About Brand USA

Brand USA was established by the Travel Promotion Act in 2010 to spearhead the nation’s first global marketing effort to promote the United States as a premier travel destination, communicate U.S. entry/exit policies and procedures, and identify and correct misconceptions about those policies. Formed as the Corporation for Travel Promotion, the public-private entity formally began operations in May 2011 and does business as Brand USA.

Working in close partnership with the travel industry to maximize the economic and diplomatic benefits of travel, and through its call-to-action—DiscoverAmerica.com—Brand USA inspires international travelers to explore the United States of America’s boundless possibilities. This first-ever effort is expected to put the United States on equal footing with other countries’ tourism efforts and bring millions of new international visitors to the United States who spend billions of dollars during their travels—thus creating thousands of new American jobs each year.

The organization is funded by the private sector, without taxpayer dollars. This funding is matched with fees paid by international travelers to the Electronic System for Travel Authorization (ESTA) program. ESTA is an automated system implemented by the Department of Homeland Security in 2008 that determines the eligibility of visitors from 36 visa waiver countries to travel to the United States under the Visa Waiver Program (VWP). ESTA authorizations are generally valid for multiple trips over a period of two years or until the traveler’s passport expires, whichever comes first.

About this Report

In compliance with the Travel Promotion Act, Brand USA submits this report for fiscal year 2011 to the Secretary of Commerce to transmit to Congress as an update on our progress, activities, financial condition, and accomplishments for the period October 1, 2010 through September 30, 2011.

Although information for fiscal year 2012 (the period October 1, 2011 through April 30, 2012) is also included in this report, it is important to note that these accomplishments represent only highlights of the organization’s progress beyond fiscal year 2011. In May 2013, the comprehensive and official report for fiscal year 2012 will be published.

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Mission and Vision

OUR MISSION
Brand USA was created with the purpose of promoting international leisure, business, and scholarly travel to the United States and maximizing the economic and social benefits of that travel for communities across the country.

OUR VISION
Brand USA will be responsible for positioning and promoting the United States as a compelling destination for international travelers, inspiring visitors with a refreshed understanding that there is no place in the world like the United States of America with its limitless destinations and attractions. We will build a world-class team and organization that will execute an integrated marketing and communications strategy designed to deliver the highest possible return for the United States—in the form of job creation, GDP and export growth, and increased federal tax revenues.
Letter from the Chairman of the Board

During Brand USA’s start-up year, we focused our efforts on formalizing the organization’s structure and laying the groundwork in strategy, marketing, staffing, and fundraising to maximize success. I am pleased to report that we accomplished all that we set out to do. As a result, today we are bringing the vision of the Travel Promotion Act to life.

Since our appointment by then-Secretary of Commerce Gary Locke in September 2010, the board of directors has worked diligently to bring the industry’s best ideas and practices to bear in building a high-caliber organization capable of creating and executing a robust marketing strategy to establish the United States as the premier international travel destination.

From the onset we understood and continue to take great pride in the historical significance of this responsibility—and the speed at which we must make an impact.

With that in mind, the board members held several initial meetings in October 2010 to develop an effective and rigorous work plan to establish the organization’s formation and infrastructure. The first step was to incorporate with the creation of articles and bylaws, and to adopt a not-for-profit charter. This was done in November 2010, at which time we also established the organization’s headquarters in Washington, D.C. Although Brand USA is a public-private entity, with oversight provided by the Department of Commerce, the Travel Promotion Act specifies that it also is not to be confused with a government agency. We therefore felt this structure, adopted by many trade organizations within and outside the travel industry, was the most appropriate.

Also in November, the board elected me as its chairman, and subsequently George Fertitta (CEO of NYC & Company) and Caroline Beteta (president and CEO of Visit California) as vice chairs of marketing and administration, respectively. The elections were held during our first official board meeting on November 11, 2010, in Washington, D.C.

With our organizational structure officially established, the board now had the latitude to initiate key operating activities such as entering into contracts and hiring staff.

We worked with a disciplined sense of urgency to create specificity around strategy, branding, financial development and transparency—all with the express understanding that return on invested capital (ROIC) was a priority.

We immediately scheduled and held monthly board meetings—with each open to the public—and we established board committees and advisory groups to inform our strategic planning and expand our expertise, and increase industry participation and support for our efforts. We held numerous meetings with members of Congress and the Travel and Tourism Caucuses, the Department of Commerce and its Travel and Tourism Advisory Board, the Department of State, and the Department of Homeland Security and Customs and Border Protection. We also reached out to the U.S. Travel Association and other industry leadership organizations. These meetings served to keep the lines of communication, cooperation and understanding moving forward in a positive direction as we aligned our strategic planning efforts.
As our strategic planning process began in February 2011, research provided and continues to provide us valuable insight into the areas and markets that should command our attention. We thank the Department of Commerce’s Office of Travel and Tourism Industries, numerous state destination marketing organizations, and the U.S. Travel Association for providing access to their wealth of resources in this regard.

From a funding standpoint, one of the most important steps we took was to establish the policies and procedures for in-kind contributions. We submitted our recommendations to the Department of Commerce on August 11, 2011. On November 22, 2011, the approved policy was put in place.

Subsequent meetings and discussions have continued into fiscal year 2012 with the Department of Commerce with respect to valuation of in-kind contributions. As of April 2012, we believe we have come to agreement and final approval with respect to the valuation of in-kind contributions, which is imperative to operate Brand USA efficiently, meet the requirements of the Travel Promotion Act, and achieve our strategic objectives.

The most critical hiring decision we made, of course, was to identify and recruit the person to lead the day-to-day operations of the organization as chief executive officer.

On May 17, 2011, we appointed our top candidate, Jim Evans, as the organization’s first CEO and made the announcement at the largest U.S. travel trade-show, International Pow Wow (May 21-25, 2011 in San Francisco). Pow Wow, with its multi-national audience from 70 countries comprised of the world’s most influential buyers and sellers of future travel to the United States, was the ideal stage to introduce Jim, and he was received with great enthusiasm and support.
An accomplished industry veteran, Jim previously led the operations of two of the world’s best lodging brands—Hyatt Hotels and Resorts as senior vice president, and Best Western International as president and CEO. Jim also has tremendous experience outside the travel industry—having led the Jenny Craig organization as its president and CEO.

In less than a year, Jim has made transformational leadership decisions that have enabled Brand USA to achieve a number of historic milestones, which you will read about in the following pages of this annual report to Congress. I know I speak on behalf of the board and travel leaders everywhere when I say that we are fortunate to have him at the helm as we embark on creating the United States’ first-ever global marketing campaign to increase international visitation to the USA.

I would also like to express my appreciation to all of the board members of Brand USA for their support during this important start-up year. With their diverse and broad talents, ideas, and perspectives, the board was able to support Brand USA in making great strides during fiscal year 2011.

I am confident the groundwork we have laid for our nation to compete aggressively in the world travel market will yield incredible success for our industry and our nation. The foundation we are building is more than an investment in marketing—it is an investment in job creation and economic growth for local communities across the country, and we are humbled and invigorated by our role in that endeavor.

The United States of America is a uniquely diverse travel destination, and now for the first time in our nation’s history we have a global and collaborative marketing effort that will bring more international visitors to every corner of our wonderful country.

Sincerely,

Stephen J. Cloobeck
Chairman
May 15, 2012
Letter from the CEO

It is an exciting time for the travel and tourism industry, for our country, and for me personally as we take on the challenge and the opportunity of promoting the United States to world travelers.

My journey with Brand USA began a year ago, when I was introduced as the CEO and first employee of the organization. My commitment then and now remains the same—to collaborate with industry partners to maximize the benefits of their participation in the nation’s first-ever global marketing campaign.

Collaboration is key to the success of this effort. Fortunately, our industry is poised to benefit from a level of collaboration that has not been seen in many years—with virtually all of the minds in travel working together and supporting one another more than ever. The vast majority of the credit for this goes to the U.S. Travel Association and the leadership of Roger Dow who focused the collective energy of the industry on the passage of the Travel Promotion Act by increasing the nation’s awareness and understanding of the power of travel as an economic engine.

I intend to maintain the level of collaboration we enjoy today by ensuring Brand USA builds upon its strong relationships with industry partners, government agencies, and every organization that supports and has a vested interest in the success of our marketing efforts on behalf of the country.

When I joined Brand USA, I made three other commitments:

• To build a world-class organization with superior talent in marketing, sales, partnerships, and operations;
• To develop a marketing strategy that will drive a high return for the industry and the country; and
• To create a program for securing financial participation that contributes real and measurable value to supporters.

Our progress in each of these areas is noteworthy—from the strength and diversity of our leadership to the creativity and effectiveness of our marketing to the solid industry partnerships we have established to support the achievement of our business objectives.

Building a World-Class Organization

Our organization is guided by a board of directors that provides insight and expertise from all sectors of the travel industry. The combined knowledge and business achievements of our board gives Brand USA the vision, business acumen, and discipline necessary to drive the organization forward. Our board members are passionate advocates for the work we do and provide invaluable guidance and access through their professional networks for us to achieve both short- and long-term objectives.

In addition, our lean, high-caliber executive team is comprised of leaders with experience from a variety of leading organizations. Together they provide oversight across the critical areas of business development, marketing, operations, strategic outreach, and communications. We are also a diverse team in background and experience. Our staff of 27 professionals has lived in 25 countries and speaks 14 languages—and therefore reflects the many different customers to whom we will be marketing.
Developing a Highly Effective and Multi-Faceted Marketing Strategy

Thanks to the diligent work of the board of directors, within three months of my joining Brand USA we completed an exhaustive agency search. From an initial candidate pool of 14 agencies, we narrowed our final selection to three agencies. We ultimately retained JWT based on the agency’s demonstrated experience and creativity, impressive global reach, keen strategic insight, and genuine shared passion for our mission. JWT immediately initiated the market research necessary to establish our brand positioning and create a fully integrated campaign designed to resonate with international travelers. After introducing our new brand identity at World Travel Market in London in November 2011, we focused our attention on finalizing the campaign, which was guided by quantitative and qualitative research conducted in 11 markets. This research helped us develop a multi-faceted marketing program, comprised of television, out-of-home, print, and interactive social media elements, as well as determine the optimum markets to launch the campaign.

As part of our commitment to build a collaborative program, we put in place three advisory groups to help guide our business development, marketing, and research efforts. An additional advisory group to help inform our strategic outreach and communications strategies is being established and will be announced in the coming months.

We are also on track to establish the industry’s largest network of international market representation—with an office in London to support our efforts in the United Kingdom and Ireland, as well as an office in Frankfurt to support our efforts in Germany, Austria and Switzerland. By the end of May 2012, we plan to open additional offices in Japan and South Korea, and this summer we will have offices to guide our work in several other countries in Europe and in China.

Creating Partnerships and Programs that Generate Investment and Measurable Value

Our business development and partnership program teams have created innovative opportunities for private sector investors and industry stakeholders. These programs are helping us establish a strong base of industry partners whose contributions are generating the necessary revenue to unlock federal funding for our global marketing campaign. As of April 30, 2012, we have reached our fiscal year 2012 target for cash contributions of $10 million (either received or in the pipeline) and about half our goal for in-kind (either received or in the pipeline). We currently have business relationships with nearly 200 partners and are in discussions with many other potential partners.

I feel privileged to be part of creating this campaign and building a world-class organization to ensure its success.
together for greater understanding. In addition to applauding the great work of the U.S. Travel Association, I also extend my thanks to the Travel and Tourism Advisory Board and the leadership of Todd Davidson, CEO of Travel Oregon, and Sam Gilliland, chairman and CEO of Sabre Holdings Corporation, who are working with Secretary of Commerce John Bryson and Secretary of the Interior Ken Salazar to spearhead the president’s national travel and tourism strategy.

In addition, everyone at the State Department, through the leadership of Deputy Secretary of State Tom Nides, deserves recognition for the work they have done to improve the ease and efficiency with which people all over the world can visit the United States. International travelers can also be assured the dedicated professionals at Customs and Border Protection—through the work of Acting Deputy Commissioner Tom Winkowski, Executive Director John Wagner, and Director Suzy Shepherd—will make their experience in the United States more welcoming than ever while still ensuring the safety and security of our nation’s borders.

We look forward to continuing our efforts—with the full support of the travel industry and the U.S. government—to promote the limitless possibilities the United States offers international visitors to discover this land, like never before.

Sincerely,

James P. Evans
Chief Executive Officer

May 15, 2012
# Timeline of Progress

<table>
<thead>
<tr>
<th>Month</th>
<th>Event</th>
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| September 2009 | The Senate votes for passage of the Travel Promotion Act—but proce-
|              | dural requirements require the Senate to formally cast the vote again (see February 2010). |
| October 2009  | The House of Representatives votes for passage of the Travel Promotion Act with a strong bipartisan support vote of 358 to 66. |
| February 2010 | The Senate again votes for Travel Promotion Act—also with strong biparti-
|              | san support and a vote of 78-18. |
| March 2010    | President Obama signs the Travel Promotion Act into law on March 4, 2010. The legislation creates a public-private partnership to promote the United States as a premier travel destination and communicate directly with international travelers about U.S. entry policies and requirements. The program, which combines private sector expertise with public sector accountability, is created to inspire millions more travelers to visit the United States, which will in turn create hundreds of thousands of new jobs when America’s economy needs them most. |
| April 2010    | The Department of Commerce publicly invites interested leaders from all sectors of the travel industry and with strong international marketing experience to submit their names for consideration as board members of the Corporation for Travel Promotion. The initial board will serve as incorporators and formally establish the Corporation for Travel Promotion. |
| August 2010   | The Department of Homeland Security establishes the funding mechanism through the Electronic System for Travel Authorization (ESTA) that, combined with private sector contributions, will fund a marketing program to attract millions of new visitors to the United States. To fund the marketing program, international travelers from visa waiver countries will pay a congressionally mandated fee of $14 ($10 of which will be allocated to travel promotion and $4 of which will ensure recovery of the costs to administer the ESTA program). |
| September 2010| The $14 ESTA fee goes into effect on September 8, 2010. Registration for approved international travelers is effective for two years or until the traveler’s passport expires as long as the traveler remains eligible. Secretary of Commerce Gary Locke appoints a board of 11 directors to govern the Corporation for Travel Promotion. Board members represent a cross-section of the travel and tourism industry—including lodging, city and state convention and visitors bureaus, small business, distribution channels, airlines, attractions, and others. The board is charged with hiring an executive to lead the organization, developing a global marketing strategy, and launching a private sector fundraising effort to fund 50 percent of the budget. |
### October 2010

Stephen J. Cloobeck, chairman and CEO of Diamond Resorts International, is elected Chairman of the Corporation for Travel Promotion. Caroline Beteta, president and CEO of Visit California, and George Fertitta, CEO of NYC & Company, are elected vice chairs.

The board of directors holds several meetings to develop a work plan to establish the Corporation’s organizational structure, hire its leadership, create the marketing strategy, and begin the private sector fundraising effort.

A schedule to hold monthly board meetings (alternating in-person and teleconference meetings) is established, with all meetings open to the public.

### November 2010

The organization is incorporated as a not-for-profit entity with its headquarters in Washington, D.C. on November 8, 2010.

The organization holds its first public board meeting in Washington, D.C. on November 11, 2010.

### December 2010

Brand USA receives initial startup capital per the parameters of the Travel Promotion Act of $2.5 million, with the balance of $7.5 million to be received in the coming months.

High Lantern Group begins providing interim consultancy services to assist with start-up activities until both the CEO is hired and the organization is fully staffed.
TIMELINE OF PROGRESS (continued)

| January 2011 | The board actively begins recruiting for a CEO for the organization. The informational website, CorporationforTravelPromotion.com, is established to provide policymakers, the industry, and the media information about its work. The board embarks on early stage planning to hire a full-time staff and accounting, legal, and human resources consultants to administer the program. The board meets with the Canadian Tourism Commission for input on developing the in-kind contributions policy and processes. |
| February 2011 | Board committees and advisory groups are established to ensure industry participation and collaboration, as well as to expand the organization’s reach and expertise. The organization’s vision and mission are established, and the board begins the strategic planning process. Research, as well as outreach to government agencies and industry leaders, helps inform the strategic plan. |
| Date          | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
**TIMELINE OF PROGRESS (continued)**

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tr>
<td>August 2011</td>
<td>JWT is selected from a candidate pool of 14 agencies and three finalists as the agency of record to lead America’s first-ever global marketing campaign to attract international travelers.</td>
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</table>
| September 2011 | Brand USA establishes its headquarters in Washington, D.C. at 1725 Eye Street NW—with in-kind contributions of office furnishings and equipment provided by the building owner.  
Joel Secundy is hired as Vice President, Strategic Outreach, and Chris Perkins is hired as Chief Marketing Officer.  
Extensive quantitative and qualitative research is initiated in 11 markets to help guide the development of the fully integrated global marketing campaign scheduled to launch in spring 2012. |
| October 2011| The organization begins its first full fiscal year of operations.  
Paul Cerula joins the company as Chief Business Development Officer.                                                                                                                                            |
| November 2011 | Randy Garfield, executive vice president, Worldwide Sales & Travel Operations of Disney Destinations, and president, Walt Disney Travel Company, is appointed to the board of directors on November 4, 2011.  
The Corporation for Travel Promotion unveils its new brand name and identity in front of an international audience of more than 47,000 travel professionals at World Travel Market in London on November 7, 2011. The organization will now do business as Brand USA with a new logo reflecting the diversity and limitless possibilities that the United States of America offers travelers.  
Brand USA launches a new business-to-business website, www.TheBrandUSA.com, to reflect its new brand name. In addition, the U.S. Travel Association donates the DiscoverAmerica.com website to the organization as an in-kind contribution. The website will be used to promote the United States as a premier destination to international travelers.  
Jim Evans testifies before the Senate Subcommittee on Competitiveness, Innovation and Export Promotion in a hearing titled “Tourism in America: Moving Our Economy Forward.” During his testimony, Evans emphasizes that Brand USA is committed to developing innovative, cooperative marketing programs that will create and add value for the U.S. travel and tourism industry, and he outlines the steps that Brand USA will take in the coming months leading up to the launch of the nation’s first advertising campaign in spring 2012. The effort will include forming industry partnerships with private sector companies, developing marketing communications strategies to launch in key markets, and engaging in frequent and transparent communication with industry and government stakeholders. |
<p>| December 2011| Brand USA makes plans to hold its first advisory group meetings.                                                                                                                                                      |
| January 2012 | President Obama signs an executive order on January 19, 2012, announcing new administrative initiatives to significantly increase travel and tourism in and to the United States. The executive order calls for the creation of a National Travel and Tourism Strategy—with the government-wide effort led by the Departments of Commerce and the Interior. Brand USA holds its first webinar with destination marketing organizations across the country, as well as two webinars with U.S. and Foreign Commercial Service officials around the world. |
| February 2012 | Marriott, Disney, and Best Western become the first Founding Partners of Brand USA—each committing $1 million in cash along with in-kind commitments to fund advertising, new media, marketing, in-country representation, international tradeshow presence and other forms of marketing to international travelers. The funding also will be used to build sustaining programs such as sponsorship and cooperative marketing opportunities that will ensure a long-term source of revenue for Brand USA. The first advisory group meetings are held for Marketing, Business Development, and Global Insights/Research and Metrics. |</p>
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<th>TIMELINE OF PROGRESS (continued)</th>
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</table>
| **March 2012** | Brand USA hires its first international representation firms to support the organization’s marketing efforts in five markets (Brandmasters for Germany, Austria, and Switzerland; and Black Diamond for the United Kingdom and Ireland).
Anne Madison joins Brand USA as Chief Communications Officer.
Brand USA takes center stage at ITB Berlin in the USA Pavilion with an impressive welcome area and lounge for attendees to network and learn more about travel and tourism opportunities. The organization caps off its participation at the industry tradeshow by hosting a block party for trade-show participants highlighting U.S. culture with food, music, and dance. A highlight of the event was Philip Murphy, U.S. Ambassador to the Federal Republic of Germany, who met with members of the Brand USA team and addressed guests at the block party. ITB Berlin is a significant event for the United States because more travelers from Germany visit the USA than those from any other country within continental Europe. In addition, it is the world’s leading travel tradeshow, with over 110,000 trade visitors and over 14,000 participants representing 180 countries. |
| **April 2012** | Brand USA unveils the USA’s first-ever comprehensive marketing campaign on April 23, 2012, in Los Angeles at International Pow Wow, the largest U.S. travel tradeshow. The fully integrated campaign showcases the diversity of experiences available in the United States in a fresh and unexpected light, and invites visitors to “Discover this land, like never before.” At the heart of the campaign TV spots is an original song, “Land of Dreams,” written and performed by Grammy-award winning artist Rosanne Cash, daughter of American music legend Johnny Cash.
The new DiscoverAmerica.com launches featuring a unique “suitcase” feature that serves as a convenient travel planning tool and allows visitors to save and share potential itineraries with family and friends.
The first meeting of the rural marketing advisory group is held during International Pow Wow in Los Angeles. |
| **May 2012** | The White House releases the National Travel and Tourism Strategy to make the United States of America a more attractive and accessible destination than ever before. The principal goal of the strategy, which cites the work of Brand USA, is to increase the number of international visitors to the United States from 62.3 million in 2011 to 100 million by 2021.
The first wave of Brand USA’s global marketing campaign launches in Canada, Japan, and the United Kingdom, with a budget of $12.3 million for the first three months.
Brand USA establishes its third market representation firm, AVIAREPS Marketing Garden LTD, based in Tokyo, to support the organization’s activities in Japan and South Korea. |
Fiscal Year 2011 was the start-up year for Brand USA. With the board of directors appointed less than two weeks prior to the start of FY2011 on October 1, 2010, much of the year was dedicated to developing the infrastructure for the organization.

First, board roles were defined and the company was formed. Company formation involved four principal steps:

- Incorporating and registering the organization as a non-profit under the laws of the District of Columbia
- Submitting appropriate filings with the Internal Revenue Service to establish the organization as a non-profit entity
- Locating and sourcing through a comprehensive RFP process consultants and firms to provide legal counsel and accounting support
- Hiring an interim consultancy to assist with start-up activities until staff and CEO were hired

Once the company was officially registered with the appropriate authorities, the board moved quickly to establish the corporation’s operations and finance systems. This involved developing an organizational chart and recruiting for senior and mid-level staff, including a CEO, chief marketing officer, chief business development officer, vice president of operations and general counsel, vice president of strategic outreach, directors of finance and human resources, and staffing for various other business functions. In addition, the corporation obtained office space and acquired necessary office furniture and fixtures for its headquarters location.

To support the marketing and promotional mandate of the Travel Promotion Act, the board of directors and CEO conducted a comprehensive and open search for an advertising agency to assist with market research, creative development, and media buys. From an initial 14 advertising agencies considered, three finalists competed head-to-head. Ultimately, Brand USA selected JWT as its global agency of record. The decision was based on JWT’s global reach, media buying leverage, cost-effectiveness, strategic insight, demonstrated creativity, and success in destination marketing campaigns.
Once the interim scope of work with JWT was in place, Brand USA gathered preliminary research on travelers from the top international markets that visit the United States, conducted market analysis, developed a 12-month strategic plan to engage agencies and other key vendors, evaluated social media and other marketing platforms, and solicited strategic expertise from industry partners.

As members of the business development team were hired, Brand USA created an early-stage revenue strategy, benchmarked local, state and international destination marketing organizations, and searched for key staff members in the United States, as well as market representation abroad.

Finally, with a vice president of strategic outreach in place, Brand USA began outreach to key industry and government partners to apprise key stakeholders of its progress, receive input on planned partnership programs, and build collaborative relationships with government officials and industry leaders.

Working with federal agencies to leverage the vast resources of the U.S. government, the strategic outreach team began developing workplans to communicate a unified and welcoming message to international travelers, publish useful information about travel in the United States, and address misconceptions about U.S. entry and exit policies. In addition, the executive team worked to actively represent the organization at industry events, presenting at a variety of conferences and attending meetings with a cross-section of key stakeholders. To further support its collaborative approach with the industry, three advisory groups—Marketing, Business Development, and Global Insights/Research and Metrics—were established to integrate industry participation and expand expertise and capacity. In addition, a rural tourism subgroup was created within the Marketing Advisory Group to focus on the promotion of urban and rural communities—an often overlooked part of travel promotion.

With the collaboration and support of its partners, Brand USA is off to a strong start as it works to fulfill its mission of maximizing the economic and diplomatic benefits of travel to all areas of the United States. During fiscal year 2011, the organization received in-kind contributions and matching funds totaling $3.7 million dollars. This funding provided Brand USA with the preliminary start-up capital to establish its operations and begin to develop a dynamic marketing and education program showcasing the diversity and virtually limitless experiences America offers the world.
Objectives Review
OCTOBER 1, 2010 TO SEPTEMBER 20, 2011

Brand USA is pleased to report that it met each of its objectives for fiscal year 2011—all of which were designed to successfully launch and establish strong footing for the organization—as described below.

<table>
<thead>
<tr>
<th>COMPANY FORMATION</th>
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<tbody>
<tr>
<td>Incorporate and register the organization as a non-profit under the laws of the District of Columbia.</td>
<td>✔️</td>
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<tr>
<td>Submit appropriate filings with Internal Revenue Service and District of Columbia registration authorities.</td>
<td>✔️</td>
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<tr>
<td>Locate and source, through a Request for Proposals (RFP) process, legal and accounting firm representation.</td>
<td>✔️</td>
</tr>
<tr>
<td>Hire interim consultancy to assist with start-up activities until staff and CEO hired.</td>
<td>✔️</td>
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The organization was incorporated as a non-profit under the laws of the District of Columbia on November 8, 2010.

All filings are up to date.

Katten Muchin Rosenman LLP and Patton Boggs LLP were selected to provide legal counsel in contracts, employment law, intellectual property, non-profit management, global business, trade, and government outreach.

High Lantern Group was retained in December 2010.
<table>
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<tr>
<th>OBJECTIVES REVIEW (continued)</th>
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<tbody>
<tr>
<td><strong>OPERATIONS/FINANCE</strong></td>
</tr>
<tr>
<td>Develop an organizational chart and search for senior and mid-level staff, including a CEO, Chief Marketing Officer, VP of Business Development, VP of Operations, Directors of Finance and Human Resources and various other start-up/stand up needed job functions.</td>
</tr>
<tr>
<td>Obtain office space, and acquire necessary office furniture and fixtures, and other functional needs.</td>
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<td>Develop and install information technology infrastructure.</td>
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<tr>
<td>Establish accounting and financial controls and procedures to safeguard assets, develop a general ledger for tracking receipts and expenditures, provide necessary reporting support, and prepare a 12-month budget.</td>
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<tr>
<td>Develop benefits package.</td>
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<td>Establish payroll services.</td>
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<tr>
<td>Develop an employee handbook and on-boarding process.</td>
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<tr>
<td>Establish workforce and hiring policies.</td>
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<tr>
<td>MARKETING</td>
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<td>--------------------------------------------------------------------------</td>
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<tr>
<td>Gather preliminary research on top international markets visiting the United States.</td>
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<tr>
<td>Evaluate research.</td>
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<tr>
<td>Develop a 12-month strategic plan engage agencies and other key vendors, evaluate the web site and other marketing platforms, and solicit strategic expertise from industry partners.</td>
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<thead>
<tr>
<th>BUSINESS DEVELOPMENT</th>
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<tbody>
<tr>
<td>Develop an early-stage revenue strategy.</td>
<td>Early-stage revenue strategy completed in September 2011.</td>
</tr>
<tr>
<td>Benchmark local, state, and international destination marketing organizations.</td>
<td>Benchmarking completed in September 2011.</td>
</tr>
<tr>
<td>Search for key staff members.</td>
<td>Recruiting initiated in January 2011.</td>
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<tr>
<th>STAKEHOLDER OUTREACH</th>
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<tbody>
<tr>
<td>Outreach to key industry and government partners to receive input on future programs and goals of the corporation.</td>
<td>Ongoing outreach initiated in October 2010, including the establishment of industry advisory groups, an organizational newsletter, meetings with representatives from government agencies and industry organizations, and participation in a variety of industry events.</td>
</tr>
</tbody>
</table>
The following highlights the objectives Brand USA has established for fiscal year 2012.

• Raise private sector investment of at minimum $10 million in cash and $40 million of in-kind contributions to qualify for $100 million in Federal matching funds.
• Develop mutually beneficial partnerships that promote tourism to the United States and create long-term investment in Brand USA. Engage brands and destinations from across the United States in partnership efforts.

• Create a global network of international Representation Firms to develop in-country travel trade and tourism partnerships, handle Brand USA public relations and communications, provide useful information in U.S. entry policies and procedures, and stimulate greater travel to the United States.
• Establish a portfolio of international tradeshows, sales missions and press events at which Brand USA can unite various U.S. destinations under a single banner, bringing cohesion to U.S. promotion efforts and amplifying the international reach of smaller destinations.
• Launch an integrated marketing communications campaign in foreign markets that consists of multichannel delivery, drives awareness and inspires travel to the United States, communicates accurate information to foreign travelers on U.S. entry policy and procedures, equally markets urban and rural areas, represents all 50 states plus the District of Columbia and U.S. territories, and much more. The ramp-up portion of the campaign will feature the campaign launch in Canada, Japan, and the UK in May 2012.
• Establish performance metrics to measure the impact of Brand USA marketing efforts and demonstrate the benefit to the U.S. economy and Brand USA partners.
• Support the National Strategy on Travel and Tourism to increase the U.S. market share of worldwide travel.
• Ensure transparency of operations by providing stakeholders with visibility to Brand USA goals, processes, achievements, board of directors meetings minutes, and other information. Comply with the Travel Promotion Act by meeting statutory deadlines for submission of annual objectives, marketing plan, budget, and report to Congress to the Department of Commerce.
• Dedicate approximately 90% of operating budget to programmatic activities and manage general and administrative costs to approximately 10% of operating budget.
In-Kind Contributions

The work of Brand USA is supported in large part by in-kind contributions, which also serve as the basis for receiving federal matching funds generated from ESTA fees collected by the Department of Homeland Security. To meet the federal guidance adopted by Brand USA, specific policies and procedures are required to establish the types of in-kind contributions that the organization may accept, accounting for in-kind contributions, and the method for determining the valuation of those contributions. It is Brand USA’s intent that an agreed-upon policy provides transparency to ensure the accuracy and integrity of the in-kind contribution reporting system.

Brand USA’s board of directors submitted its recommendations for an in-kind policy to the Department of Commerce on August 11, 2011. On November 22, 2011, the approved policy was put in place. Subsequent meetings and discussions with the Department of Commerce have continued into fiscal year 2012 regarding valuation of in-kind contributions.

“As Brand USA would not exist without the outstanding support of leaders in the travel industry and our partners, and it will not succeed in growing the U.S. economy and creating new jobs without their continued financial and creative support.”

Stephen J. Cloobeck
Chairman of the Board, Brand USA

As of April 2012, we believe we have come to agreement and final approval with respect to policies, procedures, and the valuation of in-kind contributions.

The key tenets of this policy specify that:

• In-kind contributions and donated services will be valued at fair market value, which is defined as the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act.

• No more than 80 percent of the private investments Brand USA receives may be “in-kind.”
Non-cash contributions can take a variety of forms, including, but not limited to, donations of unpaid services, supplies, equipment, utilities, office space, buildings, land, or the provisioning of such contributions at substantial discounts, below market value. A non-exhaustive list of the examples of such contributions include property, office supplies, and business services; advertising space, airtime, billboards, and other mass media advertisements; market research studies; public relations services; donation of unreimbursed out-of-pocket business expenses such as professional services, airfare, rail fare, hotel accommodations, meals, taxi, rental car, parking fees; certain board related expenditures and time expended on management functions for the organization; consultant services; partnership agreements such as parallel, partner-led, extended reach, and joint marketing campaigns.

The accounting of in-kind contributions will be kept in accordance with the Federal Guidance.

Brand USA will provide a detailed description of each in-kind contribution, its fair market value, the individual or organization responsible for contributing, its specific use, and a justification for its use within the context of the organization’s mission.

With each fund request, the Brand USA will prepare the required reports to summarize financial updates and match required, as well as the required reports noted above.

Brand USA, its audit firm, and the designated representatives from the Department of Commerce will revisit the In-Kind Policy document, valuation practices and methodology to make necessary adjustments as information is gained by all organizations regarding the items presented as acceptable in-kind contributions.

All of the in-kind contributions Brand USA received during fiscal year 2011 were used to fulfill the organization’s mission of promoting international leisure, business, and scholarly travel to the United States and maximizing the economic and social benefits of that travel for communities across the country. These contributions, for which Brand USA received matching funds at a 2-1 ratio, include the following:

<table>
<thead>
<tr>
<th>CONTRIBUTOR</th>
<th>DESCRIPTION</th>
<th>USE</th>
<th>FAIR MARKET VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faragut Center c/o Borger Management</td>
<td>Office Furniture, Equipment, and Supplies</td>
<td>Donated to establish Brand USA’s headquarters and to support the day-to-day operations of Brand USA staff</td>
<td>$285,018.00</td>
</tr>
<tr>
<td>Katten Muchin Rosenman, LLP</td>
<td>Legal Services</td>
<td>Professional legal services donated to provide initial start-up operational support in the form of general legal counsel, contracts, employment law, intellectual property, non-profit management, global business, trade, and government outreach</td>
<td>$95,722.23</td>
</tr>
<tr>
<td>U.S. Travel Association</td>
<td>Office Space</td>
<td>Donated to provide initial office space in advance of the organization establishing its headquarters at 1725 Eye Street NW in Washington, D.C.</td>
<td>$11,435.00</td>
</tr>
<tr>
<td>CONTRIBUTOR</td>
<td>DESCRIPTION</td>
<td>USE</td>
<td>FAIR MARKET VALUE</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------------</td>
<td>---------------------------------------------------------------------------------------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Amtrak</td>
<td>Box at Washington Nationals Stadium</td>
<td>Donated for client engagement and partnership/industry outreach</td>
<td>$6,181.00</td>
</tr>
<tr>
<td>Amtrak</td>
<td>Train Tickets</td>
<td>Donated to cover unreimbursed business travel expenses to attend meetings with Brand USA agencies and participate in industry outreach events</td>
<td>$1,884.00</td>
</tr>
<tr>
<td>Amtrak</td>
<td>IT Services</td>
<td>Professional services donated to establish preliminary Information Technology platform for Brand USA</td>
<td>$6,800.00</td>
</tr>
<tr>
<td>High Lantern Group</td>
<td>Consultant Services</td>
<td>Donated to provide consultant and professional services in advance of Brand USA hiring certain executive, management and other staff</td>
<td>$220,000.00</td>
</tr>
<tr>
<td>Adam Sacks, Tourism Economics</td>
<td>Market Research</td>
<td>Research and presentation time donated to inform Brand USA’s strategic planning</td>
<td>$3,500.00</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>Travel Expenses</td>
<td>Unreimbursed business travel expenses donated by board members providing professional services to support the start-up operations of Brand USA</td>
<td>$11,507.00</td>
</tr>
<tr>
<td>Board of Directors</td>
<td>Professional Services</td>
<td>Professional Services donated by board members to support the start-up operations of Brand USA</td>
<td>$220,416.00</td>
</tr>
<tr>
<td>Patton Boggs, LLP</td>
<td>Legal Services</td>
<td>Donated to provide general legal counsel and guidance in the areas of contracts, employment law, intellectual property, non-profit management, global business, trade, and government outreach</td>
<td>$28,438.75</td>
</tr>
<tr>
<td><strong>TOTAL VALUE OF IN-KIND CONTRIBUTIONS</strong></td>
<td></td>
<td></td>
<td>$890,901.98</td>
</tr>
</tbody>
</table>
Promotional Activities

During fiscal year 2011, the board of directors of Brand USA worked to establish a marketing agency of record and hire appropriate staffing to launch the United States’ first-ever global marketing campaign to promote international travel to the USA.

Following an extensive search process, the board of directors selected JWT as Brand USA’s global agency of record, effective August 22, 2011.

JWT is one of the world’s largest marketing communications agencies. Headquartered in New York, JWT’s global network includes more than 200 offices in over 90 countries. The agency consistently ranks among the top agency networks in the world and maintains a dominant presence in the industry by staying on the leading edge—from producing the first-ever TV commercial in 1939 to developing award-winning branded content for brands such as Smirnoff, Macy’s, Ford, and HSBC. JWT’s creative philosophy of making things inspired by the world enables the agency to forge deep relationships with clients including Bayer, Bloomberg, Cadbury, Diageo, DTC, Ford, HSBC, Johnson & Johnson, Kellogg’s, Kimberly-Clark, Kraft, Nestlé, Nokia, Rolex, Royal Caribbean, Schick, Shell, Unilever, Vodafone and many others. JWT’s parent company is WPP (NASDAQ: WPPGY).

Brand USA’s selection of JWT was a critical step to getting the global marketing program up and running. Upon being selected, JWT immediately began to develop the marketing and brand strategy, which allowed Brand USA’s promotional activities to launch in May 2012.

Prior to the campaign launch, in November 2011, the organization introduced its new brand identity at World Travel Market in London, featuring the Brand USA logo and “Discover America” call-to-action. The brand positioning created significant excitement and laid a foundation for partnership and collaboration.

Coincident with and following the introduction of the organization’s new identity as Brand USA, JWT worked diligently to further develop the global marketing and advertising strategy and related campaign elements. Throughout the creative development process JWT worked with Brand USA to conduct qualitative and quantitative research in 11 markets to help guide the creative approach.

In April 2012, the organization’s consumer website, DiscoverAmerica.com, was completely revamped and a variety of social media channels were established on Facebook, Twitter, YouTube, and Pinterest as follows:

Chairman Stephen J. Cloobeck at Brand USA’s press conference at International Pow Wow in April 2012
FACEBOOK:
UK - http://www.facebook.com/DiscoverAmericaUK
Canada - http://www.facebook.com/DiscoverAmericaCA

TWITTER:
US - https://twitter.com/discoveramerica
UK - https://twitter.com/discoverusaUK
Canada - https://twitter.com/discoverusaCA
Quebec - https://twitter.com/discoverusaQC
Japan - https://twitter.com/discoverusaJP

YOUTUBE:
http://www.youtube.com/DiscoverAmerica

PINTEREST:
http://pinterest.com/discoveramerica

These channels are expanding our reach and allowing us to connect with travelers worldwide.
On April 23, 2012, Brand USA introduced the fully integrated campaign at International Pow Wow in Los Angeles. The campaign, with its call to action for world travelers to “Discover this land, like never before,” rolled out in Canada, Japan, and the United Kingdom in early May and was received with overwhelming positive response from the global audience.

Planning is underway for roll out toward the latter part of fiscal year 2012 and into fiscal year 2013 in other markets to be announced at a later date.

The focal point of the TV spots, which are a central element of the overall strategy, is an original song written and performed by Grammy-award winning singer/songwriter Rosanne Cash. The song, entitled “Land of Dreams,” elicits a very positive emotional response designed to capture interest and create a call to action for travelers to make the USA their first-choice in a travel destination.

It’s important to note that the overall objectives of the campaign strategy are to promote the United States in its entirety and inspire travelers to see the United States as if for the first time. To that end, the campaign presents the vast range of experiences that the USA offers—with a special focus on what is new, unknown, or unexpected.

While the iconic locations and landmarks of the United States will be an important part of the marketing effort, the more well known destinations will primarily be featured through co-op marketing efforts with industry partners.

As the campaign and marketing strategies evolve and are launched in markets around the world, Brand USA will continue to work with state and local governments, convention and visitor bureaus, destination marketing organizations, and travel and tourism brands to drive more international visitors to iconic cities, as well as destinations “off the beaten path.”
Financial Review

OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

The Travel Promotion Act provides for Brand USA’s annual budget to be provided through a combination of private and public funds.

At least 20 percent of private sector donations must be in cash, and the rest may be in the form of in-kind contributions. The public portion of Brand USA’s budget is funded through matching funds drawn from the Electronic System for Travel Authorization (ESTA), administered by the Department of Homeland Security. The ESTA system assesses a $14 fee per international visitor registering for travel from visa waiver countries.

No taxpayer dollars were used to establish Brand USA, and no taxpayer dollars are used to operate the organization.

The following pages provide a detailed account of the financial position of the organization, including amounts expended by the organization during fiscal year 2011.
The Corporation for Travel Promotion

*(doing business as Brand USA)*

STATEMENT OF FINANCIAL POSITION

As of September 30, 2011

<table>
<thead>
<tr>
<th>Assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$8,110,040</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>61,195</td>
</tr>
<tr>
<td>Other assets</td>
<td>153,712</td>
</tr>
<tr>
<td>Fixed assets, net</td>
<td>296,889</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$8,621,836</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$272,982</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>855,530</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>7,141,129</td>
</tr>
<tr>
<td>Deferred rent liability</td>
<td>55,306</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>$8,324,947</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net assets:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>296,889</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Commitments and contingencies</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and unrestricted net assets</strong></td>
<td><strong>$8,621,836</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
# STATEMENT OF ACTIVITIES
For the Period Ended September 30, 2011

<table>
<thead>
<tr>
<th>Revenues:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel promotion fund proceeds</td>
<td>$2,858,872</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>890,902</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td><strong>3,749,774</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Program services - Travel promotion activities</td>
<td>2,181,768</td>
</tr>
<tr>
<td>Supporting services - Management and general</td>
<td>1,271,117</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>3,452,885</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase in net assets</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets - unrestricted at beginning of the period</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net assets - unrestricted at the end of the period</strong></td>
<td><strong>$296,889</strong></td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
# The Corporation for Travel Promotion (doing business as Brand USA)

## STATEMENT OF CASH FLOWS
For the Period Ended September 30, 2011

### Cash flows provided by operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in unrestricted assets</td>
<td>$296,889</td>
</tr>
<tr>
<td>Adjustments to reconcile change in unrestricted net assets to cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>5,275</td>
</tr>
<tr>
<td>Increase in prepaid expenses</td>
<td>(61,195)</td>
</tr>
<tr>
<td>Increase in other assets</td>
<td>(153,712)</td>
</tr>
<tr>
<td>Increase in accounts payable</td>
<td>272,982</td>
</tr>
<tr>
<td>Increase in accrued expenses</td>
<td>855,530</td>
</tr>
<tr>
<td>Increase in deferred revenue</td>
<td>7,141,129</td>
</tr>
<tr>
<td>Increase in deferred rent liability</td>
<td>55,306</td>
</tr>
<tr>
<td><strong>Cash provided by operating activities</strong></td>
<td><strong>8,115,315</strong></td>
</tr>
</tbody>
</table>

### Cash flows used in investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of fixed assets</td>
<td>(17,146)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td><strong>(17,146)</strong></td>
</tr>
</tbody>
</table>

### Non cash investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donated fixed assets</td>
<td>(285,018)</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td><strong>$8,110,040</strong></td>
</tr>
</tbody>
</table>

### Supplemental information for non cash investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift of fixed assets</td>
<td>$285,018</td>
</tr>
</tbody>
</table>

See accompanying notes to financial statements.
(1) Organizational Structure

The Corporation for Travel Promotion (CTP), also doing business as “Brand USA,” was created by the Travel Promotion Act of 2009 (the Act). The mission is to promote increased foreign leisure, business and scholarly travel to the United States of America (USA), which in turn will drive significant economic growth and job creation in communities across the country.

CTP is a not-for-profit corporation incorporated on November 8, 2010, subject to the provisions of the District of Columbia Non Profit Corporation Act. CTP is qualified as a tax-exempt organization under Section 501(c)(6) of the Internal Revenue Code. The public-private marketing entity works in close partnership with the travel industry to maximize the social and economic benefit of travel in communities around the country.

Under the Act, the U.S. Department of Homeland Security (DHS), through the Secretary of the U.S. Department of the Treasury, made available to CTP initial funding, not to exceed $10 million, for initial expenses and activities in fiscal year 2011. For each of the fiscal years 2012 through 2015, from the fees collected by DHS, the Secretary of the U.S. Department of the Treasury will transfer not more than $100 million to CTP. For fiscal year 2012, no funds will be made available to CTP unless it provides a 50% match (from non-Federal private sector sources) of the amount to be transferred. For each of the fiscal years 2013 through 2015, no funds will be made available to CTP unless it provides a 100% match (from non-Federal private sector sources) of the amount to be transferred. The funding provided to CTP originates from visa application fees collected under section 217(h)(3)(B)(i)(I) of the Immigration and Nationality Act (8 U.S.C. 1187(h)(B)(i)(I)).

For purposes of determining the amount (other than cash) which CTP receives from non-Federal private sector sources, the fair market value of goods and services (including advertising) contributed to CTP for use may be included in the determination, provided that it does not exceed 80% of the matching requirement.

CTP’s programs, activities and operations are managed and primarily supported from its corporate office in Washington, D.C.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The financial statements present the financial position, activities, and cash flows of CTP on the accrual basis of accounting.
(b) **Net Asset Classification**

To ensure the observance of limitations and restrictions placed on the use of the resources available to CTP, the organization classifies its resources into net asset classes that are in accordance with specific activities and objectives. In the accompanying financial statements, net assets that have similar characteristics have been combined.

*Unrestricted net assets* represent funds that are fully available, at the discretion of the Board of Directors, for CTP to utilize in any of its programs or supporting services.

*Temporarily restricted net assets* contain donor-imposed restrictions that permit CTP to use or expend the assets only as or when specified. The restrictions are satisfied either by the passage of time or by actions of CTP.

*Permanently restricted net assets* contain donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. The donor-imposed restrictions stipulate that resources be maintained permanently but permits CTP to use up or expend part of all of the income (or other economic benefits) derived from the donated assets.

There were no temporarily restricted or permanently restricted net assets as of, and for the period ended September 30, 2011.

(c) **Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

(d) **Cash Equivalents**

CTP considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

(e) **Fixed Assets**

Fixed assets are stated at cost or fair value at the time of donation, less accumulated depreciation or amortization computed on the straight-line method. Fixed assets are depreciated over their estimated useful lives of three to five years. Total depreciation expense for the period ended September 30, 2011 was $5,275.

(f) **Contributions**

Contributions received, including unconditional promises to give, are recognized as revenue in the appropriate category of net assets in the period received at their fair values. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions for which donors have not stipulated restrictions, as well as contributions for which donors have stipulated restrictions, but which are met within the same reporting period, are reported as unrestricted support.
(g) **In-Kind Contributions and Donated Services**

In-Kind Contributions and donated services are valued at fair market value, which is defined as the price that property would sell for on the open market. It is the price that would be agreed on between a willing buyer and a willing seller, with neither being required to act, nor both having reasonable knowledge of the relevant facts. For the period ended September 30, 2011, approximately 24% of in-kind contributions were received from members of the Board of Directors.

(h) **Other Assets**

Other assets consist of security deposits for office space and financial accounts.

(i) **Functional Allocation of Expenses**

The costs of providing the program and support activities have been summarized on a functional basis in the statement of activities. Most expenses are directly charged to the respective program or support activity. Certain costs have been allocated among the program and support services benefited based upon management’s estimate of each program’s share of the allocated costs.

(j) **Deferred Revenue**

Deferred revenue consists of unspent advances received from the Department of Commerce under the Travel Promotion Act. For fiscal year 2011, CTP received $10 million in cash. Amounts received by CTP from the Department of Commerce, reported as travel promotion fund proceeds, are recognized as revenue to the extent related expenditures are incurred.

(k) **Travel Promotion Activities**

Travel promotion activities represent marketing, business development and strategic outreach programs to promote increased foreign leisure, business, and scholarly travel to the USA and are expensed as incurred. Travel promotion activities costs were $2,181,768 for the period ended September 30, 2011.

(l) **Income Taxes**

CTP is exempt from federal income taxes under the provisions of Section 501(c)(6) of the Internal Revenue Code. Contributions to CTP are not tax deductible by donors under Section 170(c)(2) of the Internal Revenue Code. In June 2006, the Financial Accounting Standards Board (FASB) issued ASC 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribed a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. CTP adopted ASC 740-10 at its inception. CTP recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. CTP does not believe its financial statements include any uncertain tax positions.

(3) **Fair Value Measurement**

CTP is subject to the provisions of the authoritative guidance issued by the FASB for fair value measurements. The authoritative guidance establishes a framework that provides a fair value hierarchy to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy
gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as:

**Level 1:** Inputs to the valuation methodology are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

**Level 2:** Inputs to the valuation methodology include (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

**Level 3:** Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques that need to maximize the use of observable inputs and minimize the use of unobservable inputs. Changes in valuation techniques may result in, or transfers out of an assigned level within the fair value hierarchy.

CTP had no financial instruments requiring fair value measurement in accordance with the fair value measurement hierarchy as of September 30, 2011.

### (4) Concentration of Credit Risk

Financial instruments, which potentially subject CTP to concentrations of credit risk, include cash and cash equivalents. CTP maintains its cash and cash equivalents with financial institutions which are federally insured under the Federal Deposit Insurance Corporation (FDIC). The total deposits at these institutions are generally in excess of the federally insured amount of $250,000. As of September 30, 2011, cash and cash equivalents in excess of the federally insured amount were $7,974,710. CTP has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk on cash.

### (5) Fixed Assets

Fixed assets consisted of the following at September 30, 2011:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture</td>
<td>$285,018</td>
</tr>
<tr>
<td>Communication equipment</td>
<td>10,987</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>6,159</td>
</tr>
<tr>
<td></td>
<td><strong>302,164</strong></td>
</tr>
<tr>
<td><strong>Less:</strong> accumulated depreciation</td>
<td>(5,275)</td>
</tr>
<tr>
<td><strong>Fixed assets, net</strong></td>
<td><strong>$296,889</strong></td>
</tr>
</tbody>
</table>
During fiscal year 2011, CTP received a donation of office furniture and equipment. These items are used in the corporate office.

(6) Commitments and Contingencies

(a) Operating Lease

CTP has one operating lease for office space. The lease term commenced September 1, 2011 and will end on September 1, 2020. Minimum rental payments under the operating lease are recognized on a straight-line basis over the term of the lease including any periods of free rent. Rental expense for the period ended September 30, 2011 was $55,306 and the related deferred rent liability for the operating lease at September 30, 2011 was $55,306 respectively.

Future minimum lease payments under the operating lease (with initial or remaining lease terms in excess of one year) as of September 30, 2011 are:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$484,748</td>
</tr>
<tr>
<td>2013</td>
<td>606,973</td>
</tr>
<tr>
<td>2014</td>
<td>622,126</td>
</tr>
<tr>
<td>2015</td>
<td>637,723</td>
</tr>
<tr>
<td>2016</td>
<td>653,671</td>
</tr>
<tr>
<td>Thereafter</td>
<td>2,967,817</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,973,058</strong></td>
</tr>
</tbody>
</table>

(b) Travel Promotion Funds

CTP receives significant amounts of federal funding from visa application fees collected from international travelers to the USA. These funds are subject to audit by federal agencies. Management believes that adjustments, if any, would not have a significant effect on the financial statements.

(c) Employment Agreements

CTP has employment agreements with certain officers of the organization. The agreements provide for annual compensation and benefits amounts. In the event of termination of employment without cause, the officer’s then current base salary would continue for a period of six months following the termination.

(7) Subsequent Events

CTP has evaluated events and transactions occurring between October 1, 2011 and April 5, 2012, the date at which the financial statements were approved and available to be issued. There were no events or transactions during the subsequent event period requiring disclosure and recognition in the financial statements as of September 30, 2011.
Board of Directors

Brand USA is governed by an 11-member Board of Directors, appointed by the U.S. Secretary of Commerce in consultation with the Secretary of State and the Secretary of Homeland Security. Each brings expertise in diverse regions and sectors of the travel industry. As of May 15, 2012, the following travel industry leaders serve on the board:

Stephen J. Cloobeck  
Chairman, Brand USA  
Chairman & CEO, Diamond Resorts International

Caroline Beteta  
Vice Chair, Brand USA  
President & CEO, Visit California

George Fertitta  
Vice Chair, Brand USA  
CEO, NYC & Company

Randy A. Garfield  
Executive Vice President, Worldwide Sales & Travel Operations, Disney Destinations President, Walt Disney Travel Company

Daniel Halpern  
President & CEO, Jackmont Hospitality, Inc.

Tom Klein  
President, Sabre Holdings

David Lim  
Chief Marketing Officer, Amtrak

Mark Schwab  
CEO, Star Alliance Services GmbH

Diane Shober  
Director, Wyoming Office of Tourism

Roy Yamaguchi  
Owner and Founder, Roy’s Restaurant

Lynda S. Zengerle  
Partner, Steptoe & Johnson LLP
Executive Leadership

James P. (Jim) Evans  
Chief Executive Officer

Paul A. Cerula  
Chief Business Development Officer

Bryan L. G. Lewis  
Vice President, Operations & General Counsel

Anne C. Madison  
Chief Communications Officer

Chris Perkins  
Chief Marketing Officer

Joel Secundy  
Vice President, Strategic Outreach
International Market Representatives

To fulfill marketing objectives in key countries, Brand USA is establishing representative offices in 18 international regions covering over 40 countries. Travel from these countries makes up 93 percent of inbound traffic to the United States. As of May 15, 2012, the following offices are currently operational:

**GERMANY, AUSTRIA, AND SWITZERLAND**

Brandmasters America

Brandmasters is operated by a consortium of four leading agencies (GIA Get It Across Marketing & PR in Cologne, Germany; MSI-Marketing Services International in Frankfurt, Germany; Travel Marketing Romberg in Dusseldorf; and Wiechmann Tourism Service GmbH in Frankfurt).

**Contact:**
Martin Walter, Managing Director
Brand USA-Germany, Austria, and Switzerland
C/o Brandmasters America OHG
Frankfurter Strasse 181
63262 Neu-Isenberg
eMail: martin.walter@thebrandusa.de

**UNИTED KINGDOM AND IRELAND**

Black Diamond

Black Diamond is an experienced marketing organization that has represented 25 United States destinations. Comprised of numerous divisions, including travel, television and research, the London-based company provides trade, marketing, communications, technology, creative, media planning and brand strategy services.

**Contact:**
Gerry Boyle, Account Director
Black Diamond
15 Bedford Street
London
WC2E9HE
eMail: Gerry@blackdiamond.uk

**JAPAN AND SOUTH KOREA**

AVIAREps Marketing Garden LTD

Tokyo-based AVIAREPS is a destination marketing company specializing in outbound travel. The largest company of its kind in Asia-Pacific, it has seven additional offices in the region.

**Contact:**
Yoichi Hayase, Strategy Director
AVIAREps Marketing Garden LTD
International Place, 26-3 Sanei-cho,
Shinjuku-ku
Tokyo, 160-0008, Japan
eMail: yhayase@aviareps.com
Connect with Us

Social Media Channels
To follow our progress and announcements of new initiatives, please connect with us on these social media channels.

**TRAVEL INDUSTRY INFORMATION**
@BrandUSA on Twitter

**CONSUMER INFORMATION**
@DiscoverAmerica on Twitter
Facebook.com/DiscoverAmerica

Web Sites
For industry or partner information about Brand USA, visit www.TheBrandUSA.com.

For information about exceptional and unexpected travel experiences in the United States, please visit Brand USA’s consumer website at www.DiscoverAmerica.com.
FEEL IT

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