



ANNUAL REPORT 2015

Brand USA
Fiscal Year 2015

October 1, 2014 to
September 30, 2015

Together, we are marketing the USA.





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ABOUT BRAND USA

As the destination marketing organization for the United States, Brand USA's mission is to increase incremental international visitation, spend, and market share to fuel the nation's economy and enhance the image of the USA worldwide.

Established by the Travel Promotion Act of 2009 as the nation's first public-private partnership to spearhead a globally coordinated marketing effort to promote the United States as a premier travel destination and communicate U.S. entry policies, Brand USA began operations in May 2011.

As one of the best levers for driving economic growth, international travel to the United States currently supports 1.8 million American jobs (directly and indirectly) and benefits virtually every sector of the U.S. economy. Brand USA works in close partnership with nearly 600 partner organizations to invite the world to explore the exceptional, diverse, and virtually limitless travel experiences and destinations available in the United States of America.

According to studies by Oxford Economics, in the past three years Brand USA's marketing initiatives have helped welcome more than three million incremental visitors to the USA, benefiting the U.S. economy with more than \$21 billion in total economic impact, and supporting, on average, nearly 50,000 incremental jobs a year.

Brand USA's operations are supported by a combination of non-federal contributions from destinations, travel brands, and private-sector organizations plus matching funds collected by the U.S. government from international visitors who visit the United States under the Visa Waiver Program.

For industry or partner information about Brand USA, please visit TheBrandUSA.com.

For information about exceptional and unexpected travel experiences in the United States, please visit Brand USA's consumer website at VisitTheUSA.com.

ABOUT THIS REPORT

In compliance with the Travel Promotion Act, Brand USA submits this report for fiscal year 2015 to the Secretary of Commerce to transmit to Congress as an update on the organization's progress, activities, financial condition, and accomplishments for the period October 1, 2014 to September 30, 2015.

STATEMENT OF PURPOSE

Our vision is to be the best-in-class national destination marketing organization—earning the USA the largest share of the global travel market and significantly contributing to job creation, GDP, export growth, and tax revenues.

Our mission is to increase incremental international visitation, spend, and market share to fuel our nation's economy and enhance the image of the USA worldwide.

We will realize our vision and accomplish our mission by staying true to these foundational elements:

Create Innovative Marketing

Promote the entirety of the USA with innovative marketing that supports all 50 states, the District of Columbia, and five territories to, through, and beyond the gateways.

Market the Welcome

Inspire, welcome, and thank travelers while accurately communicating vital and compelling information about visa and entry policies.

Build and Maintain Trust

Build and maintain trusted relationships with stakeholders worldwide through inclusive, proactive, and transparent outreach with a commitment to compliance and integrity through words, actions, and results.

Add and Create Value

Add and create value by pioneering cooperative marketing platforms and programs that leverage and grow the USA brand in ways our partners would be challenged or unable to do on their own.

Drive Results

Maximize and optimize the return on investment of Brand USA's resources by deploying the right messages, through the right channels, in the right markets, at the right times and at the right levels of investment.

While specific objectives, goals, strategies, and measures will be developed on an annual basis to successfully realize our purpose, these elements establish the foundation for all we do. As we track our progress in pursuit of this purpose, the true measure of our success will be the degree by which we create sustainable funding sources and meet our responsibility to drive significant, year-over-year increases in incremental international visitation, spend, and market share and how our country benefits in economic prosperity and growth as a result of our efforts. We will build upon the effectiveness of our overall destination marketing strategies by leveraging the strength of federal resources, including embassies and consulates worldwide.



LETTER FROM THE PRESIDENT & CEO



Brand USA's Annual Report to Congress covering fiscal year 2015 (FY2015), our fourth full year in operation, finds international travel to the United States at an all-time high.

While international visitation to the United States is on the rise, it has not come without challenges. In the face of a strong dollar combined with a lackluster economic recovery in our mature source markets and slowing growth in our biggest emerging markets, the growth of arrivals reflects both the staying power of the United States as a priority long-haul destination and the importance of impactful destination marketing.

As Brand USA began the year, we revisited and revised our mission and vision statements by developing a broader, more encompassing Statement of Purpose that better reflects our mandate as the destination marketing organization for the United States. This statement (which you'll find on page 5 of this report) will guide our strategic planning for years to come.

Five strategic principles are at the core of our new statement:

- Create Innovative Marketing
- Market the Welcome
- Build and Maintain Trust
- Add and Create Value
- Drive Results

These foundational elements serve as constant points of reference on how we will build upon the effectiveness of our overall destination marketing strategies. Inclusive of our mission and vision statements, our Statement of Purpose is an enduring declaration of Brand USA's reason for being and how we will accomplish our ultimate objectives and goals.

Our ability to be more strategic in our approach to marketing the USA is a direct result of Brand USA's reauthorization for Federal funding, which occurred at the beginning of FY2015. On December 16, 2014, President Obama signed the bill into law that included our reauthorization through fiscal year 2020.

We owe a debt of gratitude to the President and Congress for their recognition of the successful public-private partnership created by The Travel Promotion Act, along with the U.S. Travel Association and other organizations that voiced their support for Brand USA. The U.S. Travel Association, together with many other national associations and their memberships, united, led, and made remarkable things happen—not only for their members and their industries, but for the entire country. Each held up high our success in helping to drive international visitation, spend, and increased market share for the United States.

We also give tremendous thanks to our partners at the National Travel and Tourism Office (NTTO) and the entire Department of Commerce which play an active role in policy issues related to the U.S. travel and tourism industry. NTTO fosters the interagency effort to drive international tourism and spend to the USA, and coordinates policy issues related to the U.S. travel and tourism industry. NTTO also provides valuable international research and tourism data to help us track our progress, and serves as the Secretariat for the interagency Tourism Policy Council, ensuring that the nation's travel and tourism interests are considered in Federal decision-making. More than 18 agencies and offices of the government participate in this Council, and we thank NTTO for its leadership.

Of course, the ongoing support of our partners and stakeholders is contingent upon our ability to add and create value for them and, ultimately, drive results. A new study by Oxford Economics demonstrates we are accomplishing this mission, and we are proud to do so in collaboration with partners in all sectors of the travel industry and beyond.

The Oxford Economics study reveals that over the past three years, Brand USA's marketing and promotion efforts in the international marketplace generated:

- More than 3 million incremental visitors
- \$9.5 billion in incremental spending
- Nearly \$3 billion in Federal, state, and local taxes
- More than \$21 billion in total economic impact
- An average of nearly 50,000 incremental jobs supported each year

In addition, the United States' share of long-haul travel, which was 12.0% in 2010, stands at 13.1% as of 2015.

Everything we have accomplished, we have accomplished together. While it would be impossible to call out every milestone and every successful program, platform, or initiative, you'll find many examples of our collective successes during FY2015 in this report. With the support of our many partners worldwide, Brand USA has grown from a start-up organization (that launched its first full year of operation in 2012 with just 89 partners) to an organization that has worked with and been supported by nearly 600 partners worldwide.

During FY2015, our direct-to-consumer marketing continued to expand to new markets—and is now playing globally through valuable media partnerships. Our cooperative marketing opportunities are adding value and creating all-new platforms to showcase U.S. destinations and experiences to the world. Our travel trade outreach is forging new and exciting relationships with the travel trade around the world. And we are collaborating as never before with our Federal partners to tell the stories of our national treasures and deliver the tourism message to the world.

For as amazing a run as we've had to date, we know our best is yet to come. We look forward to our continued partnership with the travel and tourism industry as we take our international marketing efforts to even higher levels.

Powered by the strength of our public-private partnership, Brand USA is honored and privileged to work with our many partners to strengthen our nation's economy by welcoming millions of new international visitors to the USA. As one of the best levers for fueling economic growth, international travel to the United States currently supports 1.8 million U.S. jobs (directly and indirectly) and benefits virtually every sector of the economy.

We look forward to sharing many more successes with you in the years to come, and we thank you for your support as we enter the next phase of our development as the nation's destination marketing organization.

Together, we are marketing the USA!



Christopher L. Thompson
President and CEO, Brand USA

May 15, 2016





HOW WE MARKET THE USA

HOW WE MARKET THE USA

Each year, Brand USA deploys a number of market-driven platforms and programs to increase inbound visitor travel to the United States and drive tourism dollars to communities in all 50 states, the District of Columbia, and the five territories.

During FY2015, these ongoing programs included the USA Campaign, cooperative marketing opportunities, trade outreach initiatives, and media/public relations outreach that, in total, promoted the United States in its entirety and added and created value for our partners. We also collaborated closely with our federal partners, led by the Department of Commerce, to support high-level efforts to achieve the National Travel & Tourism Strategy of welcoming 100 million annual international travelers to the USA by 2021.

THE USA CAMPAIGN

(Direct to Consumer)

The USA Campaign, which includes any combination of macro-level promotion and advertising messages via broadcast, out-of-home, print, online video, and digital/social marketing channels, has been fundamental to Brand USA's ability to create broad-based awareness and inspire travel to the United States.

Notably, the USA Campaign also includes high-profile global marketing initiatives, such as cinematic film production. Specifically, in FY2015, Brand USA began production of a film celebrating the U.S. national parks released in more than 100 IMAX® and other giant-screen format theaters during FY2016.

Broadcast

The creative featured in our campaign advertisements is informed by consumer research and enhanced by learnings from consumer testing in target markets. In addition to the tangible results these campaigns deliver, they provide opportunities for our partners to reach international travelers through cooperative marketing opportunities.

Out-of-Home

Out-of-home advertising, which includes signage (print and digital), video, and other public/on-location advertising, is utilized in select markets to reach international travelers when they are in active, public places. These include, but are not limited to, public transportation and transit (subway, taxi, bus, etc.) and commercial locations (city centers, retail venues, cinema, etc.).

Print

Through print advertisements featuring vibrant imagery, inviting messaging, and clear calls to action, Brand USA inspires travelers to visit the USA. Advertising is focused in both consumer and trade publications.



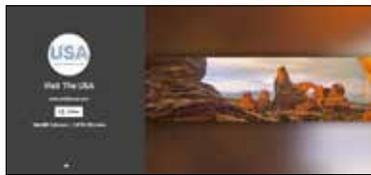
 VisitTheUSA.com



 Twitter



 Facebook



 Google+



 Instagram



 YouTube

Digital/Social Marketing

Brand USA employs digital and social media marketing strategies to inspire, engage, and activate international travelers to visit the United States during the year through:

- Proprietary website platforms
- Social media channels
- Global digital marketing and social campaigns
- Online video
- Retargeting and other targeted advertising

PROPRIETARY CONSUMER WEBSITE PLATFORMS

Brand USA has two online consumer identities in the marketplace:

- VisitTheUSA (VisitTheUSA.com), which is active in most markets where Brand USA markets the United States to international travelers
- GoUSA, which is active in Asian markets, including China and Hong Kong (GoUSA.cn), Taiwan (GoUSA.tw), India (GoUSA.in), Japan (GoUSA.jp), and South Korea (GoUSA.or.kr)

Together, the VisitTheUSA and GoUSA website platforms are the consumer-facing online identities international travelers associate with travel to the United States.

SOCIAL MEDIA CHANNELS

In addition to the global and in-market VisitTheUSA and GoUSA proprietary websites, Brand USA leverages related social media accounts in consumer-facing content and communications. Each market where Brand USA has a fully developed marketing presence has a dedicated, in-language website and social channels, which Brand USA uses to reach consumers in its target markets.

The following handles are used for global, consumer-facing promotions in English:

- Website: VisitTheUSA.com
- Twitter: @VisitTheUSA
- Facebook: Facebook.com/VisitTheUSA
- YouTube: YouTube.com/VisitTheUSA
- Instagram: VisitTheUSA
- Google+: Google.com/+VisitTheUSA
- Pinterest: Pinterest.com/VisitTheUSA

The following campaign hashtags support global and thematic promotions and initiatives:

- Global: #VisitTheUSA
- Flavors/Culinary: #TasteUSA
- Road Trips: #RoadTripUSA
- Great Outdoors: #OutdoorsUSA
- Market the Welcome: #USAWelcome

In addition to leveraging these global channels, Brand USA currently has localized social media efforts in the following markets via the channels shown in Chart 1.

CHART 1

Digital Channels

| MARKET | URL | Local Tagline | FACEBOOK | TWITTER | HASHTAG | INSTAGRAM | YOUTUBE |
|-----------------|---|---|-----------------------------|--|--------------|-------------|-------------------------------------|
| Australia | VisitTheUSA.com.au | All Within Your Reach | facebook.com/VisitTheUSAau | @VisitTheUSA | #VisitTheUSA | VisitTheUSA | YouTube.com/VisitTheUSA |
| Brazil | VisiteosUSA.com.br | Tudo ao Seu Alcance | facebook.com/VisiteOsUSA | @VisiteOsUSA | #VisiteOsUSA | VisitTheUSA | YouTube.com/VisiteOsUSA |
| Canada: English | VisitTheUSA.ca | All Within Your Reach | facebook.com/VisitTheUSAcA | @VisitTheUSAcA | #VisitTheUSA | VisitTheUSA | YouTube.com/VisitTheUSA |
| Canada: French | VisitTheUSA.ca (logo/marketing); VisitTheUSA.ca/fr (redirect) | De nouvelles expériences à votre portée | facebook.com/VisitTheUSAcA | @VisitTheUSAcA | #VisitTheUSA | VisitTheUSA | YouTube.com/VisitTheUSAfr |
| Chile | VisitTheUSA.cl | Todo a tu alcance | facebook.com/VisitTheUSAcl | @VisitTheUSAes | #VisitTheUSA | VisitTheUSA | (Spanish) YouTube.com/VisitTheUSAes |
| China | GoUSA.cn | 更多探索, 更多惊喜 | n/a | Sina Weibo (Chinese microblogging site/hybrid of Twitter and Facebook): http://weibo.com/GoUSAcn Tencent Weibo (Chinese microblogging site): http://t.qq.com/DiscoverGoUSA Youku (YouTube equivalent): http://u.youku.com/美国国家旅游局GoUSA Weishi (like Vine): http://www.weishi.com/u/23484775 Wechat (Chinese mobile social network for texting, images, music and articles sharing, mobile only): 美国国家旅游局 Lofter (Photo sharing platform): http://GoUSA.lofter.com | | | |
| Colombia | VisitTheUSA.co | Todo a tu alcance | facebook.com/VisitTheUSAcO | @VisitTheUSAes | #VisitTheUSA | VisitTheUSA | (Spanish) YouTube.com/VisitTheUSAes |
| France | VisitTheUSA.fr | De nouvelles expériences à votre portée | facebook.com/VisitTheUSAfr | @VisitTheUSAfr | #VisitTheUSA | VisitTheUSA | YouTube.com/VisitTheUSAfr |
| Germany | VisitTheUSA.de | Eine Reise, viele Ziele | facebook.com/VisitTheUSAde | n/a | #VisitTheUSA | VisitTheUSA | YouTube.com/VisitTheUSAde |
| India | GoUSA.in | All Within Your Reach | facebook.com/GoUSAin | @GoUSAin | #USATrip | GoUSA** | YouTube.com/GoUSAin |
| Japan | GoUSA.jp | アメリカ、旅の楽しみのすべてがここに。 | facebook.com/GoUSAjp | @GoUSAjp | アメリカ旅行 | GoUSA** | YouTube.com/GoUSAjp |
| Mexico | VisitTheUSA.mx | Todo a tu alcance | facebook.com/VisitTheUSAmx | @VisitTheUSAes | #VisitTheUSA | VisitTheUSA | (Spanish) YouTube.com/VisitTheUSAes |
| Korea | GoUSA.or.kr | 모든 것이 가까이 있습니다 | facebook.com/GoUSAkr | @GoUSAkr | #미국여행 | GoUSA** | YouTube.com/GoUSAkr |
| Sweden | VisitTheUSA.se | All Within Your Reach | facebook.com/VisitTheUSAse | n/a | #VisitTheUSA | VisitTheUSA | YouTube.com/VisitTheUSA |
| Taiwan | GoUSA.tw | n/a | facebook.com/GoUSA.official | n/a | n/a | n/a | n/a |
| United Kingdom | VisitTheUSA.co.uk | All Within Your Reach | facebook.com/VisitTheUSAuk | @VisitTheUSAuk | #VisitTheUSA | VisitTheUSA | YouTube.com/VisitTheUSA |

**Planned channel

GLOBAL DIGITAL MARKETING AND SOCIAL CAMPAIGNS

Throughout the year, the Brand USA digital team deploys local social media managers in each market to apply their marketing insights to create culturally relevant social media content and campaigns.

The custom social campaigns provide localized digital and social presence in nine international markets, with one global presence in English.

In addition to engaging international travelers through ongoing conversations via social media channels, Brand USA also develops a variety of custom programming, including a road trips campaign, that showcases the United States and inspires travelers to take their own journeys.

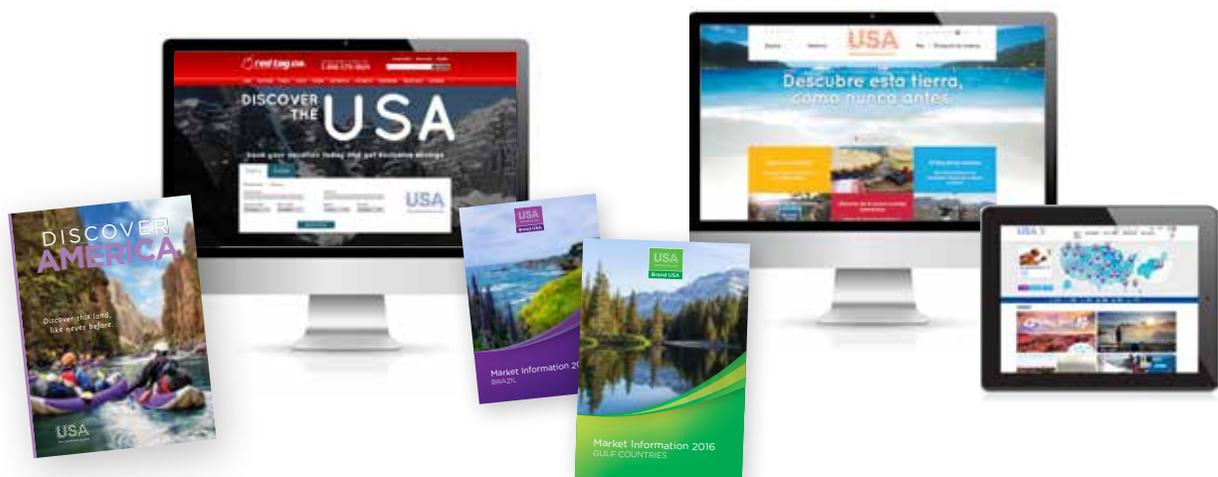
As Brand USA's social media influencers drive across the United States, they share their experiences blogging and posting photos and videos of their travels. Brand USA further supports their communication efforts with comprehensive digital content and promotion plans, as well as functionality on Brand USA's VisitTheUSA and GoUSA platforms that move travelers from inspiration to action by providing them the tools to plan and create their own road trips, access curated playlists inspired by iconic routes, and share their experiences.

Online Video

Brand USA uses online video as one of the most effective ways to connect with consumers—particularly in the Dream and Consideration phases of the travel lifecycle. By creating and cultivating content on our primary digital channels (proprietary and third party), we are able to increase familiarity and affinity for the USA with consumers in our target markets through significantly enhanced consumer engagement and search engine optimization.

Retargeting

Brand USA uses retargeting strategies to direct digital advertising, such as display ads, to highly engaged consumers. This strategy is especially effective in the Dream, Consider, and Activation phases of the travel lifecycle and drives a higher return on investment than other forms of digital advertising. Retargeting allows us to reach international travelers who have demonstrated clear interest and intent to travel. When a consumer visits a Brand USA consumer digital channel, we are able to direct display ads to that visitor as they search and visit other sites on the Internet to help draw them back to USA travel and experience content. The objective, of course, is to move them to a decision to book travel to the USA.



COOPERATIVE MARKETING

(Consumer-focused)

Cooperative marketing platforms and programs make up the majority of our marketing efforts and deliver an array of marketing options to increase awareness, visitation, and spend. They also provide opportunities for partners of all shapes and sizes to participate and are an important way we promote travel experiences in the United States to, through, and beyond the gateways. Brand USA has two major cooperative marketing programs: Brand USA Originals and Brand USA Affinity Programs.

Brand USA Originals

Brand USA Originals are cooperative marketing programs developed and offered exclusively by Brand USA. They include proprietary programs developed by Brand USA and those created in partnership with influential travel media and major travel and lifestyle brands. Included in these offerings are market-specific programs where Brand USA connects partners with its in-country experts to ensure cooperative marketing efforts are deployed in the right markets with the right messages, at the right times. Programs are designed for either partner launch or expansion in established or emerging markets. These programs are ideal for cities, states, and attractions focusing on specific markets or entering a market for the first time.

Brand USA Affinity Programs

Affinity programs are cooperative marketing programs Brand USA has developed with media, online travel agencies (OTAs), or other travel-related publishers to advertise and promote U.S. destinations, experiences, attractions, and other travel opportunities. They are a particularly valuable way to highlight partner offers and activate USA travel experiences.

TRADE OUTREACH AND TRAINING

(B2B Marketing and Education)

Brand USA currently works with an expansive network of international representatives, Visit USA committees, travel and tourism advisory boards, and U.S. Commercial Service teams around the globe to support participation in numerous trade activities, including:

- Trade shows
- Sales missions, road shows, and themed events
- MegaFams and other familiarization tour opportunities
- Training initiatives

Trade Shows

Throughout the year, Brand USA hosts a series of USA-branded pavilions at influential travel and trade shows—providing participating U.S. exhibitors the opportunity to reach 1.6 million international travel buyers and sell future travel to the United States.

Brand USA serves as the unifying element at these shows, representing U.S. travel and tourism interests on a global scale, with destinations, travel brands, and other organizations participating as exhibitors. Participating organizations retain their own identity yet benefit from being part of a more visible, collaborative United States effort. To further amplify the USA's and participating partners' presence, Brand USA also organizes related events before, during, and after many of these shows.

Brand USA pavilions provide exhibitors:

- Market analytics and insights
- Marketing, advertising, and public relations and media exposure
- Increased global exposure and coherent branding
- Customer engagement and entertainment opportunities

Sales Missions, Road Shows, and Themed Events

Sales missions are another essential component of Brand USA's trade outreach. Through these Brand USA-hosted events we invite travel industry professionals in key markets to meet with U.S. organizations at designated international locations. Through a series of planned events, Brand USA and sponsor partners connect directly with international travel buyers, including tour operators, airlines, travel agents, incentive and meeting planners, and media. These connections allow us to provide a more in-depth look at U.S. destinations and experiences in order to increase travel bookings to the United States.

Our outreach also includes taking participants directly to the travel trade in international markets via road show events. Brand USA and partner organizations are able to connect directly with tour operators, travel agents, and travel buyers through a series of seminars, receptions, and events where participants acquire the knowledge and information needed to better promote the United States as a travel destination.

Based on market need and opportunity, Brand USA also organizes custom, themed events in key international markets that position and promote the United States as the go-to travel destination. These events are generally celebratory programs, themed around specific holidays and experiences, to help promote U.S. destinations, travel brands, and other organizations.

“MegaFams are a wonderful way to showcase all of America. There are many markets that we just have not had the opportunities to go into or resources and cooperative opportunities we have with Brand USA made that possible.”

– Julie Chase, Vice President and CMO
Austin Convention & Visitors Bureau



MegaFams and Other Familiarization Tours

Familiarization tours, or “fams,” with the travel trade are an integral part of the organization’s marketing strategies to create awareness of the diverse destinations and travel experiences available throughout the United States. The Brand USA fam tours are called “MegaFams” because they are the largest multi-itinerary, simultaneous familiarization tours conducted in the United States.

Brand USA organizes and coordinates these diverse U.S. travel experiences in order to more fully promote multiple destinations. They are especially effective in motivating the travel trade to sell destinations to, through, and beyond the gateways to their clients because the itineraries include a broad range of travel experiences, attractions, and brands from the popular gateway cities to off-the-beaten-path encounters.

Through Brand USA MegaFam experiences, travel agents and tour operators become better informed, empowered, and inspired to sell a multitude of U.S. destinations.

Training Initiatives

Two distinct Brand USA travel trade training initiatives provide the tools and information our international travel buyers need in order to sell, up-sell, and cross-sell U.S. travel destinations and experiences.

USA DISCOVERY ONLINE TRAINING PLATFORM

This online, experience-based, hands-on training platform features a variety of destination modules to inspire and motivate the travel trade to sell destinations of all shapes and sizes, as well as well-known and unexpected experiences, to their customers. Travel agents and tour operators earn specialist badges as they complete each section.

TRAINING SEMINARS

Brand USA also presents in-market training seminars to the travel trade that focus on a specific experience or region in the United States—providing a targeted approach to promoting U.S. travel destinations.

MEDIA AND PUBLIC RELATIONS

(Consumer and Trade)

Brand USA works with media outlets to promote the entirety of the United States and offers a number of programs that provide partners opportunities to increase awareness and inspire travel to their destinations through the power and credibility of earned media coverage.

Leveraging its access to and relationships with journalists, plus its online newsroom platform and ongoing scheduling of visiting journalist familiarization tours, Brand USA promotes destinations and travel experiences in every state, the District of Columbia, and the five territories with extensive media coverage in both travel trade and consumer media, including broadcast, print, and online.

FEDERAL PARTNER COLLABORATION

As part of Brand USA's support of the National Travel & Tourism Strategy goal of welcoming 100 million annual international travelers to the United States by the end of 2021, we work with our Federal partners and the Tourism Policy Council (TPC), led by the Department of Commerce. As the interagency, policy-coordinating committee composed of the leaders of nine federal agencies, the TPC is at the center of our Federal partner collaboration. Through this collaboration, Brand USA conducts joint activities and leverages Federal assets to support international marketing efforts and policy communications.

Specifically, and as provided for in the Travel Promotion Act, Brand USA works with our U.S. government partners to maximize the economic and diplomatic benefits of travel to the United States by:

- Developing joint promotions and communications to international travelers.
- Providing useful information to travelers, the travel trade, media, and other stakeholders regarding entry requirements, required documentation, fees, processes, and information concerning declared public health emergencies.
- Identifying, countering, and correcting misperceptions regarding United States entry policies.



“For the first time in the history of our country, Brand USA is providing the cooperative marketing platforms for rural states like South Dakota to reach international visitors and inspire them to learn more about our state and, eventually, visit us. It essentially opens the world to us.”

- James Hagen, Secretary, South Dakota Tourism



ACTIVITIES TO PROMOTE TOURISM IN RURAL AND URBAN AREAS

As outlined in the Travel Promotion Act, Brand USA is charged with promoting tourism to rural and urban areas equally, including areas not traditionally visited by international travelers.

Brand USA is meeting this requirement through the deployment of the marketing platforms and programs outlined on pages nine to 16 of this report. In this section of the report, we provide the methods and ratios for which these main categories of marketing promoted tourism to rural and urban areas during FY2015.

The USA Campaign

During FY2015, the USA Campaign included content on rural and urban areas as follows:

- Broadcast: 50% rural and 50% urban
- Out-of-Home: 40% rural and 60% urban
- Print: 38% rural and 62% urban
- Digital: 36% both rural and urban, 12% rural, and 52% urban

Cooperative Marketing Opportunities (Brand USA Originals and Affinity Programs)

In addition, through cooperative marketing programs and in coordination with its marketing partners, Brand USA is able to specifically promote tourism to both rural and urban areas. During FY2015, 73% of these programs promoted both rural and urban U.S. markets, 25% promoted urban U.S. markets, and 2% promoted rural U.S. markets. Chart 2 on the next page provides a summary of these programs.

CHART 2

Summary of FY2015 Brand USA Programs Promoting Urban and/or Rural U.S. Markets

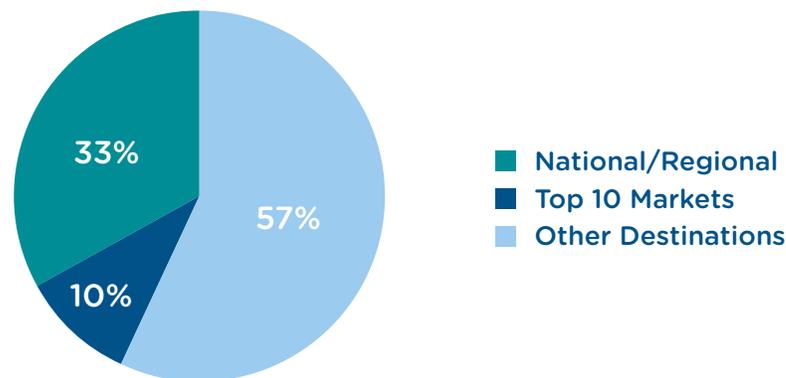
| MARKET | PARTNER | RURAL AND/OR URBAN |
|--------------------------------------|--|---|
| Australia Marketing Partner Programs | News Corp Australia | Rural and Urban |
| | Flight Centre | Rural and Urban |
| | Out and About with Kids | Rural and Urban |
| Brazil Marketing Partner Programs | Brazil Travel News USA Communication | Rural |
| | Mercado & Eventos | Rural and Urban |
| | PM Publishing Solutions | Rural and Urban—Trade Show Publication |
| | AGAXTUR | Rural and Urban |
| China Marketing Partner Programs | CYTS (China CYTS Tours Holding Co., Ltd.) | Urban |
| | Global Entrepreneur Magazine | Rural and Urban |
| | Global Times | Rural and Urban |
| | Qunar | Rural and Urban |
| | Sina Corp. | Rural and Urban |
| | Top Travel | Rural and Urban |
| | Trading Up | Rural and Urban |
| | Travel + Leisure | Rural and Urban |
| | PPTV | Rural and Urban |
| GCC (Gulf Cooperation Council) | OSN | Urban |
| | LimeTree Media | Rural and Urban—Trade Show Publication |
| Germany Marketing Partner Programs | J. Latka Verlag Gmbh | Rural and Urban |
| | Air Berlin | Urban |
| | Cleverdis | Rural and Urban—Trade Show Publication |
| Global Marketing Partner Programs | CNN Inc. | Rural and Urban |
| Hong Kong Marketing Partner Programs | American Express Taiwan International (AMEX) | Rural and Urban—Trade Show Publication |
| | Business Weekly Magazine | Urban |
| | Weekend Weekly | Rural and Urban |
| | Reader's Digest | Rural and Urban—Extension From Original MPA |
| | Rich Advertising Corporation | Rural and Urban |
| | TKS Exhibition Services | Trade Show |
| | TTG Asia Media | Trade Show Publication |

| MARKET | PARTNER | RURAL AND/OR URBAN |
|---|---|---|
| Japan Marketing Partner Programs | Turner Japan | Rural and Urban |
| | TV Asahi | Urban |
| | MLB Japan | Urban |
| | MTV (Japan) | Urban |
| | Sankei Group | Urban |
| | BS Fuji | Rural and Urban |
| Mexico Marketing Partner Programs | Food & Travel | Rural and Urban |
| | Turistampa | Rural and Urban |
| New Zealand Marketing Partner Programs | NZME | Urban |
| South Korea Marketing Partner Programs | Hearst Joongang Ltd. | Urban |
| | Mode Tour | Rural and Urban |
| | TRIAD IBS | Rural and Urban |
| | AHN Graphics (Lonely Planet Magazine Korea) | Urban |
| | JoongAng Ilbo | Rural and Urban |
| United Kingdom Marketing Partner Programs | TTG Media | Rural and Urban—Trade Show Publication |
| | STA Travel | Rural and Urban |
| | BBC Worldwide Media Center | Rural and Urban |
| | The Telegraph | Rural and Urban |
| | ESPN | Rural and Urban |
| | International Media Organization (IMO) | Rural and Urban—Trade Show Publication |
| | Routes Online | N/A: General Brand USA |
| | Thomas Cook Group | Rural and Urban |
| | Travel Weekly Group | Trade Publication—Discovery Program Promotion |
| | British Airways | Urban |

Since 2013, one of the most popular cooperative marketing platforms Brand USA has offered partners is in-language video production. Through this cost-effective program, Brand USA creates and distributes engaging video content to help partners promote travel experiences to international travelers. Over the past three years, Brand USA has produced more than 600 customized video content packages promoting both rural and urban destinations. Many of these packages include dedicated webpages on Brand USA's channels, featured promotions, and distribution.

CHART 3

FY2015 Page Distribution of Page Visits to VisitTheUSA.com by Geography*



Top 10 Markets: New York City, Los Angeles, San Francisco, Miami, Orlando, Las Vegas, Honolulu, Washington, DC, Chicago, Boston

**Does not include GoUSA.cn, GoUSA.tw, or pages with one view*

Global Digital Marketing and Social Campaigns

Advertisements placed in market generally feature Brand USA's websites as the primary call to action. Website page views, therefore, offer a platform for understanding the areas where Brand USA has been successful in engaging consumers to explore the many destinations and attractions in the USA.

As Chart 3 depicts, 33% of website page views in FY2015 featured national or regional content (examples of such pages include the home page, maps, road trips and travel information), and 10% of page views featured content on the top 10 inbound destination cities and their attractions. The remainder of website page views was on other areas, most commonly state pages. While states such as California, Florida, Illinois, New York, and Texas include major international gateways to the United States, the content of those web pages focuses on a broader range of experiences that go to, through, and beyond those arrival points to represent and promote the state, including rural and urban areas, as a whole.

In addition, during FY2015, Brand USA distributed engaging content about destinations and experiences in all 50 states, the District of Columbia, and the five territories via a variety of other digital marketing efforts.

Each month, Brand USA social media content community managers proactively engaged with a minimum of 10 in-market influencers by posting, retweeting, replying to, and sharing content about the USA. A typical month included posts promoting USA destinations and experiences, plus specific campaigns, via the following social media channels:

- Facebook (Global + international markets): 4-6 posts/month
- Twitter (Global + international markets): 20 tweets/month + proactive engagement, retweets, etc.
- Instagram (Global only): 20-24 posts/month
- Pinterest (Global only): 60 pins/month
- YouTube (Global + international markets): 10 to 20 videos/month (including migrated and new content)

During FY2015, approximately 54% of the content promoted rural areas and 46% promoted urban areas.



Trade Outreach and Training

TRADE SHOWS

During FY2015, Brand USA hosted 42 pavilions at international trade shows that showcased both rural and urban areas. The Great Outdoors and Culinary themes were given particular focus throughout the year, in line with our overall marketing initiatives to promote the gateways and beyond. At any given show, approximately 50% of the U.S. pavilion exhibitors represent urban/gateway destinations and travel brands, and 50% promote rural/beyond the gateway destinations and travel brands.

Prior to Brand USA's launch, participation in these types of travel shows provided very little value for smaller destinations and travel brands. Without a unified USA pavilion, these smaller organizations simply could not afford to invest, particularly in the larger shows, at the level that would provide them the exposure and presence they would need to generate a share of voice in these markets. Today, however, not only can smaller organizations afford to attend, they also have a more significant presence under the umbrella of the larger USA campaign. Brand USA provides a pathway for them to join these global trade shows and helps to promote their participation.

MEGAFAMS AND OTHER FAMILIARIZATION TOURS

MegaFams are one of the most effective ways to promote travel to both rural and urban areas, because each familiarization tour itinerary includes a combination of travel experiences to the gateways, complemented by destinations and attractions that go well beyond those gateways. These simultaneous itinerary tours also offer tremendous value to partners of all shapes and sizes in ways those same destinations would be challenged to do on their own in cost-effective ways.

During FY2015, Brand USA hosted nearly 300 travel agents from Australia, Germany, and the United Kingdom on MegaFams that visited 42 states and 193 cities. Collectively, 72% of the destinations and attractions on the featured itineraries were rural, and 28% were urban.

TRAINING INITIATIVES

In addition, through the USA Discovery online training platform, Brand USA was able to engage more than 5,000 travel agents and tour operators during FY2015 with content that equally featured rural and urban areas and attractions.

FOCUS ON SPECIFIC COUNTRIES AND POPULATIONS

A driving force for our marketing efforts is to achieve the goal established in the National Travel & Tourism Strategy to annually welcome 100 million international visitors to the United States by 2021. The goal is a challenging one—requiring Brand USA to target an optimal combination of markets that will maximize return on investment.

In order to accelerate growth in international arrivals, Brand USA concentrates its marketing efforts in the right markets (those with the strongest indicators of growth) at the right time (when travelers are most motivated to plan and activate travel).

Brand USA utilizes a market selection model that incorporates 10 factors, detailed in Chart 4.

CHART 4

Market Selection Criteria



The objective of the market selection model is to identify the markets that offer the most incremental growth potential. The objective of defending market share that was otherwise poised for decline is considered equally important to growing market share. The model considers international travel behaviors and macroeconomic factors most heavily, but includes additional important factors, such as civil liberty and ease of doing business. While the model often aligns with the largest source markets for U.S. arrivals, it does not utilize U.S. arrivals as an input.

The traveler segments Brand USA targets in any given year vary by market (based on the opportunities in market). Demographically, our advertising typically targets adults aged 25 to 59 who are affluent, educated travelers. Additionally, media and messaging is aligned to market-specific characteristics, such as cultural preferences and historical response to previous advertising.

It's also important to note that the target markets that will drive the most visitation in the coming years are at different levels of consumer demand and commercial development—requiring a targeted and market-strategic approach.

Media Channels Employed

Brand USA uses a range of media for its marketing and promotional activities. The total expenditure and ratio of media channels for each market are detailed in Charts 5 and 6.

CHART 5

Media Optimization: FY2015 Expenditures by Market and Media Type

| MARKET | DIGITAL | TV | OOH | PRINT | RADIO | TRADE SHOW | MULTI-MEDIA | TOTAL |
|---------------------------|--------------|--------------|-------------|-------------|-----------|-------------|--------------|----------------------|
| Australia | \$3,550,565 | \$60,714 | \$151,089 | \$136,645 | \$109,210 | \$7,500 | \$2,697,588 | \$6,713,311 |
| Brazil | \$2,796,456 | \$1,000,646 | \$199,988 | \$489,493 | - | \$109,013 | \$2,924,601 | \$7,520,197 |
| Canada | \$5,603,526 | \$2,767,498 | \$1,479,885 | \$1,321,899 | \$761,356 | - | \$2,287,574 | \$14,221,738 |
| Chile | \$45,348 | - | 0 | - | - | - | 0 | \$45,348 |
| China | \$3,139,044 | \$1,342,752 | \$1,324,096 | \$1,946,524 | \$22,231 | \$48,193 | \$6,003,998 | \$13,826,838 |
| France | \$177,566 | - | 0 | \$80,094 | - | - | \$148,160 | \$405,820 |
| Germany | \$2,331,287 | \$1,223,342 | \$100,177 | \$589,659 | - | \$336,113 | \$3,212,703 | \$7,793,281 |
| India | \$447,172 | - | 0 | \$215,707 | - | \$48,796 | \$1,424,635 | \$2,136,310 |
| Japan | \$1,388,794 | - | \$417,537 | \$279,733 | - | \$118,778 | \$4,810,850 | \$7,015,692 |
| Mexico | \$1,768,438 | \$463,073 | \$639,470 | \$339,413 | - | \$22,165 | \$1,938,170 | \$5,170,729 |
| South Korea | \$89,827 | \$60,714 | 0 | \$79,785 | - | - | \$1,940,890 | \$2,171,217 |
| UK | \$4,734,328 | \$2,133,723 | \$465,673 | \$2,301,608 | \$25,700 | \$218,559 | \$13,905,971 | \$23,785,563 |
| Global | \$3,394,182 | \$2,184,419 | \$237,433 | \$629,868 | \$79,659 | \$3,785,242 | \$35,125,723 | \$45,436,525 |
| Total Marketing | \$29,466,533 | \$11,236,882 | \$5,015,347 | \$8,410,430 | \$998,156 | \$4,694,358 | \$76,420,863 | \$136,242,569 |
| Communications & Research | | | | | | | | \$6,950,233 |
| Overhead | | | | | | | | \$14,483,128 |
| Total Operating | | | | | | | | \$157,675,930 |



CHART 6

Media Optimization: FY2015 Expenditures by Market and Media Type

| MARKET | DIGITAL | TV | OOH | PRINT | RADIO | TRADE SHOW | MULTI-MEDIA | TOTAL |
|--------------|--------------|-------------|-------------|-------------|-------------|-------------|--------------|---------------|
| Australia | 2.6% | 0.0% | 0.1% | 0.1% | 0.1% | 0.0% | 2.0% | 4.9% |
| Brazil | 2.1% | 0.7% | 0.1% | 0.4% | 0.0% | 0.1% | 2.1% | 5.5% |
| Canada | 4.1% | 2.0% | 1.1% | 1.0% | 0.6% | 0.0% | 1.7% | 10.4% |
| Chile | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| China | 2.3% | 1.0% | 1.0% | 1.4% | 0.0% | 0.0% | 4.4% | 10.1% |
| France | 0.1% | 0.0% | 0.0% | 0.1% | 0.0% | 0.0% | 0.1% | 0.3% |
| Germany | 1.7% | 0.9% | 0.1% | 0.4% | 0.0% | 0.2% | 2.4% | 5.7% |
| India | 0.3% | 0.0% | 0.0% | 0.2% | 0.0% | 0.0% | 1.0% | 1.6% |
| Japan | 1.0% | 0.0% | 0.3% | 0.2% | 0.0% | 0.1% | 3.5% | 5.1% |
| Mexico | 1.3% | 0.3% | 0.5% | 0.2% | 0.0% | 0.0% | 1.4% | 3.8% |
| South Korea | 0.1% | 0.0% | 0.0% | 0.1% | 0.0% | 0.0% | 1.4% | 1.6% |
| UK | 3.5% | 1.6% | 0.3% | 1.7% | 0.0% | 0.2% | 10.2% | 17.5% |
| Global | 2.5% | 1.6% | 0.2% | 0.5% | 0.1% | 2.8% | 25.8% | 33.3% |
| Total | 21.6% | 8.2% | 3.7% | 6.2% | 0.7% | 3.4% | 56.1% | 100.0% |

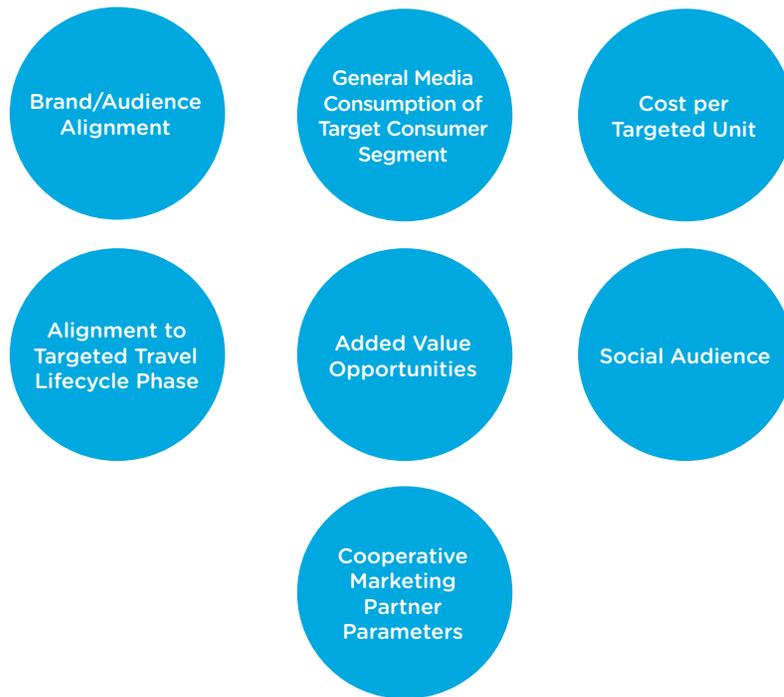
Digital channels are the largest single media type used for advertising activities and encompass a variety of executions, including search, display, social media, online video, and email. Both Brand USA proprietary research and industry studies indicate that digital channels are the largest information source for consumer travel decision-making.



Brand USA references seven factors when determining media allocation, as shown in Chart 7. The foundation of all consumer marketing activity is alignment with the target consumer segment.

CHART 7

Media Allocation Criteria



Brand USA anchors its segmentation on the travel lifecycle by market, designating each market with one of the first three phases in the travel lifecycle: Dream-Consider-Activate-Travel-Share (Chart 8).

CHART 8

Travel Lifecycle



Based on the varying phases of familiarity and affinity for travel to the USA in any given market, Brand USA's marketing activity is focused on positively influencing specific stages of the travel lifecycle.

Television and out-of-home advertising, for example, are generally used for the Dream phase, while digital marketing is primarily used for the Consider and Activate phases. Although markets are designated one primary target phase, execution is not limited to just that phase or media type.

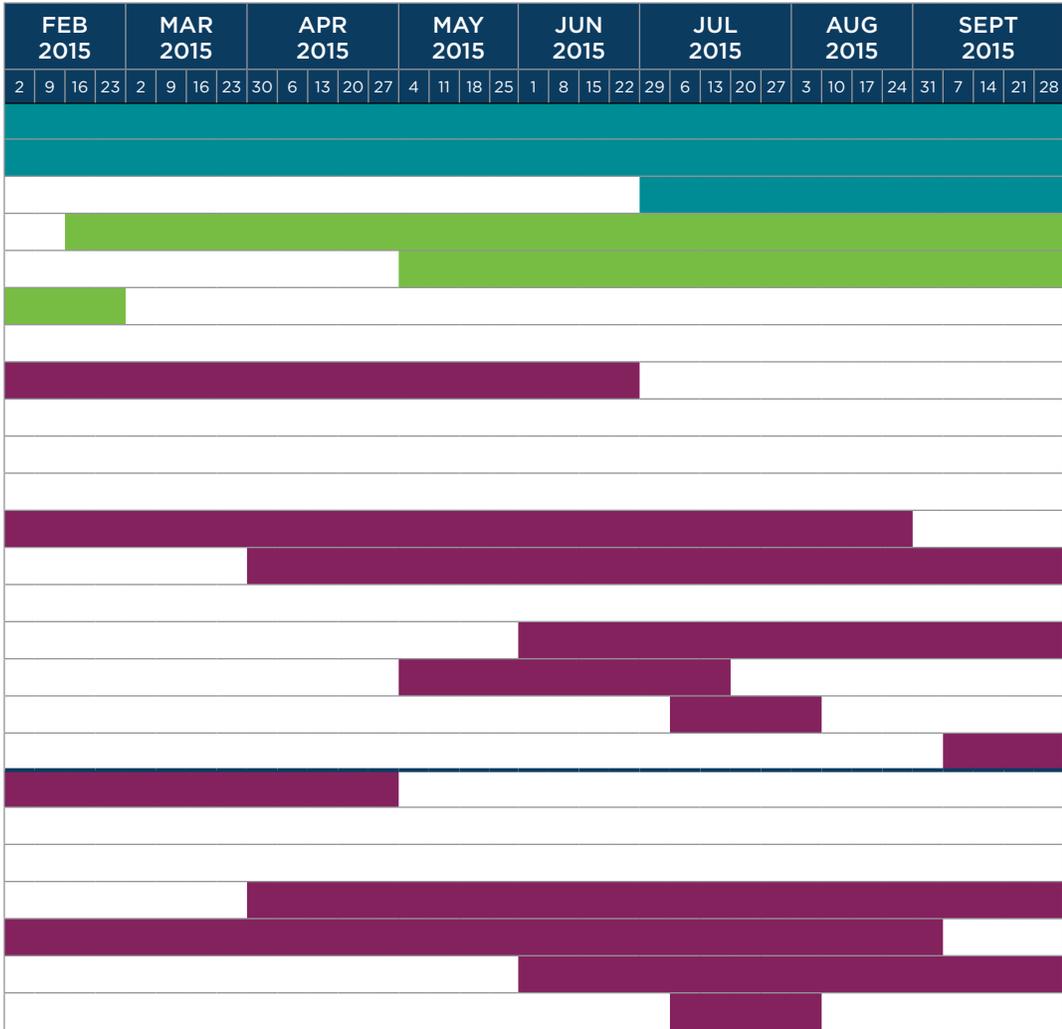
In addition to segmentation alignment, Brand USA's media allocation primarily focuses on the preferred media channels of target audiences and the cost efficiency of ad units in each market. Additionally, Brand USA considers other added value opportunities to leverage or amplify media spend in target markets through joint media campaigns, contributed media, scaled discounts, and social media uplift. These factors are applied after the general allocation structure is outlined and are used to allocate among specific providers.

Through a combination of more than \$60 million in contributed media, plus cooperative marketing initiatives and media procured directly, Brand USA was able to reach millions of travelers in key markets and maintain an active campaign throughout the year, as you'll see demonstrated in Chart 9.



KEY

- The USA Campaign (any combination of broadcast, out-of-home, print, online video, digital, and/or social to promote travel to the USA)
- Brand USA Cooperative Marketing Programs (Brand USA Originals or Affinity Programs)
- Contributed media channels



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- The USA Campaign (any combination of broadcast, out-of-home, print, online video, digital, and/or social to promote travel to the USA)
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- Contributed media channels



FY2015 HIGHLIGHTS

FY2015 HIGHLIGHTS

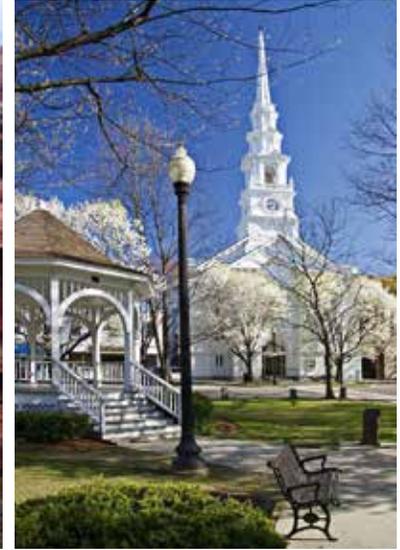
During FY2015, Brand USA made continued progress toward its mission of increasing international visitation and spend to the United States in order to fuel the nation's economy. Highlights include:

INCREMENTAL INTERNATIONAL VISITATION, SPEND, AND ECONOMIC IMPACT

- Generating 1.03 million incremental visitors to the United States, who spent \$3.04 billion on travel and fare receipts with U.S. carriers, resulting in \$6.6 billion in total sales, which supported nearly 45,000 new jobs.
- Inspiring more than three million incremental visitors to the USA over the past three years, who spent \$9.5 billion on travel fares with U.S. carriers and on other purchases during their visit. The spending by these travelers benefited the U.S. economy by generating close to \$3 billion in federal, state, and local taxes, and more than \$21 billion in total economic impact, which supported, on average, nearly 50,000 incremental jobs per year.

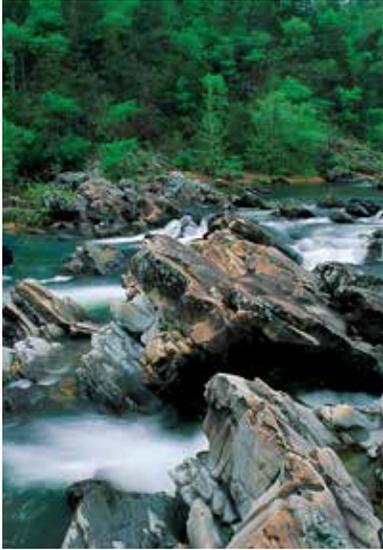
MARKETING EFFECTIVENESS

- Significantly increased the effectiveness of our USA campaigns during FY2015—ranging from increases in intent to visit the USA (based on post-wave research) from 47% in Germany to 67% in China to 171% in Brazil. We were able to achieve this through a coordinated effort that both improved ad recall and media efficiency.
- Kept overhead expenses to 9.19%—devoting more than 90% of Brand USA's resources toward marketing and programs to increase international visitation (based on administrative expenses of \$14.5 million and total expenses of \$157.7 million).
- Launched a multi-channel culinary and great outdoors strategy featuring dynamic and expansive content hubs in five languages, including an accessible and inclusive Great Outdoors site for the visually, audio, physically, and cognitively impaired.
- Reached 1.85 million viewers (the highest viewership of any commercial campaign broadcast on the Food Network International in the United Kingdom) during July 2015 with Brand USA's 2015 chef vignettes entitled "Flavors of the USA." The program, featuring 17 destination partners, generated total impressions of 37.2 million and earned 44% greater viewership than the second-ranked campaign broadcast on the channel.
- Began production of a giant-screen film celebrating the centennial of the National Park Service—and pre-sold 1 million tickets and confirmed distribution in more than 100 cities worldwide prior to the film's scheduled release in early 2016.
- Received a 93% rating for destination familiarity based on results of an online survey of worldwide travelers who said they were likely to visit the USA in the next 12 months.



MARKETING EFFECTIVENESS, CONTINUED

- Continued strong and positive social sentiment and engagement across all of Brand USA's digital channels—with 41.6 million engagements, a 4% increase from the prior year.
- Deployed numerous groundbreaking campaigns, including:
 - » Choose Your American Adventure with Expedia
 - » Great American Road Trip campaigns
 - » Flavors of the USA Videos with the Food Network International
 - » Award-winning BuzzFeed consumer campaigns
 - » High-impact media through Shanghai Metro and Cinema X in Seoul
 - » Google Lightbox
 - » Google maps and Instagram integration—a first for the industry
 - » Periscope live broadcast from Road Trip campaigns
 - » First-ever global Instagram relay with Helloworld and 12 key partners
 - » Consumer integration on BBC, STA, ESPN, Thomas Cook, and Travel Channel International
- Honored with 28 marketing and destination excellence awards globally.



MARKETING REACH

- Hosted four MegaFams, which brought nearly 300 travel agents from three countries to 193 U.S. cities.
- Hosted one sales mission to India with 36 U.S. delegates who promoted their travel brands and destinations to 145 buyers in Chennai, 280 buyers in Mumbai, and 293 buyers in Delhi.
- Expanded the USA consumer campaign from 11 markets in FY2014 to 12 markets in FY2015 (Australia, Brazil, Canada, Chile, China, France, Germany, India, Japan, South Korea, Mexico, and the United Kingdom). In total, these markets generate more than 80% of all international visitation to the United States.
- Launched 36 integrated media flights and expanded the number of Brand USA social channels to 45.
- Leveraged \$64 million in contributed media from 45 global media partners to promote travel to the USA directly to consumers in numerous international markets.
- Expanded the Brand USA travel inspiration guide to 10 languages and 17 markets with global distribution of more than 580,000 print copies.
- Increased the reach of the digital version of the Brand USA travel inspiration guide, generating nearly 48 million digital impressions through owned, earned, and paid promotions, netting almost three million page views—a 64% increase over the prior year.
- Launched multi-channel cooperative marketing programs in seven markets (and the first program of its kind in China).
- Expanded the USA Discovery Online training platform to Australia and Brazil and increased the number of registered agents to nearly 9,300.
- Nearly quadrupled global earned media impressions—from 648.4 million in FY2014 to 2.5 billion in FY2015, representing \$210.4 million in advertising equivalency.

OVER THE PAST THREE YEARS, BRAND USA'S MARKETING EFFORTS HAVE GENERATED:





PARTNERSHIPS & CONTRIBUTIONS GROWTH

- Generated more than \$100 million in industry contributions, including cash contributions of \$47 million (42% of all contributions) and in-kind contributions of \$80.5 million in recognized revenue (58% of all contributions).
- Grew Brand USA's partnership network from 475 partners through FY2014 to 577 through FY2015 (a 21% increase).
- Signed 170 letters of agreement (LOAs) with U.S.-based partners—including 60 new partners (a 17% increase from the prior fiscal year).
- Maintained a partnership program retention rate of over 90%.
- Doubled the number of state and regional destination partners participating in Brand USA cooperative marketing programs from 15 in FY2014 to 32 in FY2015 (including 30 states, the District of Columbia, and the U.S. Virgin Islands).
- Increased partner program participation in Brand USA multi-channel cooperative marketing programs by 52%—from 160 in FY2014 to 245 in FY2015.
- Welcomed 33 partners in Brand USA's culinary cooperative marketing program and expanded partner participation in the culinary guide promoting destinations through regional cuisine by 35%.
- Increased the number of partners featured in the print edition of the Brand USA travel inspiration guide by 33%—from 135 partners in FY2014 to 180 in FY2015.
- Deployed 28 state cooperative programs with 172 destination partners.
- Produced 665 in-language videos to promote partner destinations and travel brands through FY2015.
- Filled 100% of available exhibitor space in Brand USA pavilions at international trade shows, with a 5% average increase in the number of USA exhibitors per show.
- Established CMO and marketing roundtables that earned a 90% approval rating from attendees.
- Launched the Brand USA partner reporting portal on TheBrandUSA.com, enabling partners to gain real-time access to program results for their destination or travel brand.
- Presented at more than 100 industry events around the world.



OBJECTIVES REVIEW

OBJECTIVES REVIEW

OBJECTIVE #1

Increase international visitation, spend, and global market share for the United States.

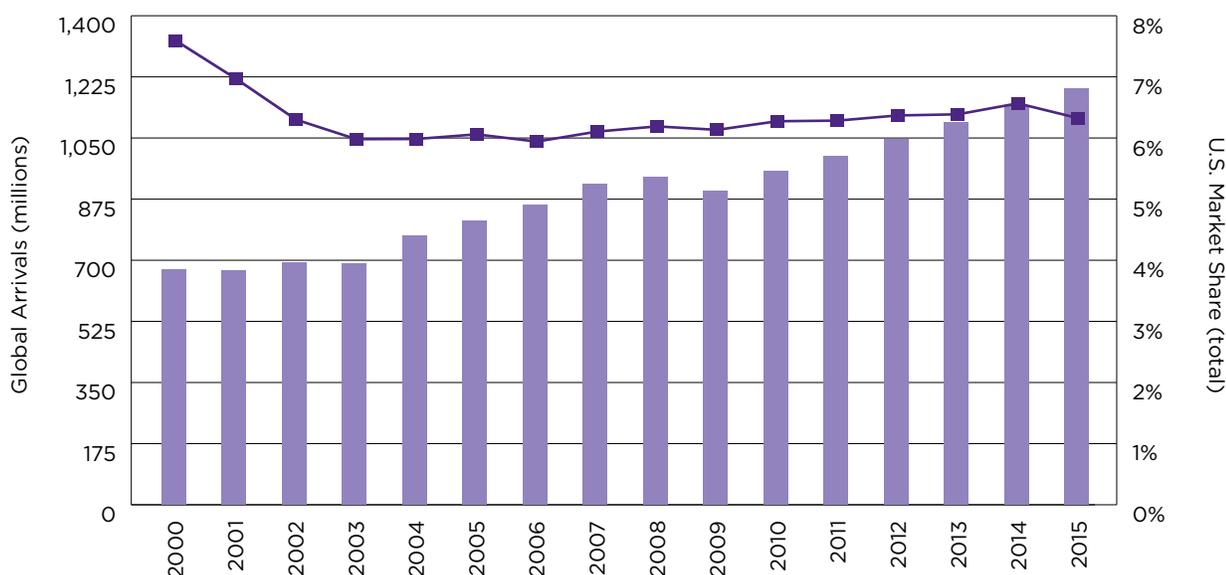
- Achieve international visitation and spend targets per NTTO forecast.
- Support the United States' increase in market share.

FY2015 Results:

Brand USA successfully supported the achievement of this objective by generating:

- 1.03 million incremental visitors
- \$3.04 billion in incremental spend
- \$6.60 billion in total economic impact
- \$868 million in federal, state, and local taxes
- 44,533 incremental jobs supported

GLOBAL INTERNATIONAL TRAVEL & U.S. MARKET SHARE

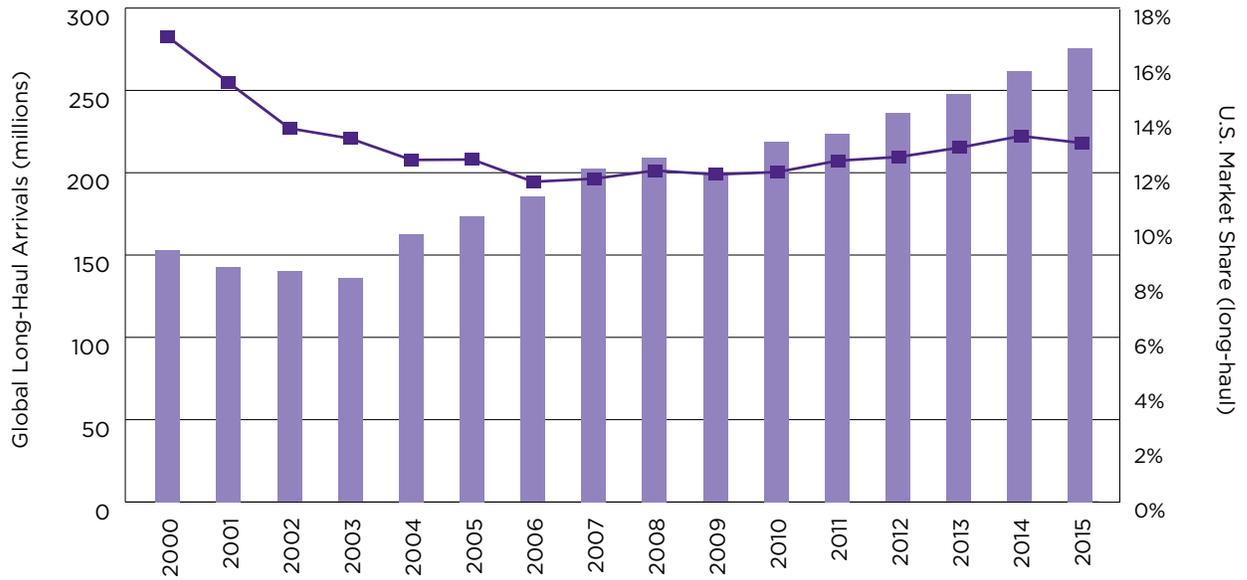


Source: UNWTO and Oxford Economics

The level of incremental international spend in FY2015 compared to the prior year was lower due to the significant increase in the U.S. dollar against a number of key currencies—including the Canadian dollar, Mexican peso, euro, Brazilian real, and Australian dollar. However, we do not believe the decline in travel spending to be indicative of less demand for travel to the United States. In fact, if measured in their local currencies instead of the U.S. dollar, spending would have increased from these markets.

Market share, another relevant data point when assessing the health and effectiveness of the United States' international tourism marketing efforts, provides additional insight—showing overall growth in the United States' share of the long-haul travel market. In 2010, the U.S. share was 12.0%. Today it stands at 13.1%.

GLOBAL LONG-HAUL TRAVEL & U.S. MARKET SHARE



Source: UNWTO and Oxford Economics

While 2015 currency exchange rates created a challenging and competitive travel environment resulting in a 2% drop in long-haul market share, we are confident that we are deploying the right marketing in the right markets at the right times in ways that will help us continue to support the United States' overall growth in share.

To achieve this objective, Brand USA has been successfully using an optimal mix of consumer, cooperative, and trade initiatives to increase awareness, intent to travel, and ultimately, bookings.

In FY2015, we enhanced our efforts with a major focus on storytelling that emphasized experience and provided a call to action with associated booking opportunities. Throughout the year, we were able to build and distribute dynamic content with a focus on the great outdoors, urban excitement, and culinary travel experiences. In total, the effort supported all 50 states, the District of Columbia, and the five territories while also promoting travel to, through, and beyond the gateways.

Taking a market-by-market approach, we timed our various campaigns and initiatives to run during peak travel planning times and organized a number of supporting trade outreach, consumer marketing campaigns, and other activities accordingly.



OBJECTIVE #2

Maximize the return on investment of Brand USA's international marketing initiatives.

- Execute against 100% of the Brand USA metrics plan.
- Keep administrative costs to 15% or lower.

FY2015 Results:

Brand USA met the goals of this objective as follows:

- During FY2015, we executed 100% of the Brand USA metrics plan to track results (see Balanced Score Card and Research Analytics Plan).
- Administrative costs were 9.19% in FY2015 (based on administrative, or overhead, expenses of \$14.5 million and total expenses of \$157.68 million).
- Marketing return-on-investment (ROI) was 21:1.

We accomplished this objective by implementing strategies to operate efficiently and effectively.

This included:

- Leveraging market intelligence and proprietary research to make market-driven decisions regarding markets, timing, and budget allocation.
- Timing, targeting, and executing consumer and trade outreach during peak travel planning periods to optimize marketing effectiveness and efficiency.
- Executing the consumer campaign in markets that, in total, generate at least 80% of inbound travel to the United States.
- Tracking results by campaign and across the customer journey based on established performance analytics, which enabled us to measure our progress and make adjustments when necessary to optimize the effectiveness of our marketing programs and platforms.
- Focusing the majority of Brand USA's total budget/spend on marketing efforts.

BALANCED SCORE CARD

| DASHBOARD COMPONENT | METRICS & TARGETS | METHODOLOGY | SOURCES | REPORTING FREQUENCY |
|--|---|--|---|---------------------|
| TRAVEL LIFECYCLE Phase 1 Dream/Awareness | DESTINATION FAMILIARITY 92.0% (FY2014); 91.6% (FY2015) | Online survey identifying international travelers to visit the USA in the next 12 months | ORC International | Quarterly tracking |
| TRAVEL LIFECYCLE Phase 2 Consider/Engagement | WEBSITE & SOCIAL ENGAGEMENT 40.1 million (FY2014); 42.1 million (FY2015) | Actual values | Brand USA internal data | Monthly tracking |
| | INTENT TO VISIT THE USA <i>(within next 2 years)</i> 63% (FY2014); 62.1% (FY2015) | Online survey (1,000 completes per campaign market) | ORC International | Monthly tracking |
| TRAVEL LIFECYCLE Phase 3 Activate/Book | ATTRIBUTABLE INCREASE IN VISITATION 903,440 (FY2014); 1.03 million (FY2015) | Econometric analysis incorporating advertising impressions delivered, website and social engagements, consumer response to advertising, and U.S. market share. | Oxford Economics, the Department of Commerce, Brand USA internal data | Annually |
| TRAVEL LIFECYCLE Phase 4 Travel | ATTRIBUTABLE INCREASE IN SPEND, ECONOMIC IMPACT, AND JOBS SUPPORTED Spend: \$3.10 billion (FY2014); \$3.4 billion (FY2015) Total economic impact: \$7.06 billion (FY2014); \$6.60 billion (FY2015) Incremental jobs supported: 46,500 in FY2014 and 44,533 in FY2015 | Econometric analysis incorporating advertising impressions delivered, website and social engagements, consumer response to advertising, and U.S. market share. | Oxford Economics, the Department of Commerce, Brand USA internal data | Annually |
| TRAVEL LIFECYCLE Phase 4 Travel | MARKET SHARE Total share: 6.65% (FY2014); 6.70% (FY2015) Long-haul share: 13.30% (FY2014); 13.10% (FY2015) | Actual values | NTTO UNWTO | Annually |
| TRAVEL LIFECYCLE Phase 5 Share | CONSUMER NET PROMOTER SCORE 46.6% (FY2014); 47.0% (FY2015) | Online survey | ORC International | Quarterly tracking |
| FINANCIAL Revenue | PERCENTAGE OF FEDERAL MATCH RECEIVED 100% (FY2014); 100% (FY2015) | Actual values | Brand USA internal data | Quarterly tracking |
| | RATIO OF CASH/IN-KIND CONTRIBUTIONS 69% in-kind; 31% cash (FY2014) 58% in-kind and 42% cash (FY2015) | Actual values | Brand USA internal data | Quarterly tracking |
| PARTNERSHIP VALUE | VALUE PROVIDED TO PARTNERS 551 partners through FY2014; 525 partners through FY2015, and 94% retention (FY2014 and FY2015) | Total number of partners and partner program participation | Brand USA internal data | Quarterly tracking |
| COMPLIANCE & PROCESS | COMPLIANCE 100% (FY2014 and FY2015) | Percentage compliance to policies | Brand USA internal data | Quarterly tracking |
| | CYCLE TIME 88 days for cash and 140 days for in-kind (FY2014); 107 days for cash and 167 days for in-kind (FY2015) | Average number of ESTA/matching fund filing days from submission to Commerce to receipt of funds | Brand USA internal data | Quarterly tracking |

| TRAVEL LIFECYCLE PHASE | METRICS | METHODOLOGY | SOURCES | REPORTING FREQUENCY |
|--------------------------------|---|---|--|---------------------|
| DREAM (i.e., Awareness) | Total brand impressions | Actual values | Brand USA internal data plus reporting from media vendors | Monthly |
| | Consumer destination familiarity | Online survey (1,000 completes per campaign market) | ORC International | Quarterly |
| | Earned media impressions | Actual values | Brand USA internal data plus data provided by individual media outlets | Quarterly |
| CONSIDER (i.e., Engagement) | Clicks on digital ads | Actual values | Brand USA internal data plus reporting from media vendors | Monthly |
| | Website visitation | Actual values | Brand USA internal data | Monthly |
| | Search volume | Actual values | Brand USA internal data | Monthly |
| | Consumer intent to visit | Online survey (1,000 completes per campaign market) | ORC International | Monthly |
| ACTIVATE (i.e., Book) | Booking trends | Booking data for airline tickets and hotels | Multiple data vendors | Monthly |
| TRAVEL | Total inbound visitation and spend by market | I-94 data and paper survey sampling 0.2% of all international travelers | Department of Commerce (NTTO) data | Annually |
| | Attributable increase in visitation and spend | Econometric analysis validated by consumer sentiment and market share analysis: the delta between forecasted visitation and spend based on historical performance (including confounding factors) and actuals reported by the Department of Commerce (NTTO) | Oxford Economics and the Department of Commerce (NTTO) | Annually |
| | Attributable increase in economic impact (business sales, GDP, personal income, and number of resulting new jobs supported) | Calculation based on attributable visitation and expenditure metrics | Oxford Economics | Annually |
| | Market share (total and long-haul) | Actual values | UNWTO | Annually |
| | | | | |
| SHARE | Consumer net promoter score | Online survey (1,000 completes per campaign market) | ORC International | Quarterly |
| | Consumer sentiment index | Volume and semantic analysis of consumer generated content on social networks and travel websites | Visible | Monthly |



Market the Welcome, Minneapolis- St. Paul Airport

OBJECTIVE #3

Support the objectives of the National Travel & Tourism Strategy and Presidential Memorandum calling for airport-specific action plans to enhance the entry process for international travelers to the United States.

- Deploy international arrival program in two of the 17 airports designated in the National Memorandum.
- Achieve 100% of the annual objectives shared with the Tourism Policy Council (TPC).

FY2015 Results:

Brand USA partially met part one of the goal associated with this objective (the international arrival program) and 100% of the other goal for this objective (shared objectives with the Tourism Policy Council) as follows:

INTERNATIONAL ARRIVAL PROGRAM

- Installed the full international arrival hall traveler information and branding program at Chicago O'Hare and a preliminary piece of the program at Miami International Airport.
- Conducted site visits leading to proposals for Minneapolis-St. Paul and Los Angeles International airports.
- Established full-program strategy to ensure integration with Brand USA's global creative strategy.

SHARED OBJECTIVES WITH TOURISM POLICY COUNCIL

The shared objectives were to:

- Collaborate on communicating visa and entry policy.
- Jointly market along two thematic campaigns on culinary and great outdoors.
- Participate in enacting country plans in the top 11 source markets for international travel.

Brand USA achieved these shared objectives by:

- Leading thematic promotions on great outdoors and culinary travel experiences in conjunction with the TPC Marketing and Promotion Working Group.
 - » The culinary thematic campaign began in FY2014 with the first culinary guide and American Chef Corps trips. The campaign continued in FY2015 with the second edition of the culinary guide and was “bookended” by participation at Expo Milano.
 - » The Great Outdoors campaign revolves around connecting the centennial of the National Park Service (NPS) to Brand USA’s international marketing efforts and including the breadth of public land and water experiences into the great outdoors marketing campaign. Brand USA accomplished this objective by working with NPS on the deployment of the giant-screen film, *National Parks Adventure*, as well as with recreation.gov and all of the other conservation agencies (U.S. Forest Service, U.S. Fish and Wildlife Service, Bureau of Land Management, National Oceanic and Atmospheric Administration, U.S. Army Corps of Engineers, and Bureau of Reclamation) to catalogue and promote the diversity of outdoor experiences through marketing platforms surrounding the film.
- Collaborating with the TPC Ease of Travel Working Group on design of visa and travel policy information.
 - » New travel policy information for the updated consumer website and for print deployments like the inspiration guide and market profiles.
 - » Travel alerts for updates like Ebola screening, TSA electronics screening, updated ESTA requirements, preclearance announcements, etc.
 - » Promotional efforts for Trusted Traveler Programs such as the launch of Global Entry for UK citizens.
 - » Coordination on messaging for events that garner media attention.
- Participating with the Department of Commerce, Visit USA committees, and embassies on the development of country plans for travel and tourism.
 - » Country plans are led by the Deputy Chief of Mission and coordinated by the Commercial Service in the top 10 source markets plus France.
 - » Brand USA has been at the table in all markets, contributing our marketing and trade calendars and coordinating with the other entities on joint events, such as support for July 4 celebrations, trade outreach events, support for Visit USA committee and embassy initiatives, and other relevant activities.



World Travel Market, London, United Kingdom



OBJECTIVE #4

Maximize industry participation and support as measured by in-kind and cash contributions.

- Generate \$100 million in industry contributions recognized as revenue.
- Target 50% from cash contributions and 50% from in-kind contributions, but no less than 25% cash and no more than 75% in-kind.
- Maintain a 94% partner program retention rate.
- Fill 100% of available exhibitor space in Brand USA pavilions at international trade shows.

FY2015 Results

Brand USA successfully realized each of the goals for this objective:

- Generated \$127.5 million in industry contributions, including cash contributions of \$47 million (42% of all contributions) and in-kind contributions of \$80.5 million (58% of all contributions).
- Maintained a high partner program retention rate of 94%.
- Filled 100% of available exhibitor space in Brand USA pavilions at international trade shows, with a 5% average increase in number of exhibitors per show.

We were able to accomplish these goals by:

- Leveraging Brand USA's size, scale, and capabilities to pioneer programs and campaigns that individual destinations and travel brands would be challenged or unable to develop on their own.
- Developing programs and platforms that add, create, or amplify value to partners.
- Working in collaboration with our partners to continually develop programs that promote the entirety of the United States and help our partner organizations achieve their business objectives.
- Developing unique content that promotes travel to the United States and can be repurposed by destinations and travel brands.

OBJECTIVE #5

Build and maintain engagement, trust, and advocacy for Brand USA.

- Maintain 100% compliance with policies, procedures, and the Travel Promotion Act.
- Earn an 85% or better rating on partner satisfaction surveys.

FY2015 Results

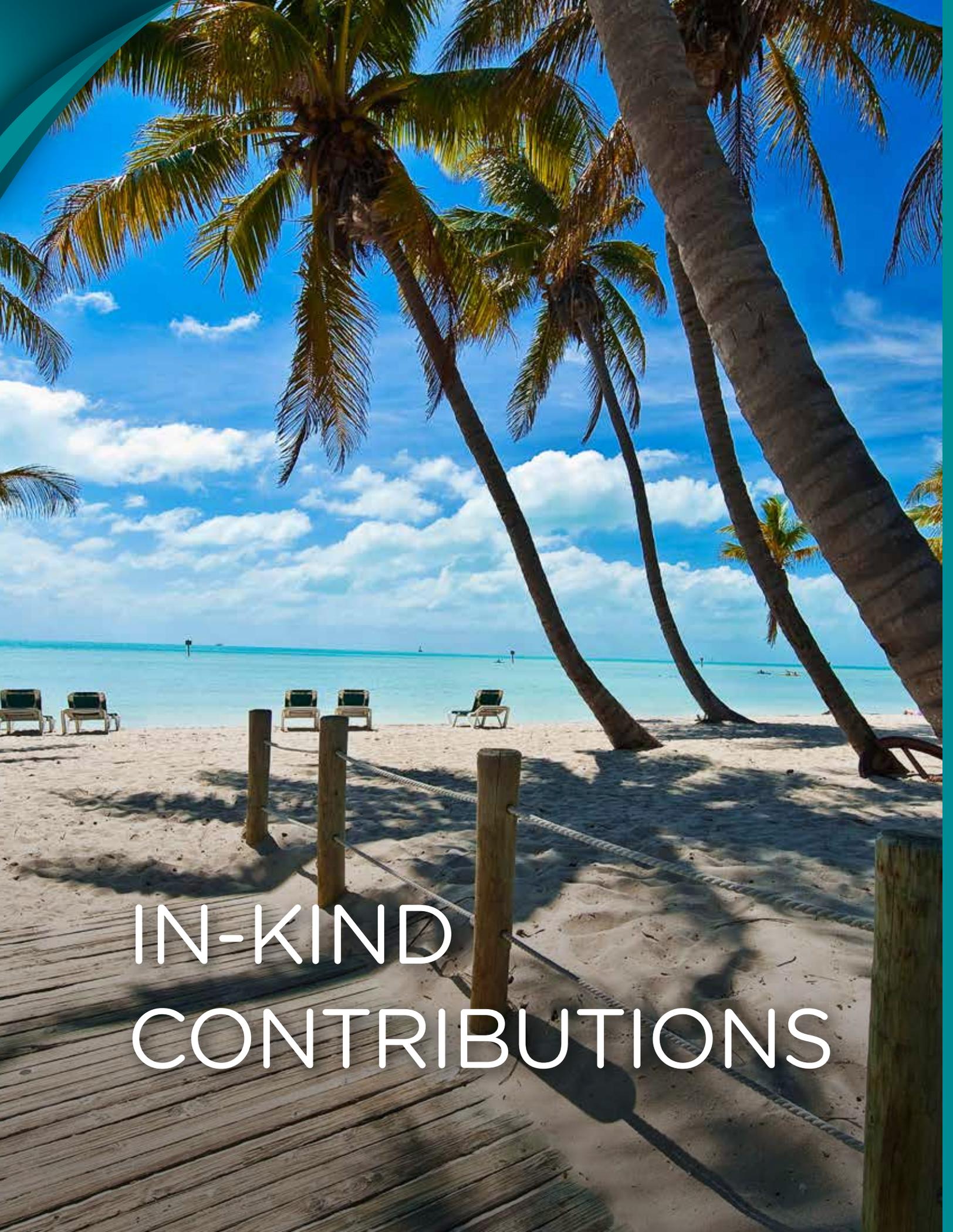
Brand USA met each of the goals associated with this objective.

- Maintained 100% compliance with policies, procedures, and the Travel Promotion Act.
- Earned a 92% rating on the partner satisfaction survey, with partners responding to the survey saying they either strongly agree (74.5%) or slightly agree (17.6%) with the statement, "Brand USA's partnership provides value to my organization."

We accomplished this objective by:

- Demonstrating commitment to integrity and compliance in words, action, and transparency of operations.
- Ensuring ongoing compliance management and monitoring with appropriate policies, procedures, and controls.
- Producing and delivering the organization's FY2014 annual report to the Department of Commerce in time for transmittal to Congress by May 15.
- Producing and delivering the organization's annual objectives, budget, and marketing plan to the Department of Commerce by August 1 for FY2015.
- Implementing a strategic communications and industry relations plan that ensures consistent, accurate, and frequent updates on progress through a series of webinars, newsletters, meetings, and other communications.
- Reporting on initiatives, successes, and plans through partner communications and media outreach.
- Cultivating industry relationships and seeking partner input and feedback through a series of partner roundtables and other cultivation events.
- Maintaining active participation in key industry conferences.





IN-KIND CONTRIBUTIONS

FY2015 IN-KIND CONTRIBUTIONS

| RANK | CONTRIBUTOR | DESCRIPTION | FAIR MARKET VALUE |
|------|---|---|-------------------|
| 1 | ABAV | Cooperative trade show pavilion space from partners including Visit Orlando, Visit Florida, Kaluah Tour Operator, and Experience Kissimmee, among others | \$123,690.00 |
| 2 | Air Berlin | Digital, in-flight, out-of-home, and print advertising space | \$1,093,000.00 |
| 3 | American Journal (J. Latka Verlag GmbH) | Print advertising space | \$289,505.00 |
| 4 | Arizona Office of Tourism | Cooperative print advertising space | \$782.29 |
| 5 | Baxter Travel Media | Digital and print advertising space | \$68,097.15 |
| 6 | BBC Worldwide | Digital and television advertising space | \$8,106,327.00 |
| 7 | CITM | Cooperative trade show pavilion space partners including East West Marketing Corporation, Las Vegas CVA, Visit California, and Marianas Visitors Authority, among others | \$194,365.00 |
| 8 | Corning Museum of Glass | Cooperative print advertising space | \$125.00 |
| 9 | Despegar.com, Inc. | Digital advertising space | \$232,546.00 |
| 10 | Various—Digital Content | License to intellectual property (photo and video content) from partners including Choose Chicago, Experience Kissimmee, Las Vegas CVA, Lee County CVB, Scottsdale CVB, and Travel Oregon, among others | \$334,708.00 |
| 11 | Discover South Carolina | Cooperative out-of-home advertising space | \$16,250.00 |
| 12 | EIBTM | Cooperative trade show pavilion space from partners including Las Vegas CVA, LA Tourism, Marriott International, and the InternContinental Beverly Hills, among others | \$99,519.00 |
| 13 | FITA | Cooperative trade show pavilion space from partners including Las Vegas CVA, Kaluah Tour Operator, and Texas Tourism, among others | \$16,211.20 |
| 14 | COMERCIAL TNSMEX S.A de C.V. (Lyrsa Comunicaciones) | Print advertising space | \$353,174.00 |
| 15 | Greater Miami Convention & Visitors Bureau | Digital advertising space | \$11,100.00 |
| 16 | IFTM Tope Resa | Cooperative trade show pavilion space from partners including Visit California, Greater Miami CVB, Bonjour USA, and Great American Tours, among others | \$115,779.00 |
| 17 | IGTM | Cooperative trade show pavilion space from partners including Discover South Carolina, Palmetto Dunes Oceanfront Resort, Charleston Golf Inc., and PGA National Resort & Spa, among others | \$30,962.00 |
| 18 | International Media Organization Ltd. | Digital and print advertising space | \$410,355.00 |
| 19 | Interpark Tour | Digital advertising space | \$498,963.00 |
| 21 | JATA | Cooperative trade show pavilion space with partners including Colorado Tourism Office, Marianas Visitors Authority, Travel Alaska, and Delta Air Lines, among others | \$187,106.00 |

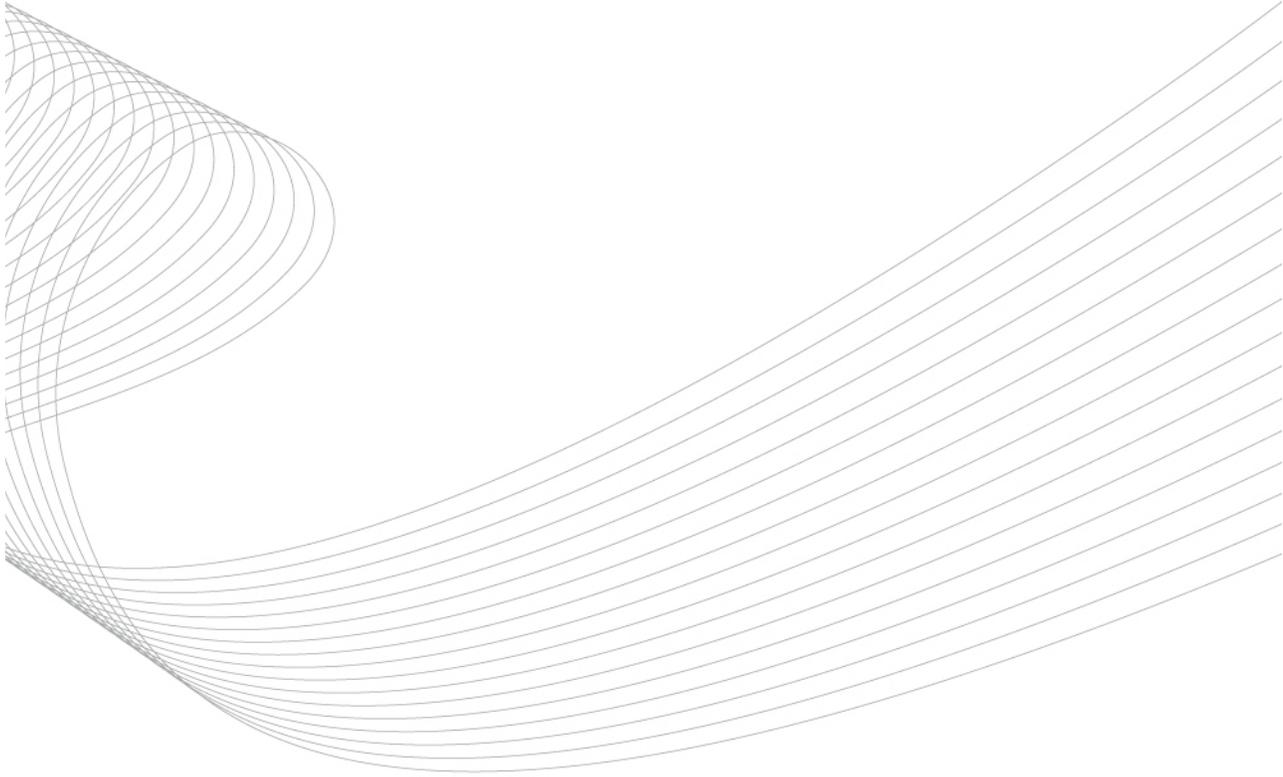
| RANK | CONTRIBUTOR | DESCRIPTION | FAIR MARKET VALUE |
|------|---|--|-------------------|
| 22 | JoongAng Ilbo | Print advertising space | \$1,176,000.00 |
| 23 | Lake Tahoe Visitors Authority | Digital and print advertising space | \$20,768.03 |
| 24 | Las Vegas Convention & Visitors Authority | International research studies. IP License to photo and video content. Cooperative digital print advertising space | \$630,103.47 |
| 25 | Louisiana Office of Tourism | Digital, print, and television advertising space | \$72,708.57 |
| 28 | Martin County Convention & Visitors Bureau | Digital advertising space | \$1,080.00 |
| 32 | National Geographic | Cooperative digital advertising space | \$16,500.00 |
| 33 | National Parks Promotional Council | Trade show sponsorship | \$15,000.00 |
| 34 | Discover New England | Travel, lodging, and other expenses related to a international familiarization tour | \$26,789.00 |
| 35 | News Corp Australia | Print advertising space | \$3,088,570.00 |
| 36 | National Football League (NFL) | Sponsored television advertising space | \$325,855.29 |
| 37 | Orbitz Worldwide | Digital advertising space | \$606,602.00 |
| 38 | Elwin Media Pty Ltd. (Out & About with Kids) | Digital advertising space | \$90,680.00 |
| 39 | PM Publishing Solutions, Ltd. | Print advertising space | \$1,140.00 |
| 40 | PPLive Corporation (PPTV) | Digital advertising space | \$11,426,420.00 |
| 41 | Qunar China | Digital advertising space | \$5,902,150.00 |
| 43 | Red and White Fleet | Digital and print advertising space | \$35,812.43 |
| 44 | Scripps Networks Interactive, Inc. (Scripps Networks International) | Television advertising space | \$146,409.00 |
| 46 | Sina Corp | Digital advertising space | \$2,633,160.00 |
| 47 | STA Travel (Student Travel Association) | Digital, out-of-home, and in-store advertising space | \$7,491,670.00 |
| 48 | Sunwing Travel Group (Sunwing Vacations) | Cooperative digital and print advertising space | \$134,667.77 |
| 49 | Thomas Cook Group Plc. | Digital, in-store, and print advertising space. | \$14,862,076.00 |
| 55 | TKS Exhibition Services Ltd. | Print advertising and trade show sponsorship | \$71,500.00 |
| 56 | Top Travel Magazine | Digital and print advertising space | \$908,505.00 |
| 57 | Trading Up Magazine | Print advertising space | \$1,752,700.00 |
| 58 | Trav Media (travmedia.com) | Travel trade press subscriptions | \$133,500.00 |

| RANK | CONTRIBUTOR | DESCRIPTION | FAIR MARKET VALUE |
|---|---|---|-------------------------|
| 59 | Time Inc. (Travel +Leisure Magazine) | Digital and print advertising space | \$475,731.00 |
| 60 | The Oregon Tourism Commission dba Travel Oregon | IP License to photo and video content. Cooperative digital, print, and TV advertising space. | \$7,676.43 |
| 61 | Trip Advisor LLC | Digital advertising space | \$724,148.00 |
| 67 | TRIPmedia Group, Inc. (TRIPinfo.com) | Digital advertising space | \$3,308.00 |
| 69 | TTG Asia Media Pte Ltd | Digital and print advertising space | \$125,774.00 |
| 70 | TTG Incontri | Cooperative trade show pavilion space with partners such as Team America Receptive Tour Operators, AlliedTPro, Discover New England, and Idee Per Viaggiare, among others | \$67,922.00 |
| 71 | TTG Media Limited | Digital and print advertising space | \$288,529.00 |
| 72 | UBM PLC (UK) | Trade show sponsorship | \$369,883.00 |
| 74 | Vacations Exotica Destinations Pvt. Ltd. | Print advertising space | \$7,504.80 |
| 75 | New Media Group (Weekend Weekly Magazine—Hong Kong) | Digital, print, and production of advertising space | \$893,532.00 |
| 76 | WTM London | Cooperative trade show pavilion space from partners including Las Vegas CVA, Rocky Mountain International, Choose Chicago, and Travel Alaska | \$544,945.00 |
| TOTAL IN-KIND CONTRIBUTIONS SUBMITTED IN FY2015* | | | \$ 67,261,884.43 |

**Note: The total amount of in-kind contributions submitted for matching funds in any given year may differ from the total amount of in-kind contributions recorded in the organization's financial statements (as shown in the Financial Review section, which begins on page 58 of this report) due to the difference between the revenue recognition policy and ESTA submissions, in which timing plays a major role. The amounts reflected in this chart are consistent with the valuation used to calculate the total amount of eligible matching funds the organization received for the fiscal year.*



FINANCIAL REVIEW



Report of Independent Auditors
and Financial Statements for
The Corporation for Travel Promotion
dba Brand USA
September 30, 2015 and 2014

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

The Audit Committee, Board of Directors, and Management
The Corporation for Travel Promotion dba Brand USA

Report on Financial Statements

We have audited the accompanying financial statements of The Corporation for Travel Promotion dba Brand USA (CTP), which comprise the statements of financial position as of September 30, 2015 and 2014, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Corporation for Travel Promotion dba Brand USA as of September 30, 2015 and 2014, 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.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

Sacramento, California

February 25, 2016

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA
STATEMENTS OF FINANCIAL POSITION

ASSETS

| | SEPTEMBER 30, | |
|---|-----------------------|-----------------------|
| | <u>2015</u> | <u>2014</u> |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 31,879,126 | \$ 42,161,259 |
| Investments | 29,463,664 | 29,795,407 |
| Accounts receivable, net | 84,130,753 | 83,258,325 |
| Pledges receivable, current portion | 25,942,937 | 24,085,017 |
| Prepaid expenses and other current assets | <u>5,238,889</u> | <u>6,946,860</u> |
| Total current assets | 176,655,369 | 186,246,868 |
| PLEDGES RECEIVABLE, less current portion | 261,622 | 1,544,155 |
| PROPERTY AND EQUIPMENT, net | 292,282 | 249,271 |
| INTANGIBLE ASSETS, net | <u>6,737,419</u> | <u>4,999,010</u> |
| Total assets | <u>\$ 183,946,692</u> | <u>\$ 193,039,304</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|-----------------------|-----------------------|
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 6,189,470 | \$ 16,570,044 |
| Accrued expenses and other liabilities | 12,131,942 | 9,864,758 |
| Deferred revenue | <u>-</u> | <u>8,423,453</u> |
| Total current liabilities | <u>18,321,412</u> | <u>34,858,255</u> |
| NET ASSETS | | |
| Unrestricted | 132,735,023 | 132,551,877 |
| Temporarily restricted | <u>32,890,257</u> | <u>25,629,172</u> |
| Total net assets | <u>165,625,280</u> | <u>158,181,049</u> |
| Total liabilities and net assets | <u>\$ 183,946,692</u> | <u>\$ 193,039,304</u> |

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

| | YEARS ENDED SEPTEMBER 30, | |
|---|---------------------------|-----------------------|
| | 2015 | 2014 |
| UNRESTRICTED NET ASSETS | | |
| Support and revenue | | |
| Travel promotion fund proceeds | \$ 113,876,071 | \$ 173,833,156 |
| Partner contributions | 44,023,197 | 61,847,680 |
| In-kind contributions | 55,865,976 | 55,978,326 |
| Trade show and other revenue | 1,793,277 | 429,452 |
| Net assets released from restrictions | <u>24,085,018</u> | <u>22,157,419</u> |
| Total unrestricted support and revenue | 239,643,539 | 314,246,033 |
| Functional expenses | | |
| Program services | 218,773,137 | 234,337,507 |
| General and administrative | <u>20,687,256</u> | <u>17,745,409</u> |
| Total functional expenses | <u>239,460,393</u> | <u>252,082,916</u> |
| Change in unrestricted net assets | <u>183,146</u> | <u>62,163,117</u> |
| TEMPORARILY RESTRICTED NET ASSETS | | |
| In-kind contributions | 24,660,404 | 25,343,733 |
| Partner contributions | 2,954,498 | - |
| Sponsorships | 3,731,201 | - |
| Net assets released from restrictions | <u>(24,085,018)</u> | <u>(22,157,419)</u> |
| Change in temporarily restricted net assets | <u>7,261,085</u> | <u>3,186,314</u> |
| CHANGE IN NET ASSETS | <u>7,444,231</u> | <u>65,349,431</u> |
| NET ASSETS, beginning of year | <u>158,181,049</u> | <u>92,831,618</u> |
| NET ASSETS, end of year | <u>\$ 165,625,280</u> | <u>\$ 158,181,049</u> |

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA
STATEMENTS OF CASH FLOWS

| | YEARS ENDED SEPTEMBER 30, | |
|--|---------------------------|----------------------|
| | 2015 | 2014 |
| NET CASH FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 7,444,231 | \$ 65,349,431 |
| Adjustments to reconcile change in net assets to cash from operating activities: | | |
| Realized and unrealized losses on investments | 620,378 | 119,987 |
| Change in allowance for doubtful accounts | 86,185 | 63,414 |
| Change in allowance for sequestration | (1,894,149) | 728,576 |
| Depreciation and amortization | 1,689,387 | 919,313 |
| Loss on disposal of property and equipment | 144,081 | - |
| Change in operating assets and liabilities: | | |
| Accounts receivable | 935,536 | 14,520,550 |
| Prepaid expenses and other current assets | 1,707,971 | 4,033,139 |
| Pledges receivable | (575,387) | (3,186,314) |
| Accounts payable | (10,380,574) | 1,544,299 |
| Accrued expenses | 2,267,184 | 7,927,670 |
| Deferred revenue | (8,423,453) | (70,058,993) |
| Net cash from operating activities | <u>(6,378,610)</u> | <u>21,961,072</u> |
| NET CASH FROM INVESTING ACTIVITIES | | |
| Purchases of investments | (30,970,585) | (31,405,394) |
| Proceeds from sales of investments | 30,681,950 | 1,490,000 |
| Purchase of property and equipment | (296,659) | (10,999) |
| Purchase of website and development | (3,318,229) | (794,296) |
| Net cash from investing activities | <u>(3,903,523)</u> | <u>(30,720,689)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (10,282,133) | (8,759,617) |
| CASH AND CASH EQUIVALENTS, beginning of year | <u>42,161,259</u> | <u>50,920,876</u> |
| CASH AND CASH EQUIVALENTS, end of year | <u>\$ 31,879,126</u> | <u>\$ 42,161,259</u> |

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATIONAL STRUCTURE

The Corporation for Travel Promotion (CTP), also doing business as “Brand USA,” was formed pursuant to the Travel Promotion Act of 2009 (the Act). CTP’s 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 in November 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, funds were made available to CTP on a matching basis, for every \$1 of unrestricted cash or in-kind contributions raised (from non-federal sources) by CTP, \$2 would be transferred up to the \$100 million cap. For each of the fiscal years 2013 through 2015, funds were made available to CTP on a matching basis, for every \$1 of unrestricted cash or in-kind contributions raised (from non-federal sources) by CTP, \$1 would be transferred up to the \$100 million cap. 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)).

In December 2014, the U.S. Congress approved a five-year reauthorization for CTP through 2020. For each of the fiscal years 2016 through 2020, 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, and funds will be made available to CTP on a matching basis for every \$1 of unrestricted cash or in-kind contributions (from non-federal sources) raised by CTP, \$1 will be transferred up to the \$100 million cap.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents – Cash and cash equivalents include cash and highly liquid investments with maturities at the date of investment of not more than three months.

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts receivable – Accounts receivable are stated at the amount management expects to collect from outstanding balances taking into account the credit worthiness of donors and history of collection. Management provides for probable uncollectible amounts through a charge to expense and an increase to a valuation allowance based on its assessment of the current status of individual accounts. At September 30, 2015 and 2014, the allowance for doubtful accounts is \$65,653 and \$151,838, respectively. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a reduction of trade accounts receivable.

Sequestration allowance – On March 1, 2013, the Budget Control Act of 2011, P.L. 112-25 became effective, and triggered automatic cuts to spending. CTP's funds received from the Department of Commerce under the Travel Promotion Act were automatically reduced by sequestration of 7.3% in fiscal 2015, and ranging from 7.2% to 7.3% in fiscal 2014. As a result, CTP has recorded an allowance for the sequestration expected to be withheld from future collections on its accounts receivable due from the Department of Commerce as of September 30, 2015 and 2014 in the amount of \$5,653,841 and \$5,347,702, respectively. Sequestration rates are in the final stages of assessment and may change in fiscal 2016.

CTP has also recorded an allowance for the amount of in-kind contributions submitted to the Department of Commerce for matching funds, which may require additional valuation support prior to being able to receive matching funds in the amount of \$1,588,010 at September 30, 2015. The allowance directly reduces deferred revenue.

Pledges receivable – In-kind contributions with future economic benefit, are capitalized until the benefit of such contributions has been received. At September 30, 2015 and 2014, pledges receivable consist of donated advertising and marketing campaigns. Future utilization is expected to be \$25,942,937 and \$261,622 for fiscal 2016 and 2017, respectively. Management has determined that an allowance for doubtful accounts for pledges receivable is not necessary based on a periodic review of accounts and planned future usage.

Investment securities – Investment securities are carried at fair value with corresponding changes in value included in trade show and other revenue on the statements of activities and changes in net assets. Interest and dividends earned on investment securities are also included trade show and other revenue on the statements of activities and changes in net assets in the year earned. Unrealized gains and losses reflect the changes in the market values of investments from the prior year. The date of record for investments is the trade date.

CTP holds various investments, including certificates of deposit (CDs) and corporate bonds. The CDs and corporate bonds 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 investment contracts and the level of uncertainty related to changes in the value of the investment securities, it is at least reasonably possible that changes in risks in the near term would affect CTP's account balances and the amounts reported in the statements of financial position and the statements of activities and changes in net assets.

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment securities (continued) – CTP follows an investment policy that anticipates a sufficient return while maintaining the preservation of capital as the highest priority and ensuring adequate liquidity. The after-tax return on investment of the portfolio is tertiary to the objectives of preservation of capital and fulfillment of liquidity needs. Given the parameters set forth in the investment policy, the goal is to achieve an aggregate rate of return consistent with a conservatively managed, liquid fixed income investment portfolio. CTP follows the criteria that in no event shall any fixed income security exceed 3 years in duration.

Fair value of financial instruments – A financial instrument is defined as a contractual obligation that ultimately ends with the delivery of cash or an ownership interest in an entity. Disclosures included in these notes regarding fair value of financial instruments have been derived using external market sources or other valuation techniques.

CTP carries all investments at fair value. Fair value is defined as the price that would be received to sell an asset (i.e. the “exit price”) in an orderly transaction between market participants at the measurement date. Fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that CTP has the ability to access at the measurement date;

Level 2 – Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered active;

Level 3 – Inputs that are unobservable.

Inputs are used in applying the valuation techniques and broadly refer to the assumptions that CTP uses to make valuation decisions, including assumptions about risk. Inputs may include quoted market prices, recent transactions, manager statements, periodicals, newspapers, provisions within agreements with investment managers and other factors. An investment’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to CTP’s perceived risk of that investment.

The investments in cash equivalents, mutual funds, and certain domestic and international equities are valued based on quoted market prices, and are therefore typically classified within Level 1.

The investments in fixed income and other investment funds valued using net asset value per share (NAV) or its equivalent as reported by investment managers, and that have trading activity and the ability to redeem at NAV on or near the reporting date, are classified within Level 2.

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of financial instruments (continued) – Although CTP uses its best judgment in determining the fair value, there are inherent limitations in any methodology. Future confirming events could affect estimates of fair value. These events could also affect the amount realized upon liquidation of the investments.

Property and equipment – Property and equipment is stated at acquisition cost or at the estimated fair value at the date of gift, if donated, net of accumulated depreciation or amortization. All donated assets are reported as unrestricted support unless donors' stipulations specify how the assets are to be used. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally ranging from three to five years. Leasehold improvements are amortized using the straight-line method, over the shorter of the life of the improvement or the lease term. Expenditures for maintenance and repairs are charged to operations as incurred, while renewals and betterments are capitalized. When property and equipment is retired or otherwise disposed of, the cost and related accumulated depreciation or amortization are removed from the accounts and any resulting gain or loss is reflected in the statement of activities and changes in net assets for the period.

Indefinite-lived intangible assets – Identifiable intangible assets deemed to have indefinite lives are subject to annual impairment tests. Depending upon the results of that review, the recorded intangible assets may be written down when their carrying value exceeds their estimated fair value. Management, using its best estimates based on reasonable and supportable assumptions and projections, reviews indefinite-lived intangible assets, annually, or in certain circumstances, as required, for impairment. Management has concluded that no impairment exists as of September 30, 2015.

Amortizing intangible assets – Amortizing intangible assets are stated at fair market value at the date of purchase or contribution, net of accumulated amortization. Amortization is provided on the straight-line method over the estimated useful life. When intangible assets are retired or otherwise disposed of, the cost and related accumulated amortization are removed and any resulting gain or loss is reflected in the statement of activities and changes in net assets for the period. Amortizing intangible assets consists of a contributed website and purchased website additions and software license.

Deferred revenue – CTP has the right to receive travel promotion funds (earmarked by the Department of Commerce) upon submission of qualified matching contributions. For fiscal years 2015 and 2014, CTP was subject to a 100% match (from non-federal sources) of the amount to be transferred. Such funds are recorded as accounts receivable and deferred revenue upon submission to the Department of Commerce, and recognized in the statements of activities and changes in net assets, as travel promotion fund proceeds to the extent that CTP fulfills the revenue recognition criteria. Management has determined that revenue recognition occurs upon fulfilling the purpose of the donated funds, expending on programs, activities, and operations to promote increased foreign leisure, business, and scholarly travel to the USA. Matching contributions that exceed the allowable matchable funds in a given year can be carried forward and applied against the match of a future year.

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net asset presentation – CTP classifies resources into three net asset categories according to externally imposed restrictions:

Permanently restricted net assets are comprised of the historical dollar amount of gifts, including pledges, which are required by donors to be permanently retained and only expended to the extent of earnings on investment of the funds. CTP had no permanently restricted net assets as of September 30, 2015 and 2014.

Temporarily restricted net assets are comprised of partner contributions, sponsorships, and in-kind contributions with future economic benefit. In-kind contributions consist of donated advertising and marketing campaigns, which are scheduled to benefit CTP in future periods.

Unrestricted net assets are all the remaining net assets of CTP, including those derived from revenues of project activities, government grants and unrestricted donations and pledges. Unrestricted net assets may be, in part, limited as to use by contractual agreements with outside parties.

When a time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Travel promotion fund proceeds – Federal funds are reported as deferred revenue in the period the Travel Promotion Act makes them available until expended. The funds remain available until expended. The funds are reported as support and revenue when expended.

In-kind contributions – In-kind contributions 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; both having reasonable knowledge of the relevant facts. CTP recognizes the fair value of donated services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not donated.

Management uses estimates based on available information provided by donors to record the fair market value of certain in-kind contributions which are still in the valuation assessment process but have been fully or partially utilized by fiscal year-end. The recorded fair value of such an in-kind contribution is subject to change in the subsequent fiscal year upon completion of the valuation process. The change in fair market value is recorded as an adjustment to revenue in the fiscal year in which the fair market value has been established.

Partner contributions – Partner contributions are recognized in the year an agreement is executed and are classified as either temporarily restricted or unrestricted based on whether the Partner (donor) intends for the contribution to be used in the current or future fiscal year.

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional expenses – The costs of providing the program services and general and administrative activities have been summarized on a functional basis in the statements of activities and changes in net assets. Most expenses are directly charged to the respective program or supporting 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.

Program services activities, representing marketing, business development, and strategic outreach programs to promote increased foreign leisure, business, and scholarly travel to the USA, and general and administrative activities, are expensed as incurred.

CTP does not have any fundraising expenses.

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. CTP uses a comprehensive model for recognizing, measuring, presenting, and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. CTP does not believe its financial statements include any uncertain tax positions.

Concentration of credit risk – CTP maintains cash in bank deposit accounts, which, at times, may exceed federally insured limits. CTP has not experienced any losses in any of its accounts. CTP believes it is not exposed to any significant credit risk on cash and cash equivalents.

As of September 30, 2015 and 2014, approximately 83% of the CTP's accounts receivable came from one grantor.

For both 2015 and 2014, approximately 29% and 27%, respectively, of the CTP's in-kind contributions came from two donors.

For 2015 and 2014, approximately 1% and 2% of in-kind contributions came from organizations affiliated with members of the Board of Directors, respectively. For 2015 and 2014, approximately 10% and 6% of partner contributions came from organizations affiliated with members of the Board of Directors, respectively. For 2015 and 2014, approximately 4% and 8% of the trade show contributions came from organizations affiliated with members of the Board of Directors, respectively.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassification – Certain reclassifications not affecting change in net assets have been made to the September 30, 2014 financial statements.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date, but before financial statements are available to be issued. CTP recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. CTP's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before financial statements were available to be issued. CTP has evaluated subsequent events through February 25, 2016, which is the date the financial statements were available to be issued as approved by management.

NOTE 3 – INVESTMENTS

The following schedule summarizes CTP's investment returns for the years ended September 30:

| | 2015 | 2014 |
|------------------------|-------------------|--------------------|
| Investment income | \$ 35,554 | \$ 81,963 |
| Unrealized gain (loss) | 117,685 | (119,987) |
| Net investment return | <u>\$ 153,239</u> | <u>\$ (38,024)</u> |

The following schedule summarizes CTP's investments by asset class for the years ended September 30:

| | 2015 | |
|------------------------------|----------------------|----------------------|
| | Cost | Fair Value |
| Certificates of deposit | \$ 10,349,998 | \$ 10,368,297 |
| Corporate bonds | 19,116,758 | 19,095,367 |
| Total short-term investments | <u>\$ 29,466,756</u> | <u>\$ 29,463,664</u> |
| | 2014 | |
| | Cost | Fair Value |
| Certificates of deposit | \$ 2,481,131 | \$ 2,479,029 |
| Corporate bonds | 27,084,429 | 27,316,378 |
| Total short-term investments | <u>\$ 29,565,560</u> | <u>\$ 29,795,407</u> |

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – FAIR VALUE MEASUREMENTS

The following tables present information about CTP's assets measured at fair value on a recurring basis as of September 30:

| | 2015 | | | |
|-------------------------|----------------------|-------------|----------------------|-------------|
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Certificates of deposit | \$ 10,368,297 | \$ - | \$ 10,368,297 | \$ - |
| Corporate bonds | 19,095,367 | - | 19,095,367 | - |
| | <u>\$ 29,463,664</u> | <u>\$ -</u> | <u>\$ 29,463,664</u> | <u>\$ -</u> |
| | 2014 | | | |
| | Fair Value | Level 1 | Level 2 | Level 3 |
| Certificates of deposit | \$ 2,479,029 | \$ - | \$ 2,479,029 | \$ - |
| Corporate bonds | 27,316,378 | - | 27,316,378 | - |
| | <u>\$ 29,795,407</u> | <u>\$ -</u> | <u>\$ 29,795,407</u> | <u>\$ -</u> |

The fair values for certificates of deposit and corporate bonds are based on quoted market prices for similar securities. CTP's policy is to recognize transfers in and out of level classifications as of the first day of the reporting period in which the change in circumstances causing the transfer occurred.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

| | 2015 | 2014 |
|-------------------------------|-------------------|-------------------|
| Furniture | \$ 29,496 | \$ 322,998 |
| Computer equipment | 32,933 | 68,945 |
| Leasehold improvements | - | 119,335 |
| CIP | 264,540 | - |
| | <u>326,969</u> | <u>511,278</u> |
| Less accumulated depreciation | <u>(34,687)</u> | <u>(262,007)</u> |
| | <u>\$ 292,282</u> | <u>\$ 249,271</u> |

For 2015 and 2014, depreciation expense of \$109,567 and \$100,231, respectively, is included in general and administrative expense in the statements of activities and changes in net assets.

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA

NOTES TO FINANCIAL STATEMENTS

NOTE 6 – INTANGIBLE ASSETS

Intangible assets consist of the following at September 30:

| | <u>Useful Life</u> | <u>2015</u> | <u>2014</u> |
|-------------------------------|--------------------|---------------------|---------------------|
| Cost basis | | | |
| Website | 3 years | \$ 12,028,446 | \$ 8,849,360 |
| License | 3 years | 139,143 | - |
| Brand name | Indefinite | <u>3,400,000</u> | <u>3,400,000</u> |
| | | 15,567,589 | 12,249,360 |
| Less accumulated amortization | | <u>(8,830,170)</u> | <u>(7,250,350)</u> |
| | | <u>\$ 6,737,419</u> | <u>\$ 4,999,010</u> |

The U.S. Travel Association donated the Discover America website and brand name to CTP. CTP utilized the services of an independent valuation firm to assist in the estimation of the fair value of the donated assets. The assets were valued utilizing the cost approach, which is based on consideration of the costs to recreate the assets. The valuation resulted in an estimated fair value of \$9,400,000, but CTP paid the U.S. Travel Association a nominal fee of \$830,000 as was specified in the donation agreement. Management allocated \$6,000,000 of the contributed assets to the website, based on management's best estimate to rebuild and or purchase an established website, and assigned the remaining fair value of \$3,400,000 to the Discover America brand name. Management determined that the website had an estimated useful life of three years, and the brand name had an indefinite life. During 2015 and 2014, CTP also capitalized \$3,179,085 and \$794,296, respectively, of additional website development costs incurred, and capitalized a software license in the amount of \$139,143 in fiscal 2015. During 2015 and 2014, CTP recognized \$1,579,820 and \$819,082 of amortization expense, respectively, included in general and administrative expense in the statements of activities and changes in net assets. Future amortization, including amortization of additional website development costs and software license, is expected to be approximately \$1,624,595, \$1,236,782, and \$476,043 for 2016, 2017, and 2018, respectively.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Operating lease – CTP leases the corporate facility under an operating lease agreement that expires in December 2025. 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. Total rent expense for the lease for the years ended September 30, 2015 and 2014 totaled \$1,174,552 and \$845,351, respectively. The related deferred rent liability for the operating lease at September 30, 2015 and 2014 totaled \$826,980 and \$405,069, respectively, and is recorded as a component of accrued expenses in the statements of financial position.

THE CORPORATION FOR TRAVEL PROMOTION DBA BRAND USA
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating lease (continued) – The future minimum annual lease payments under the non-cancellable operating lease are as follows:

| <u>Years Ending September 30,</u> | |
|-----------------------------------|-----------------------------|
| 2016 | \$ 954,788 |
| 2017 | 1,204,961 |
| 2018 | 1,234,975 |
| 2019 | 1,265,922 |
| 2020 | 1,297,652 |
| Thereafter | <u>7,393,360</u> |
| | <u><u>\$ 13,351,658</u></u> |

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.

Employment agreements – CTP has employment agreements with certain officers of the organization. The agreements provide for annual compensation and benefit amounts. In the event of termination of employment without cause, in addition to receipt of base pay through termination date, the officers’ are entitled to receive severance equal to either a) 18 months of current base salary, less applicable withholdings, if termination results from cessation of CTP operations as defined in the agreement, or b) 12 months of current base salary, less applicable withholdings, if termination results from other circumstances.

U.S. Travel Association agreement – CTP entered into a sponsorship agreement with U.S. Travel Association to be the premier sponsor of the International Pow Wow Conference (the Conference) for four years from 2012 through 2016. The Conference is a travel industry trade event that has been occurring annually for approximately 45 years. As part of this sponsorship, CTP is able to sell certain marketing opportunities to private companies. CTP will make annual payments of \$1.0 million for four years, commencing in 2012.

Other matters – Various claims and legal proceedings generally incidental to the normal course of business are pending or threatened against CTP. Although CTP cannot predict the outcome of these matters, in the opinion of management, any liability arising from them will not have a material adverse effect on the financial position, results of operations or liquidity.



PARTNERS

PARTNERS

Founding Partners

Founding Partners are recognized in perpetuity for their significant contributions of \$1 million or more of cash, in-kind, or a combination thereof during Brand USA's first year in operations. The contributions made by the partners listed below were critical to the launch of Brand USA and the inaugural marketing campaign. As a result of their contributions during Brand USA's founding year, Brand USA was able to begin operations with a solid foundation from which to build.



Best Western



California Travel and Tourism
Commission



The Walt Disney Company



Enterprise Holdings, LLC



Visit Florida



Hilton Worldwide



Illinois Department of
Commerce and Economic
Opportunity



Las Vegas Convention and
Visitors Authority



Marriot
International, Inc.



Massachusetts Office
of Travel and Tourism



NBC Universal



NYC & Company



Visit Orlando



U.S. Travel Association

Diamond (contributions of \$1 million and higher)

Air Berlin
 APN NZ Media
 Asiana Airline Inflight TRIAD IBS
 BBC Worldwide
 British Airways
 BS Fuji
 Business Weekly
 California Travel & Tourism Commission
 (Visit California)
 Choose Chicago
 CNN International
 Enterprise Holdings, LLC
 ESPN
 Experience Kissimmee
 Flight Centre UK Limited
 Greater Miami Convention & Visitors Bureau
 Grupo Companhia
 Hawaii Tourism Authority
 Hawaiian Airlines
 Hilton Worldwide
 Illinois Department of Commerce & Economic
 Opportunity (Discover Illinois)
 JoongAng Ilibo Newspaper
 Las Vegas Convention & Visitors Authority
 Los Angeles Tourism & Convention Board
 (Discover Los Angeles)
 Louisiana Office of Tourism
 Lufthansa German Airlines
 Mainichi Newspaper Co. Ltd.
 Marriott International, Inc.
 Massachusetts Office of Travel and Tourism
 Mercado and Eventos
 MGM Resorts International
 Michigan Economic Development Corporation
 MTV
 Myrtle Beach Area Chamber of Commerce
 & Convention & Visitors Bureau
 (Visit Myrtle Beach)
 NBC Universal Orlando
 NBC Universal Studios Hollywood
 Newscorp
 Ocean USA
 Oregon Tourism Commission (Travel Oregon)
 OSN (Premier Solutions Media)
 Porter Airlines
 PPLV Corporation
 Qunar
 San Diego Tourism Authority
 Sankei Group
 Scripps Networks International Limited
 SeaWorld Parks & Entertainment, Inc.
 Sina Corporation
 Smart Destinations, Inc.
 South Carolina Department Parks, Recreation
 & Tourism
 STA Travel
 State of Texas, Office of the Governor, Economic
 Development & Tourism
 Telegraph
 Thomas Cook
 Trading Up Magazine
 Travel Brands
 Travel Portland
 Travel Zoo
 Turner Japan
 TV Asahi
 Vegas.com
 Virgin Holidays
 Visit Florida
 Washington Convention & Visitors Bureau
 (Destination DC)

Platinum (contributions of \$500,000 to \$999,999)

| | |
|--|---|
| American Sky | Mode Tour |
| Arizona Office of Tourism | National Football League |
| Brazil Travel News USA Communication | New Orleans Convention & Visitors Bureau |
| Buffalo Niagara Convention & Visitors Bureau | Outrigger Hotels and Resorts |
| Caesars Entertainment | Philadelphia Convention & Visitors Bureau |
| Capital Region USA | Routes Online |
| Como Street Travel | San Antonio Convention & Visitors Bureau |
| Disney | Scenic Tours |
| Global Times | Seattle Convention & Visitors Bureau |
| Globe Trotter | Top Travel |
| Great Rail Journeys | TripAdvisor |
| Greater Fort Lauderdale Convention & Visitors Bureau | TTG Media Ltd. |
| Hindustan Times Ltd. | TUI Specialists |
| International Media Organizations (IMO) | Utah Office of Tourism |
| Lee County Convention & Visitors Bureau | Weekend Weekly |

Gold (contributions of \$250,000 to \$499,999)

| | |
|--|---|
| America Journal | Interpark Tour |
| BestDay | MOAC Mall Holdings LLC (Mall of America) |
| Cleverdis | Nevada Department of Tourism & Cultural Affairs |
| Colorado Tourism Office | PhoCusWright |
| Condé Nast Traveller | Rhythms of the South |
| Discover New England | San Francisco Travel |
| Explore Minnesota Tourism | Seven Network |
| Food and Travel | South Dakota Department of Tourism South |
| FTI Touristik | Hall Travel Limited |
| General Growth Services | Southern State Tourism Offices (Travel South USA) |
| Greater Houston Convention & Visitors Bureau | Travel + Leisure |
| Hankyu Travel International Co., Ltd. | UBM (UK) Limited |
| Hilton Head Island Visitor & Convention Bureau | |
| Hoot Holidays | |
| Ignite Travel Group | |

Silver (contributions of \$100,000 to \$249,999)

Ahn Graphic
 Alabama Tourism Department
 Amelia Island Convention & Visitors Bureau
 American Express International
 APT Group
 Aspen Snowmass
 Atlanta Convention & Visitors Bureau
 Auckland International Airport
 Australian Pacific Touring
 Balfour Global LLP
 Breckenridge Resort Chamber
 CenterState Corporation for Economic Opportunity
 Charleston Area Convention & Visitors Bureau
 Clackamas County Tourism & Cultural Affairs
 Cosmopolitan South Korea
 Denver Convention & Visitors Bureau
 Destiny USA
 Expedia Media Solutions
 Fort Worth Convention & Visitors Bureau
 FVW Mediengruppe
 Georgia Department of Economic Development—Tourism Division
 Global Entrepreneur Magazine
 Great Lakes USA
 Greater Philadelphia Tourism Marketing Corporation
 Irvine Company Retail Properties
 Kansas/Oklahoma Travel & Tourism
 Kentucky Department of Travel & Tourism
 Lafayette Convention & Visitors Commission
 Macy's
 Meier's Weltreisen
 Memphis Convention & Visitors Bureau
 Missouri Division of Tourism, Department of Economic Development
 North Carolina Division of Tourism
 North Dakota Department of Commerce
 Novak Birch
 Operate Up
 Orange County Visitors Association
 PM Publishing Solutions
 Rich Advertising Corporation
 Sunwing Vacations Inc.
 Tennessee Department of Tourist Development
 The Official Tourism Marketing Corporation for The Palm Beaches
 TravMedia
 Turistampa
 USAirtours Ltd.
 Vermont Department of Tourism and Marketing
 Vermont Ski Areas Association Inc.
 Visit St. Petersburg/Clearwater Area Convention & Visitors Bureau
 Visit Tampa Bay
 Visit Tri Valley
 VOS Media Ltd.
 Westfield Corporation
 Wyoming Office of Tourism

Bronze (contributions of \$10,000 to \$99,999)

Alton Regional Convention & Visitors Bureau
 American Samoa Visitors Bureau
 Ashford Hospitality Trust LP
 Atlantic City Convention and Visitors Authority
 Aurora Area Convention & Visitors Bureau
 Baxter Travel Media
 Beverly Hills Conference & Visitors Bureau
 Big Bus Tours
 Bloomington Convention & Visitors Bureau
 Boise Convention & Visitors Bureau
 Bradenton Area Convention & Visitors Bureau
 The Broadmoor
 Burlington International Airport
 Cane River National Heritage Area
 Carlson Rezidor Hotel Group
 Catskill Association for Tourism Services
 Central New York Vacation Region
 Chickasaw Nation
 China CYTS Tours Holding Co. Ltd.
 Cinespace Chicago Film Studios
 CityPass, Inc.
 Connecticut Office of Tourism
 Corning Museum of Glass
 Costa Mesa Convention & Visitors Bureau
 Dallas Convention & Visitors Bureau
 Delaware Economic Development Office
 Despegar.com
 Destination Marketing Association International (DMAI)
 Durango Area Tourism Office
 Eden Roc Miami Beach
 Embassy Suites Waikiki Beach Walk
 Finger Lakes Regional Tourism Alliance
 Flagstaff Convention & Visitors Bureau
 Galena/Jo Daviess County CVB
 Gap Outlet
 Gettysburg Travel (Destination Gettysburg)
 Grand Junction Visitor & Convention Bureau
 Great Rivers Country
 Greater Merrimack Valley Convention & Visitors Bureau
 Greater Newark Convention & Visitors Bureau
 Greater Phoenix Convention & Visitors Bureau
 Harrisonburg TVS / Hershey Harrisburg Regional Visitors Bureau
 Heritage Corridor Convention & Visitors Bureau
 Hollywood Community Redevelopment Agency
 Host Hotels & Resorts, Inc.
 Houma Area Convention & Visitors Bureau
 Hudson County Office of Cultural Affairs and Tourism
 Hudson Valley Tourism
 Idaho Division of Tourism Development
 Jackson Hole Travel & Tourism Board
 Knoxville Convention & Visitors Bureau
 Lake Charles Convention & Visitors Bureau
 Lake Tahoe Visitors Authority
 Land of Lincoln Regional Tourism Development Office
 Landmark Hotel Group
 Laramie County Convention & Visitors Bureau
 Loews Hotels
 Maid of the Mist Corporation
 Maine Office of Tourism
 Mammoth Lakes Tourism
 Mammoth Mountain Ski Area, LLC
 Miami Seaquarium
 Mississippi River Country USA
 Monroe-West Monroe Convention & Visitors Bureau
 Monterey County Convention & Visitors Bureau
 Nashville Convention & Visitors Corp.
 Natchitoches Parish Tourist Commission & Cane River National Heritage Area
 National September 11 Memorial & Museum
 New Hampshire Division of Travel & Tourism Development
 New Orleans Plantation Country
 Niagara Tourism & Convention Corporation
 North of Boston Convention & Visitors Bureau



Bronze (contributions of \$10,000 to \$99,999) *continued*

Northern Virginia Visitors Consortium
NYC & Company

Oklahoma Tourism & Recreation

Orbitz Worldwide

Out & About with Kids

Outdoor Revolution Ltd.

Papillon Grand Canyon Helicopters

Park City Convention & Visitors Bureau

Pasco County Board of County Commissioners

Pennsylvania Tourism Office

Red and White Fleet

Rhode Island Commerce Corporation

Rocky Mountain International

Sabre Holdings

San Diego Zoo

San Marcos Convention & Visitors Bureau

Santa Barbara Conference and Visitor's Bureau
and Film Commission

Santa Cruz County Conference
and Visitors Council

Santa Monica Convention & Visitors Bureau

Shasta Cascade Wonderland Association

Shop America Alliance LLC

Shreveport—Bossier Convention
& Tourist Bureau

Sonoma County Tourism Bureau

South Coast Plaza

Springfield Convention & Visitors Bureau

St. Augustine, Ponte Vedre & the Beaches
Visitors and Convention Bureau

Sterling Jewelers, Inc.

Tanger Factory Outlet Center

Taubman Company LLC

Telluride Tourism Board & Telluride Ski Resort

The Kahala Hotel & Resort

The Venetian/The Palazzo

Travel Weekly Group

United Airlines

U.S. Chamber of Commerce

Visit Baton Rouge

Visit Huntington Beach

Visit Jacksonville

Visit Kansas City

Visit Napa Valley

Visit Savannah

Visit Tucson

Warner Brothers

Watkins Glen International

Yosemite National Park



Supporting (contributions up to \$10,000)

Cape Cod Chamber of Commerce
 Champaign County Convention
 & Visitors Bureau
 Chicago's North Shore Convention
 & Visitors Bureau
 Dupage Convention & Visitor's Bureau
 Federal Realty
 Galleria Dallas
 Hertz Global Holdings, Inc.
 Howard County Tourism and Promotion
 Lake County Illinois Convention
 & Visitors Bureau
 Lakes Region Tourism Association
 Lee County Port Authority
 Meet Chicago Northwest
 Naples Visitors Center
 National Geographic
 New England Inns & Resorts Association
 Oxnard Convention & Visitors Bureau
 Quad Cities Convention & Visitors Bureau
 Rockford Area Convention & Visitors Bureau
 Salem Witch Museum
 St. Tammany Tourist & Convention Commission
 Temecula Valley Convention & Visitors Bureau
 Tripinfo.com (Brazil)
 Twin Mountain-Bretton Woods Chamber
 of Commerce
 U.S. Travel Magazine
 Vacations Exotica Destinations Pvt. Ltd. (India)
 Veolia Transportation
 Virginia Tourism Corporation
 Visit Loudoun County
 Visit Oak Park
 Visit Sarasota
 Visit Spokane
 Warren County, OH
 White Pass Scenic Byway, WA
 Wiechmann Tourism Service GmbH
 Williams-Grand Canyon Chamber of
 Commerce (AZ)
 Xanterra Parks & Resorts, Inc.
 Yosemite National Park
 Yosemite Sierra Visitors Bureau



EXECUTIVE AND SENIOR LEADERSHIP

EXECUTIVE AND SENIOR LEADERSHIP



Christopher L. Thompson
President & CEO



Anne C. Madison
Chief Strategy &
Communications
Officer



Donald F. Richardson
Chief Financial Officer



David Whitaker
Chief Marketing Officer



Thomas Garzilli
Senior Vice President,
Global Sponsorships



Karyn Gruenberg
Senior Vice President,
Partner Marketing &
Strategic Alliances



Cathleen Domanico
Vice President,
Global Trade
Development



Tracy Lanza
Vice President,
Integrated Marketing



Stanley Mattos
Vice President,
Operations



Carroll Rheem
Vice President,
Research & Analytics



BOARD OF DIRECTORS

BOARD OF DIRECTORS

Brand USA is governed by an 11-member Board of Directors appointed for a maximum of two consecutive three-year terms by the U.S. Secretary of Commerce in consultation with the Secretary of State and the Secretary of Homeland Security.

As required by the Travel Promotion, Enhancement, and Modernization Act of 2014, all members of the board are United States citizens and are either current or former chief executive officers, chief financial officers, or chief marketing officers, or have held equivalent management positions.

Designated members have leadership expertise in specific sectors of the travel industry including: hotel accommodations; restaurants; retail or a related association; travel distribution; attractions or recreations; state-level tourism office; city-level convention and visitors bureau; passenger air; land or sea transportation; and immigration law and policy. At least two members of the board are audit committee financial experts. In addition, at least five members of the board have expertise in international travel promotion or marketing broadly representing various regions of the United States.

In accordance with the above, the following business leaders at the time of publication of this annual report serve on the board of directors of Brand USA:



Arne M. Sorenson
CHAIR OF THE BOARD

President & CEO
Marriott International, Inc.
Board member since
October 2012

Member: Finance Committee
Represents: Hotel accommodations sector



Tom Klein
VICE CHAIR, OPERATIONS

President & CEO
Sabre Corporation
Board member since
September 2010

Chair: Audit Committee
Member: Finance Committee
Represents: Travel distribution sector



Barbara J. Richardson
VICE CHAIR, MARKETING

Chief of Staff
Washington Metropolitan Area
Transit Authority
Board member since
October 2013

Chair: Marketing Committee
Member: Finance Committee and Conflict of Interest Committee
Represents: Land or sea transportation sector



Daniel J. Halpern
TREASURER

President & CEO
Jackmont Hospitality, Inc.
Board member since September 2010
Chair: Finance Committee and Conflict of Interest Committee
Member: Governance & Nominating Committee
Represents: Small business or retail sector



Andrew Greenfield
SECRETARY

Managing Partner
Fragomen, Del Rey, Bernsen and Loewy, LLP
Board member since October 2013
Chair: Governance & Nominating Committee
Member: Finance Committee and Conflict of Interest Committee
Represents: Immigration law and policy sector



Kyle Edmiston
BOARD MEMBER

Assistant Secretary
Louisiana Tourism
Board member since December 2015
Member: Marketing Committee
Represents: Official of a state tourism office



Randy A. Garfield
BOARD MEMBER

Former Executive Vice President
Worldwide Sales & Travel Operations,
Disney Destinations; & President,
Walt Disney Travel Co.
Board member since November 2011
Member: Audit Committee and Marketing Committee
Represents: Attractions or recreation sector



John F. Edman
BOARD MEMBER

State Tourism Director
Explore Minnesota Tourism

Board member since October 2014

Member: Audit Committee and Marketing Committee

Represents: Official of a state tourism office



Maryann Ferenc
BOARD MEMBER

Founder, President and CEO
Mise en Place, Inc.

Board member since December 2015

Member: Governance & Nominating Committee and Conflict of Interest Committee

Represents: Restaurant sector



Rossi Ralenkotter
BOARD MEMBER

President and CEO
Las Vegas Convention and Visitors Authority

Board member since December 2015

Member: Marketing Committee

Represents: Official of a City Convention & Visitors Bureau



Mark Schwab
BOARD MEMBER

CEO
Star Alliance Services GmbH

Board member since September 2010

Member: Audit Committee and Marketing Committee

Represents: Passenger Air Sector



BOARD COMMITTEES

Finance Committee

- Daniel Halpern, Chair
- Andrew Greenfield
- Tom Klein
- Barbara Richardson
- Arne Sorenson

Finance Committee meetings are held four times a year and are scheduled to occur immediately prior to each board meeting.

Audit Committee

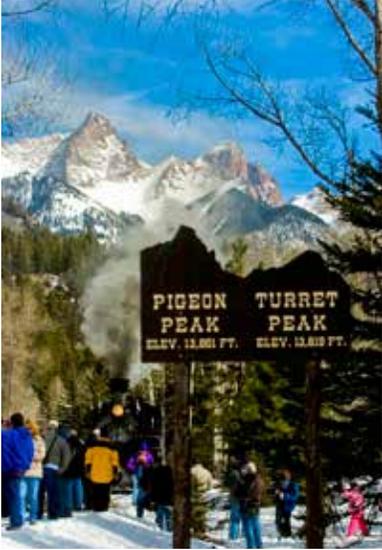
- Tom Klein, Chair
- John Edman
- Randy Garfield
- Mark Schwab

Audit Committee meetings are held at least three times a year with one meeting scheduled to occur with the conclusion of the annual audit.

Governance & Nominating Committee

- Andrew Greenfield, Chair
- Daniel Halpern
- Maryann Ferenc

Governance & Nominating Committee meetings are held at least once a year and timed to occur at or near the conclusion of the board chair's term and/or the appointment of new board members.



Marketing Committee

- Barbara Richardson, Chair
- John Edman
- Kyle Edmiston
- Randy Garfield
- Rossi Ralenkotter
- Mark Schwab

Marketing Committee meetings are held at least four times a year and are scheduled in advance of each board meeting (usually one week prior to the board meeting).

Conflict of Interest Committee

- Daniel Halpern, Chair
- Maryann Ferenc
- Andrew Greenfield
- Barbara Richardson

Conflict of Interest Committee meetings are scheduled on an as-needed basis as determined by the board chair and/or committee chair.

The Board of Directors and its committees meet regularly throughout the year. Members of the public are encouraged to participate by webcast and/or conference call. For more information about members of the Brand USA Board of Directors, regularly scheduled meetings or records of past board meetings, please visit TheBrandUSA.com.

Board-related questions or comments can be addressed to boardmeetings@thebrandusa.com.



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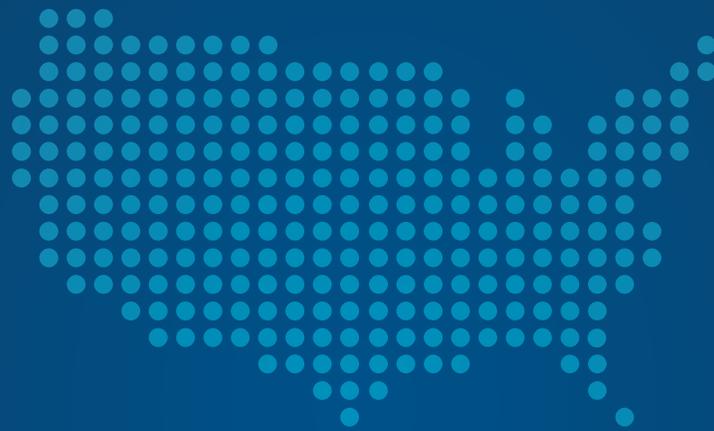
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- Great Outdoors: [#OutdoorsUSA](https://twitter.com/hashtag/OutdoorsUSA)
- Market the Welcome: [#USAWelcome](https://twitter.com/hashtag/USAWelcome)

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