. Depreciation is computed on the straight-line method over the following estimated useful lives of the depreciable assets:

	<u>Years</u>
Leasehold improvements	Lesser of life of asset or lease term
Furniture, fixtures and equipment	7
Computer equipment	3

Deferred rent expense: Deferred rent represents the amount of straight-line expense that exceeds rent currently due.

Revenue recognition: Revenue from public funds is recognized when earned based on the terms of the Bureau's interlocal agreements with various municipalities. Membership dues are recognized as revenue ratably over the applicable membership term. Program revenue is recognized when the underlying event has occurred. Contributed services and the related expenses are recognized at their fair value in the period of use. Such support is only recognized when the underlying value of the services can be determined on a measurable and objective basis. Contributed services are recognized as contributions if the services: (a) create or enhance non-financial assets; or (b) require specialized skills, are performed by people with those skills, and would otherwise have been purchased.

Deferred revenue: During a fiscal year, funds are collected for membership dues for the following fiscal year. The membership dues received in advance are reported as deferred revenue as of year-end.

Advertising and promotions: Advertising and promotion costs are expensed when incurred.

Income taxes: The Bureau is exempt from federal and state income taxes under Section 501(c)(6) of the Internal Revenue Code and Chapter 220.13 of the Florida Statutes. Therefore, the financial statements reflect no provision for income taxes.

The Bureau has evaluated its tax positions and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the guidance listed above. With few exceptions, the Bureau is no longer subject to income tax examinations by the U.S. federal or state tax authorities for years prior to 2017.

Accounting pronouncements adopted: Effective October 1, 2019, the Bureau adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Receivable and Contributions Made*.

**Greater Miami Convention and
Visitors Bureau, Inc.**

Notes to Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

ASU 2018-08 provides guidance on whether transactions should be accounted for as contributions within the scope of Accounting Standards Codification (ASC) 958, or as exchange transactions subject to other guidance (generally ASC 606). ASU 2018-08 is to be applied on a modified prospective basis whereby it is applied to agreements that are not completed as of the effective date, or entered into after the effective date. The Bureau did not have any transactions that met the scope of this pronouncement.

Recently issued but not yet effective accounting pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09. The amendments in this update create Topic 606, *Revenue from Contracts with Customers*, and supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments supersede the cost guidance in Subtopic 605-35, *Revenue Recognition—Construction-Type and Production-Type Contracts*, and create new Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*. The core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The effective date has been deferred to annual reporting periods beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. Management is currently evaluating the impact of this standard on the Bureau's financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this standard supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an additional transition method under which an entity would initially apply the new standard at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. The effective date has been deferred to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Management is currently evaluating the impact of this standard on the Bureau's financial statements.

Reclassifications: Certain amounts in the prior year's financial statements have been reclassified to conform and be comparable to the current year's presentation.

Subsequent events: On October 30, 2020, the Bureau entered into an interlocal agreement with Miami-Dade County (the County), whereby the County agreed to provide a grant award in an amount not to exceed \$5,000,000 in CARES Act funds to help the Bureau fund COVID-19 related economic recovery marketing and advertising expenses.

**Greater Miami Convention and
Visitors Bureau, Inc.**

Notes to Financial Statements

Note 2. Public and Private Funds

The operations of the Bureau are primarily supported through allocations of a municipal resort tax, tourist development tax and hotel food and beverage tax administered through an interlocal agreement among the City of Miami, Miami-Dade County and the Village of Bal Harbour and a separate interlocal agreement with the City of Miami Beach. The interlocal agreements provide the basis of funding and prohibits its use on certain types of services and activities which may be purchased with such funds. Miami-Dade County contributes approximately 59% of its tourist development tax and hotel food and beverage tax collected totaling approximately \$16.9 million and \$25.1 million for the years ended September 30, 2020 and 2019, respectively. The interlocal agreement with the City of Miami, Miami-Dade County and the Village of Bal Harbour shall automatically renew each September 30 for a period of one year, unless a participating public agency delivers to the Bureau, more than 90 days before the date such term expires, a written notice of termination.

The Bureau has an interlocal agreement with the City of Miami Beach, Florida (the City) for a five-year term through September 30, 2020. The agreement provides for certain base fees to be paid to the Bureau in the first two years and is adjusted up or down thereafter based on the overall percentage increase or reduction of the prior year municipal resort tax collections. Additionally, in each year of the agreement, the Bureau may earn an annual incentive fee of up to \$1,500,000 based on the Bureau's ability to achieve 100% of the agreed-upon performance objectives, as set forth in the agreement, and may earn an additional incentive fee of up to \$450,000, for total incentive fees of up to \$1,950,000. For years 2019 and 2018, the Bureau earned the base contract fee and an additional incentive fee based on agreed-upon goals and objectives. For the years ended September 30, 2020 and 2019, the Bureau earned revenues of \$6,560,129 and \$6,523,685, respectively. On August 28, 2020, the City Administration recommended extending the agreement for up to one (1) year, the extension commenced on October 1, 2020, and will terminate no later than September 30, 2021.

Other sources of revenue includes membership dues, cooperative program support and contributed services. The support represents contribution of advertising, sales and promotional goods and services by members of the organization for various program and promotional activities sponsored by the Bureau, all of which are considered to enhance the Bureau's operations.

Note 3. Assets Whose Use is Limited

Assets whose use is limited result from the establishment by the Board's designation of net assets. The composition of assets whose use is limited as of September 30, 2020 and 2019, consist of the following:

	2020	2019
Designated – Host city event commitments cash and cash equivalents	\$ 1,300,000	\$ 1,375,000
Designated – Business recovery investments	13,927,710	12,941,581
	<u>\$ 15,227,710</u>	<u>\$ 14,316,581</u>

**Greater Miami Convention and
Visitors Bureau, Inc.**

Notes to Financial Statements

Note 4. Board-Designated Investments and Investment Gains

As of September 30, 2020 and 2019, investments consist of the following:

	2020	2019
Cash equivalents	\$ 217,737	\$ 493,399
Equity securities	8,556,883	7,668,472
Corporate bonds	3,964,485	3,626,080
Limited partnership – Real estate investment trust	1,188,605	1,153,630
	<u>\$ 13,927,710</u>	<u>\$ 12,941,581</u>

Investment income, net of expense, during the years ended September 30, 2020 and 2019, consist of the following:

	2020	2019
Investment income (interest, dividends and other)	\$ 306,902	\$ 327,107
Net realized and unrealized gain	758,076	224,267
Less: Investment-related expenses	(78,850)	(82,446)
	<u>\$ 986,128</u>	<u>\$ 468,928</u>

Note 5. Leasehold Improvements and Equipment

Leasehold improvements and equipment as of September 30, 2020 and 2019, consist of the following:

	2020	2019
Furniture, fixtures and equipment	\$ 816,245	\$ 816,245
Computer equipment and software	1,598,923	1,560,188
Leasehold improvements	441,714	22,331
	<u>2,856,882</u>	<u>2,398,764</u>
Less accumulated depreciation	2,418,737	2,030,923
	<u>\$ 438,145</u>	<u>\$ 367,841</u>

Note 6. Pension Plan

The Bureau has a defined-contribution pension plan (the Plan) covering all full-time employees who meet the Plan's eligibility requirements. Contributions are calculated as 10% of annual salary, plus 5.4% of annual salary above \$114,750 and \$110,750 for the years ended September 30, 2020 and 2019, respectively. Pension expense amounted to \$263,728 and \$747,213 for the years ended September 30, 2020 and 2019, respectively. As of April 2020, the Bureau froze contributions to the plan in response to the impact of the coronavirus pandemic on operations.

The Bureau also has a 401(k) plan allowing eligible employees to contribute amounts to the 401(k) plan on a pretax basis to be invested on their behalf. The plan was established without a provision for contributions by the Bureau on behalf of the employees.

**Greater Miami Convention and
Visitors Bureau, Inc.**

Notes to Financial Statements

Note 7. Lease Commitment

On June 2, 2014, the Bureau entered into a commercial building operating lease agreement for its office space. The 10-year lease, effective February 1, 2015 and expiring January 31, 2025, provides for the lease by the Bureau of approximately 21,394 square feet of space in Miami, Florida. The lease contains predetermined fixed escalations of the minimum rentals and landlord lease incentives. Rent expense is being recognized on a straight-line basis over the initial lease term and is adjusted for the rent escalation clause and the landlord lease incentives. For the years ended September 30, 2020 and 2019, \$533,272 and \$256,479, respectively, has been reported as deferred rent to account for the above lease conditions. Rent expense for the years ended September 30, 2020 and 2019, was \$1,015,375 and \$1,019,615, respectively.

The following is a schedule of the future required minimum lease payments as of September 30, 2020:

	<u>Amount</u>
Years ending September 30:	
2021	\$ 1,045,821
2022	1,077,270
2023	1,109,468
2024	1,142,799
2025	384,687
	<u>\$ 4,760,045</u>

Note 8. Natural and Functional Expenses, Contributed Advertising and Promotional Expenses

Natural expenses are defined by their nature, such as salaries, rent, office supplies, etc. Functional expenses are classified by the type of activity for which expenses were incurred, for example, support and direct program costs. Expenses are allocated among the programs and supporting services benefited based on time records and estimates made by management.

**Greater Miami Convention and
Visitors Bureau, Inc.**

Notes to Financial Statements

**Note 8. Natural and Functional Expenses, Contributed Advertising and Promotional Expenses
(Continued)**

Operating expenses are reported in statement of activities by natural classification. Expenses related to the Bureau by both natural classification and functional classification for the years ended September 30, 2020 and 2019 is summarized below.

The table below presents expenses by both their nature and their function for fiscal year 2020:

	Sales, Marketing and Promotional Activities	Total Program Services	General and Administrative	Membership Development	Total Support Services	Total Program and Support Services
Advertising	\$ 11,229,790	\$ 11,229,790	\$ 8,187	\$ 69,271	\$ 77,458	\$ 11,307,248
Promotion	5,597,579	5,597,579	89,951	222,898	312,849	5,910,428
Salaries	5,830,746	5,830,746	1,103,241	301,915	1,405,156	7,235,902
Rent	-	-	1,015,375	-	1,015,375	1,015,375
Employee benefits	1,122,071	1,122,071	185,978	109,678	295,656	1,417,727
Interlocal commitments and grants	-	-	629,396	-	629,396	629,396
Payroll taxes	103,703	103,703	20,570	9,017	29,587	133,290
Depreciation	-	-	387,814	-	387,814	387,814
Office equipment rental and maintenance	71,659	71,659	519,109	4,394	523,503	595,162
Telephone	3,495	3,495	62,276	-	62,276	65,771
Commissions	-	-	-	208,150	208,150	208,150
Professional fees	44,427	44,427	198,903	-	198,903	243,330
Provision for doubtful accounts	53,616	53,616	-	(2,355)	(2,355)	51,261
Dues and subscriptions	242,682	242,682	5,333	95	5,428	248,110
Postage and delivery	54,603	54,603	11,495	1,685	13,180	67,783
Office supplies	4,948	4,948	33,031	3,130	36,161	41,109
Insurance	-	-	107,942	-	107,942	107,942
Miscellaneous	5,228	5,228	89,695	35,013	124,708	129,936
Total expenses	<u>\$ 24,364,547</u>	<u>\$ 24,364,547</u>	<u>\$ 4,468,296</u>	<u>\$ 962,891</u>	<u>\$ 5,431,187</u>	<u>\$ 29,795,734</u>

**Greater Miami Convention and
Visitors Bureau, Inc.**

Notes to Financial Statements

**Note 8. Natural and Functional Expenses, Contributed Advertising and Promotional Expenses
(Continued)**

The table below presents expenses by both their nature and their function for fiscal year 2019:

	Sales, Marketing and Promotional Activities	Total Program Services	General and Administrative	Membership Development	Total Support Services	Total Program and Support Services
Advertising	\$ 13,975,624	\$ 13,975,624	\$ 13,194	\$ 181,222	\$ 194,416	\$ 14,170,040
Promotion	8,350,885	8,350,885	294,670	601,240	895,910	9,246,795
Salaries	6,037,339	6,037,339	1,295,447	241,389	1,536,836	7,574,175
Rent	-	-	1,019,615	-	1,019,615	1,019,615
Employee benefits	1,448,197	1,448,197	267,416	131,469	398,885	1,847,082
Interlocal commitments and grants	-	-	725,000	-	725,000	725,000
Payroll taxes	360,484	360,484	74,861	26,955	101,816	462,300
Depreciation	-	-	163,078	-	163,078	163,078
Office equipment rental and maintenance	31,676	31,676	628,057	3,806	631,863	663,539
Telephone	3,033	3,033	63,363	-	63,363	66,396
Commissions	-	-	-	207,945	207,945	207,945
Professional fees	350,553	350,553	239,592	-	239,592	590,145
Provision for doubtful accounts	28,908	28,908	-	137,336	137,336	166,244
Dues and subscriptions	253,719	253,719	5,016	32,235	37,251	290,970
Postage and delivery	64,688	64,688	20,937	687	21,624	86,312
Office supplies	12,215	12,215	52,044	5,157	57,201	69,416
Insurance	176	176	92,865	-	92,865	93,041
Miscellaneous	4,195	4,195	35,383	58,569	93,952	98,147
Total expenses	<u>\$ 30,921,692</u>	<u>\$ 30,921,692</u>	<u>\$ 4,990,538</u>	<u>\$ 1,628,010</u>	<u>\$ 6,618,548</u>	<u>\$ 37,540,240</u>

The following represents the total of contributed advertising and promotional expense for the years ended September 30, 2020 and 2019:

	2020	2019
Contributed advertising services	\$ 573,459	\$ 907,726
Contributed promotion services	983,687	1,387,004
Total contributed services	<u>\$ 1,557,146</u>	<u>\$ 2,294,730</u>

**Greater Miami Convention and
Visitors Bureau, Inc.**

Notes to Financial Statements

Note 9. Fair Value Disclosures

The Bureau follows the provisions of the Fair Value Measurement Topic of the FASB ASC for financial assets and liabilities. This Topic applies to all financial assets and liabilities that are being measured and reported on a fair value basis, and establishes a framework for measuring fair value of assets and liabilities and expands disclosures about fair value measurements. The Fair Value Measurement Topic of the FASB ASC requires that fair value measurements be classified and disclosed in one of the following three categories:

- Level 1:** Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Inputs to the valuation methodologies include unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2:** Valuations for assets traded in less active dealer or broker markets. Inputs to the valuation methodologies include quoted prices from third-party pricing services for identical or similar assets in active and/or inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.
- Level 3:** Valuations for assets that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer or broker traded transactions. Inputs to the valuation methodologies incorporate certain assumptions and projections in determining the fair value assigned to such assets.

The asset or liability's fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Bureau utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for financial assets and financial liabilities measured at fair value. There have been no changes in the methodologies used as of September 30, 2020 and 2019.

Greater Miami Convention and Visitors Bureau, Inc.

Notes to Financial Statements

Note 9. Fair Value Disclosures (Continued)

Investments:

Equities: Equity securities listed on national markets or exchanges are valued at the last sales price, or if there is no sale and the market is considered active, at the mean of the last bid and asked prices on such exchange. Such securities are classified within Level 1 of the valuation hierarchy.

Debt securities: Investments in debt securities include corporate bonds and government and agency obligation bonds that are either exchange-traded and/or valued at last sales price. These securities are valued using market observable data, such as reported sales of similar securities, broker quotes, yields, bids, offers, reference data and classified within Level 2 of the valuation hierarchy.

Alternative investments: The limited partnership interest is valued at NAV per share for this investment, as provided by the investment fund manager.

The following table summarizes the Bureau's assets measured at fair value on a recurring basis as of September 30, 2020:

	September 30, 2020	Fair Value Measurements at Reporting Date Using	
		Level 1	Level 2
Investments by fair value level:			
Assets:			
Cash equivalents	\$ 217,737	\$ 217,737	\$ -
Equity securities:			
Large cap	5,832,718	5,832,718	-
Mid cap	1,078,404	1,078,404	-
Small cap	184,181	184,181	-
International large cap	1,269,361	1,269,361	-
International small/mid cap	192,219	192,219	-
Fixed income:			
Taxable bonds	3,964,485	-	3,964,485
Investments at fair value	12,739,105	8,774,620	3,964,485
Investments measured by NAV:			
Alternative investments (*):			
Limited partnership – REIT	1,188,605	-	-
Total investments	\$ 13,927,710	\$ 8,774,620	\$ 3,964,485

(*) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Greater Miami Convention and Visitors Bureau, Inc.

Notes to Financial Statements

Note 9. Fair Value Disclosures (Continued)

The following table summarizes the Bureau's assets measured at fair value on a recurring basis as of September 30, 2019:

	September 30, 2019	Fair Value Measurements at Reporting Date Using	
		Level 1	Level 2
Investments by fair value level:			
Assets:			
Cash equivalents	\$ 493,399	\$ 493,399	\$ -
Equity securities:			
Large cap	4,726,891	4,726,891	-
Mid cap	1,273,550	1,273,550	-
Small cap	205,958	205,958	-
International large cap	1,247,609	1,247,609	-
International small/mid cap	214,464	214,464	-
Fixed income:			
Taxable bonds	3,626,080	-	3,626,080
Investments at fair value	11,787,951	8,161,871	3,626,080
Investments measured by NAV:			
Alternative investments (*):			
Limited partnership – REIT	1,153,630	-	-
Total investments	<u>\$ 12,941,581</u>	<u>\$ 8,161,871</u>	<u>\$ 3,626,080</u>

(*) In accordance with Subtopic 820-10, certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The fair value of the Bureau's investment in U.S. Real Estate Investment Fund, LLC is measured using the NAV per share (or equivalent) valuation technique in accordance with FASB ASC 820. The Bureau's fair value of its investment in U.S. Real Estate Investment Fund, LLC was \$1,188,605 and \$1,153,630 as of September 30, 2020 and 2019, respectively, and there were no unfunded commitments. The Bureau may request redemption of its interest quarterly, provided that the Bureau has no unfunded commitments outstanding. U.S. Real Estate Investment Fund, LLC is a balanced portfolio of yield-driven real estate and real estate-related assets that are broadly diversified by geography and product type. The objectives of the Fund are to preserve and protect investors' capital, provide potential for capital appreciation, produce income on invested capital of approximately 5% per annum, and target total annual average returns of approximately 8-10% per annum.

**Greater Miami Convention and
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Notes to Financial Statements

Note 10. Liquidity

The Bureau structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. To achieve this, the Bureau forecasts its future cash flows and monitors its liquidity on a monthly basis.

The following table reflects the Bureau's financial assets as of September 30, 2020 and 2019, excluding amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	\$ 6,361,537	\$ 8,047,915
Receivables:		
Public sources	523,330	1,528,576
Private memberships	348,323	505,627
Co-op sponsorships	15,967	208,405
Other	9,252	44,494
	896,872	2,287,102
Less allowance for doubtful accounts	133,676	241,167
	763,196	2,045,935
Total financial assets	<u>\$ 7,124,733</u>	<u>\$ 10,093,850</u>