Greater Miami Convention and Visitors Bureau, Inc.

Financial Report
September 30, 2019

Contents

RSM

RSM US LLP

Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of Greater Miami Convention and Visitors Bureau, Inc., which comprise the statements of financial position as of September 30, 2019 and 2018, 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 Greater Miami Convention and Visitors Bureau, Inc. as of September 30, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Bureau adopted new accounting guidance from Accounting Standards Update No. 2016-14, *Not-for-Profit Entities, (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

RSM US LLP

Miami, Florida
December 23, 2019

Greater Miami Convention and Visitors Bureau, Inc.

Statements of Financial Position
September 30, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	$ 6,672,915	$ 7,667,479
Receivables:		
Public sources	1,528,576	1,453,038
Private memberships	505,627	438,804
Co-op sponsorships	208,405	77,600
Other	44,494	16,568
	2,287,102	1,986,010
Less allowance for doubtful accounts	241,167	126,134
	2,045,935	1,859,876
Prepaid and other current assets	1,920,208	1,802,122
Total current assets	10,639,058	11,329,477
Assets whose use is limited, Board-designated cash and cash equivalents and investments	14,316,581	13,647,653
Leasehold improvements and equipment, net	367,841	356,908
Total assets	$ 25,323,480	$ 25,334,038
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 4,497,152	$ 5,319,884
Deferred revenue	1,222,402	1,197,001
Deferred rent	256,479	270,501
Total current liabilities	5,976,033	6,787,386
Commitments (Notes 6 and 7)		
Net assets:		
Net assets without donor restrictions:		
Board designated (Note 3)	14,316,581	13,647,653
Undesignated	5,030,866	4,898,999
Total net assets	19,347,447	18,546,652
Total liabilities and net assets	$ 25,323,480	$ 25,334,038

See notes to financial statements.

Greater Miami Convention and Visitors Bureau, Inc.

Statements of Activities
Years Ended September 30, 2019 and 2018

	2019	2018
Changes in net assets without donor restrictions:		
Revenue, public and other support:		
Public funds, net	**$ 31,669,514**	$ 30,968,167
Membership dues	**1,759,381**	1,665,980
Programs	**2,089,578**	1,956,066
Contributed services	**2,294,730**	2,391,413
Interest and other income	**58,904**	42,937
Investment income, net of expenses	**468,928**	884,790
Total revenue, public and other support without donor restrictions	**38,341,035**	37,909,353
Expenses (Note 8):		
Advertising	**14,170,040**	13,361,737
Promotion	**9,246,795**	10,043,269
Salaries	**7,574,175**	7,321,211
Rent	**1,019,615**	1,010,374
Employee benefits	**1,847,082**	1,845,904
Interlocal commitments and grants	**725,000**	725,000
Payroll taxes	**462,300**	426,477
Depreciation	**163,078**	128,987
Office equipment rental and maintenance	**663,539**	512,469
Telephone	**66,396**	70,031
Commissions	**207,945**	205,417
Professional fees	**590,145**	142,687
Provision for doubtful accounts	**166,244**	15,638
Dues and subscriptions	**290,970**	225,038
Postage and delivery	**86,312**	63,892
Office supplies	**69,416**	59,631
Insurance	**93,041**	87,048
Miscellaneous	**98,147**	142,946
Total expenses	**37,540,240**	36,387,756
Increase in net assets without donor restrictions	**800,795**	1,521,597
Net assets, unrestricted:		
Beginning	**18,546,652**	17,025,055
Ending	**$ 19,347,447**	$ 18,546,652

See notes to financial statements.

Greater Miami Convention and Visitors Bureau, Inc.

Statements of Cash Flows
Years Ended September 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 800,795	$ 1,521,597
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	163,078	128,987
Designated for host city events	200,000	50,000
Provision for doubtful accounts	166,244	15,638
Net realized and unrealized gains on investments	(224,267)	(633,953)
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	(352,303)	13,716
Prepaid and other current assets	(118,086)	(347,790)
Increase (decrease) in:		
Accounts payable and accrued expenses	(822,732)	392,437
Deferred rent	(14,022)	10,795
Deferred revenue	25,401	(24,107)
Other	-	(52,657)
Net cash provided by (used in) operating activities	(175,892)	1,074,663
Cash flows from investing activities:		
Purchase of leasehold improvements and equipment	(174,011)	(235,053)
Purchase of investments and other	(8,823,686)	(10,396,425)
Proceeds from sale of investments	8,379,025	10,095,589
Net cash used in investing activities	(618,672)	(535,889)
Net increase (decrease) in cash and cash equivalents	(794,564)	538,774
Cash and cash equivalents:		
Beginning	8,842,479	8,303,705
Ending	$ 8,047,915	$ 8,842,479
Classified as:		
Current assets	$ 6,672,915	$ 7,667,479
Assets whose use is limited – Board designated	1,375,000	1,175,000
	$ 8,047,915	$ 8,842,479

See 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, 2019 cash equivalents consisted of money market funds and for the year ended September 30, 2018 overnight repurchase agreements. 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 (see Notes 3 and 4).

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 (see Note 9) 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.

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:

	Years
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 (see Note 2). 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 2016.

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

Accounting pronouncements adopted: Effective October 1, 2018, the Bureau adopted Accounting Standards Update (ASU) 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.*

ASU 2016-14 changes presentation and disclosure requirements for not-for-profit entities to provide qualitative and quantitative requirements as follows:

- Net Assets presentation in two categories – net assets without donor restrictions and net assets with donor restrictions;
- Presentation of investment income net of investment expenses;
- Analysis of expenses by both natural and functional classification;
- Liquidity and Availability of Resources disclosure requirement;
- Presentation of Operating Cash Flows either direct or indirect method; permits the use of direct method without reconciliation of change in net assets to net cash flow from operating activities.

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. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The amendments in this update will be effective for the Bureau's fiscal year 2020 with early adoption permitted with certain restrictions. 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. Management is currently evaluating the impact of this standard on the Bureau's financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Receivable and Contributions Made*, which 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 will be effective for fiscal years beginning after December 15, 2018, with early adoption permitted. ASU 2018-08 should 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. Management is currently evaluating the impact of this standard on the Bureau's financial statements.

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

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

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 62% of its tourist development tax and hotel food and beverage tax collected totaling approximately $25.1 million and $24.2 million for the years ended September 30, 2019 and 2018, respectively. The interlocal agreement with the City of Miami, Miami-Dade County and the Village of Bal Harbour shall automatically renew each September 30th 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, 2019 and 2018, the Bureau earned revenues of $6,523,685 and $6,707,046, respectively.

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 as disclosed in Note 8.

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, 2019 and 2018, consist of the following:

	2019	2018
Designated – Host city event commitments cash and cash equivalents	$ 1,375,000	$ 1,175,000
Designated – Business recovery investments (see Note 4)	12,941,581	12,472,653
	$ 14,316,581	$ 13,647,653

Note 4. Board-Designated Investments and Investment Gains

As of September 30, 2019 and 2018, investments consist of the following:

	2019	2018
Equity securities	$ 8,161,871	$ 7,898,823
Corporate bonds	3,626,080	3,492,476
Limited partnership – Real estate investment trust	1,153,630	1,081,354
	$ 12,941,581	$ 12,472,653

Investment income, net of expense, during the years ended September 30, 2019 and 2018, consist of the following:

	2019	2018
Investment income (interest, dividends and other)	$ 327,107	$ 316,742
Net realized and unrealized gain	224,267	633,953
Investment related expenses	(82,446)	(65,905)
	$ 468,928	$ 884,790

Note 5. Leasehold Improvements and Equipment

Leasehold improvements and equipment as of September 30, 2019 and 2018, consist of the following:

	2019	2018
Furniture, fixtures and equipment	$ 816,245	$ 816,245
Computer equipment and software	1,560,188	1,386,178
Leasehold improvements	22,331	22,331
	2,398,764	2,224,754
Less accumulated depreciation	2,030,923	1,867,846
	$ 367,841	$ 356,908

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 $110,750 and $107,000 for the years ended September 30, 2019 and 2018, respectively. Pension expense amounted to $747,213 and $740,366 for the years ended September 30, 2019 and 2018, respectively.

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.

Note 7. Lease Commitment

On June 2, 2014, the Bureau entered into a commercial building lease agreement for its office space under an operating lease agreement. The ten-year lease, effective February 1, 2015, 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 was 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, 2019 and 2018, ($14,022) and $10,795, respectively, have been reflected as rent expense (credit). Additionally, for the years ended September 30, 2019 and 2018, $256,479 and $270,501 has been reported as deferred rent to account for the above lease conditions. Rent expense for the years ended September 30, 2019 and 2018, was $1,019,615 and $1,010,374, respectively.

The following is a schedule of the future required minimum payments as of September 30, 2019:

	Amount
Years ending September 30:	
2020	$ 1,015,353
2021	1,045,821
2022	1,077,270
2023	1,109,468
2024	1,142,799
Thereafter	384,687
	$ 5,775,398

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

As discussed in Note 1, ASU No. 2016-14 requires the Bureau to provide an analysis of expenses by both natural and functional classification. As permitted by the ASU, the Bureau has omitted the analysis of expenses by both natural classification and functional classification for the year ended September 30, 2018.

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.

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 Expense
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	$ 30,921,692	$ 30,921,692	$ 4,990,538	$ 1,628,010	$ 6,618,548	$ 37,540,240
For the year ended September 30, 2018	$ 30,957,946	$ 30,957,946	$ 4,492,843	$ 936,967	$ 5,429,810	$ 36,387,756

The following represents the total of contributed advertising and promotional expense for the years ended September 30, 2019 and 2018:

	2019	2018
Contributed advertising services	$ 907,726	$ 15,270
Contributed promotion services	1,387,004	2,376,143
Total contributed services	$ 2,294,730	$ 2,391,413

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.

Note 9. Fair Value Disclosures (Continued)

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, 2019 and 2018.

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.

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 measured by NAV:			
Alternative investments (*):			
Limited partnership – REIT	1,153,630		
Total investments	$ 12,941,581	$ 8,161,871	$ 3,626,080

(*) 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.

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, 2018:

	September 30, 2018	Fair Value Measurements at Reporting Date Using	
		Level 1	Level 2
Investments by fair value level:			
Assets:			
Cash equivalents	$ 311,572	$ 311,572	$ -
Equity securities:			
Large cap	4,647,718	4,647,718	-
Mid cap	1,336,976	1,336,976	-
Small cap	163,701	163,701	-
International Large Cap	1,269,778	1,269,778	-
International Small/Mid Cap	169,078	169,078	-
Fixed income:			
Taxable bonds	3,492,476	-	3,492,476
Investments measured by NAV:			
Alternative investments (*):			
Limited partnership – REIT	1,081,354		
Total investments	$ 12,472,653	$ 7,898,823	$ 3,492,476

(*) 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 $1,153,630 and $1,081,354 as of September 30, 2019 and 2018, 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.

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.

As permitted by the ASU, the Bureau has omitted the schedule of liquidity and availability of resources at September 30, 2018.

The following table reflects the Bureau's financial assets as of September 30, 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.

Financial assets at year end:	
Cash and cash equivalents	$ 8,047,915
Receivables:	
Public sources	1,528,576
Private memberships	505,627
Co-op sponsorships	208,405
Other	44,494
	2,287,102
Less allowance for doubtful accounts	241,167
	2,045,935
Total financial assets	$ 10,093,850