



BRAND USA BOARD OF DIRECTORS

AUDIT COMMITTEE MEETING

June 22, 2017



Brand USA

Brand USA Audit Committee



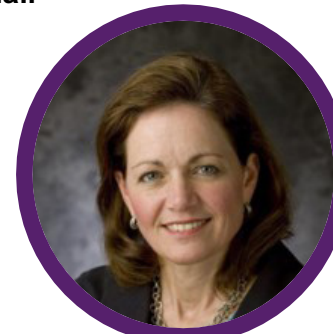
Kyle Edmiston
Chair



Andrew Greenfield



Tom Klein



Alice Norsworthy



Thomas O'Toole



Kyle Edmiston
Chair, Audit Committee

Audit Committee Public Session Agenda

- Opening Remarks (Kyle Edmiston, Chair)
 - Call to Order
 - Introductions: Management, Legal Counsel, and Invited Guests
- Approval of the Minutes from the August 19, 2016 Meeting*
- Overview of YTD Financial Results through April 2017
- Brand USA Policy Review
- Proposed Modifications to Current Policies
- Gift, Travel & Entertainment Report
- Discussion and Closing Remarks

***Vote required**



Donald Richardson

Chief Financial Officer
Brand USA

Unchanged Policies

- Business Ethics and Standards of Conduct
- Whistleblower
- Conflict of Interest
- Cash Management, Operating Reserves & Investment Policy
- Travel and Expense Management Policy
- Accepting Gifts, Travel, & Entertainment
- Brand USA Employee Handbook
- Document Retention

Procurement Manual - Changes

- Clarifying Approval Titles and Responsibilities
- Expanding Signature Authority
 - CMO and CSCCO had authority to sign contracts < \$5,000
 - CFO had authority to sign contracts < \$25,000
 - New Manual Permits all C-Suite individuals to sign contracts < \$100,000
 - Insurer confirmed expanded signature authority has no impact on Brand USA coverage
- All competition and other justification requirements for awarding contracts remain intact

In-kind Policies and Procedures - Background

- The Travel Promotion Act, as amended (“TPA”) enables Brand USA to receive matching funds for contributions – of cash and in-kind – it receives from non-Federal sources.
- The In-kind Policies and Procedures (the “Policy”) are the result of collaboration with the Department of Commerce (“DOC”) to identify common examples of contributions and establish satisfactory supporting documentation to accompany Brand USA requests for matching funds.
- TPA requires Brand USA to meet with DOC biannually to discuss the adequacy of and potential changes to the Policy.
- Ultimately, the Department of Commerce has total control over the Policy and can elect not to follow all or part at its discretion.

In-Kind Policy Changes – Fair Market Value Supporting Documentation

Invoices and Evaluations

- Invoices Must Be Of Similar:
 - Type
 - Quantity
 - Quality
- Evaluations – IRS Standards
 - Methodology: Market Based Approach
 - Evaluators: Requisite Educational and Professional Experience
 - Regularly Perform Evaluations For Payment
 - Must Disclose All Evaluations – No Forum Shopping

Revenue Recognition Policy - Background

- The Policy's purpose is to align with GAAP for Brand USA's audited financials
- The Policy does not align with:
 - ESTA Submissions
 - Cash Flow
 - Example: Contributions of domestic in-kind must be recorded, but will never be included in an ESTA submission and therefore never generate cash
- Brand USA's existing Policy is acceptable under GAAP, but does not reflect best practices
 - Contributions that have been used, but not submitted (including domestic) may only be recorded in September.

Revenue Recognition – Policy Changes

- The New Policy includes a Contribution Acceptance Policy section
- In-kind contributions will be recorded upon receipt of a reasonable estimate of the contribution's value
 - A \$12M media contribution made in October that runs evenly across the fiscal year will be recorded thusly:
 - \$12M Revenue in October (this is consistent with the way LOAs are booked: as a pledged receivable)
 - \$1M Expense in October
 - \$11M Asset in October with a \$1M Expense be booked in each following month
 - The Policy follows GAAP best practices and accurately reflects Brand USA activity rather than ESTA activity.

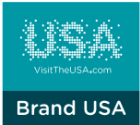
Gift, Travel & Entertainment



Brand USA FY 2017 Report of Gifts For the Period Ending June 15, 2017

Donor	Gift Type	Date Received	Brand USA Receipt	Estimated Value of Gift	Description & Business Purpose of Gift*
Phocuswright	Gift	10/13/2016	C. Rheem	\$120.00	Bottle of Scotch celebrating partnership renewal
Longwoods	Meals	3/12/2017	A. Madison	\$40.00	Dinner at the Arkansas Governor's Conference
Novak Birch	Gift	3/13/2017	A. Madison	\$70.00	Two bottles of wine
Arkansas Department of Tourism	Gift	3/16/2017	A. Madison		Long-sleeve t-shirt with Arkansas logo; Hardcover picture book of Arkansas logo on inside cover; Certificate - "Arkansas Ambassador" signed by the Mayor & Governor recognizing A. Madison's visit and engagement at the conference
Marriott International, Inc.	Meals	3/22/2017	A. Madison K. Gruenberg T. Lanza B. Screptock	\$120.00	Lunch to discuss earned media and other opportunities with Brand USA
Washington Nationals	Entertainment	4/6/2017	A. Wodin-Schwartz	\$30.00	Entrance to baseball game for business meeting with the Washington Nationals
Sojern	Gift	4/27/2017	B. Screptock	\$75.00	Book - Frick Collection
Facebook	Meals	5/17/2017	R. Mason M. Ceballos J. Macatig	\$120.00	Lunch meeting to discuss co-op consumer marketing programs with Facebook
Sartha Global Marketing	Gift	5/31/2017	A. Madison	\$15.00	Pashimia Scarf
Sartha Global Marketing	Gift	5/31/2017	S. Shepard	\$40.00	Pashimia and Nose Ring
BrandStory	Gift	5/31/2017	S. Shepard	\$3.00	Tea
Sartha Global Marketing	Gift	6/1/2017	A. Davis	\$10.00	Pashimia Scarf
Hills Balfour	Gift	6/1/2017	A. Madison	\$30.00	Assorted Biscuits and Cookies in a Harrods-branded Plastic Bag
United Airlines	Gift	6/3/2017	C. Domanico	\$10.00	United Airlines Luggage Tag and Polaris Teddy Bear
Sartha Global Marketing	Gift	6/3/2017	C. Domanico	\$15.00	Pashimia Scarf
Hills Balfour	Gift	6/3/2017	C. Domanico	\$40.00	Tea Cup, Biscuits, and Harrods-branded Plastic Bag
BrandMasters	Gift	6/3/2017	C. Domanico	\$1.00	Four Tea Bags
Out of Office Reply, Ltd.	Meals	6/4/2017	J. Conte	\$60.00	Discuss Samantha Brown's presence at China Leadership Summit and Brand USA contracting protocols

Gift, Travel & Entertainment (Continued)



Brand USA
FY 2017 Report of Gifts
For the Period Ending June 15, 2017

Donor	Gift Type	Date Received	Brand USA Receipt	Estimated Value of Gift	Description & Business Purpose of Gift*
BrandStory	Gift	6/7/2017	A. Davis	\$3.00	Tea
Aviareps Japan	Gift	6/7/2017	A. Davis	\$3.00	Oil Blotting Sheets
Aviareps China	Gift	6/7/2017	A. Madison	\$30.00	Bottle of Wine
Aviareps China	Gift	6/7/2017	A. Madison	\$40.00	Jewelry and a Silk Pouch
Aviareps Japan	Gift	6/7/2017	S. Shepard	\$3.00	Oil Blotting Sheets
Total Gifts for the Reporting Period:				\$878.00	

* Business Purpose is only required for the Meals, Entertainment, and Travel Gift Types



USA

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DISCUSSION AND QUESTIONS/ANSWERS